



COPPERWYND FINANCIAL

Providing financial navigation for your life's journey.



Copperwynd Financial

14256 N. Northsight Blvd
Suite B-115
Scottsdale, AZ 85260

Office: 480-348-2100
Toll Free: 877-658-2100

<https://www.copperwyndfinancial.com>

David Daughtrey, CFA, CFP®
Lynda Elley, CTLC, CCFS® CFP®
Erick S. Newton, CFP®
Jake Eggett, CFP®



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Your Copperwynd Financial Newsletter: November 2021

Market Commentary

For those of us out there with a few miles on the sneakers, remember a little chant we recited as children called The Farmer in the Dell? It started out with the rat taking the cheese ... then the cat took the rat... and so on up the chain did this all go until the farmer took the wife, "hi, ho, the merry-o!" It was about the relationship of one thing leading to the other – not unlike the situation we find ourselves in today with the so-named "supply chain crisis". Let me explain.

At some point last week we had more than 90 container ships off of the Long Beach Harbor. Combined with the Port of Los Angeles and known as the "San Pedro Bay Port Complex", this freight hub has been the largest container port in the Western Hemisphere for over two decades. Normally, we see fewer than 10 container ships in port. Clearly a log jam, so where is the hold-up? Not enough cranes and crane operators to unload the ships?

There are 82 ship-to-shore container cranes now working 24 hours a day to unload these ships. One out of every 9 jobs in southern California is connected to the Port activities, over 3 million people across the country. Expanding the ability of the docks to operate around the clock – if fully staffed – could increase the number of containers off-loaded by 3,500 per month. In August the total number of containers off-loaded was 950,000. So even if fully staffed and running around the clock, we will still only see a 3.5% improvement in through-put? Ask the dock workers what will help and they point out that they could double the amount they are unloading but they have nowhere to put these containers because there simply isn't enough warehouse space. In fact, the port has resorted to "storing" containers on the streets of Long Beach!

Well, we aren't going to build more warehouses overnight, but why are all the warehouses so packed? Where are the trucks to pick up the merchandise out of the warehouses to get to the Walmarts and Costcos? We have a couple of problems here. One is regulatory changes that California itself implemented that are now causing long-term truckers to exit the industry, but the other is pretty basic: too many trucks are sitting idle because they are waiting for repair parts or tires ... that are sitting in the very containers we started with. Hi, ho the not-so-merry-o.

Then of course we have demand for more 'stuff', the consequence of government stimulus that has driven demand year-over-year up by 14%, which is significant. The more we buy, the more they make, the more that ships, the more that waits. The more that waits, the higher the prices.

There is no overnight "fix" for this, so we need to stop expecting one. As we have said so often, high prices are the cure for high prices; eventually we stop buying because the value isn't there, demand and prices will drop. It will just take some time.

From a stock market perspective the expectation should be:



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- Probably more muted GDP growth in the 4th quarter of 2021, but 2021 for the year should still be above 5%...which is much better than the sub 3% growth we had over the last decade, and really nothing short of a miracle when you consider what the pandemic did to the world.
- Volatility as the Federal Reserve attempts to read these tea leaves and determine when to stop buying bonds (tapering) and more significantly, when to start raising interest rates.
- Volatility as companies translate missed sales opportunities due to supply chain issues, and suffer shrinking margins due to higher wages and material costs.

In your portfolios here, we continue to be fully invested in stocks and most of our bonds. The sudden jump in yields (in anticipation of the tapering by the Federal Reserve) did move our high yield municipal bond position to cash and we will have to see how the bond market responds following their upcoming meeting.

As we come into the end of the year, we do want to make you aware of another “shortage” that could impact us all and that is the shortage of time. TD Ameritrade has made us aware that their backlog of work is such that they will require any year-end transactions be received no later than November 15th in order to ensure timely processing. This means Required Minimum Distributions and ROTH Conversions should be completed as soon as possible to avoid missed deadlines or penalties!

Finally, let us tell you that there is no shortage here of appreciation for the faith you and your family have shown in us. May you have a very blessed Thanksgiving!

Financial Planning

November is Long Term Care month!

70% of people over the age of 65 will use some form of long-term care in the years ahead. Costs can vary from \$23 per hour for home care services, to well over \$100,000 per year for a private room in assisted living and can vary dramatically from state to state. These costs are expected to double in the next 20 years. Buying long-term care insurance is one way to prepare for your future and preserve your financial plan.

Long-term care refers to a host of services that aren't covered by regular health insurance. This includes assistance with routine daily activities, like bathing, dressing or getting in and out of bed. A long-term care insurance policy helps cover the costs of that care when you have a chronic medical condition, a disability or a disorder such as Alzheimer's disease. Regular health insurance doesn't cover long-term care, and Medicare won't come to the rescue, either. It covers only short nursing home stays or limited amounts of home health care when you require skilled nursing or rehab. It does not pay for custodial care, which includes supervision and help with day-to-day tasks.

Considering how significant long-term care costs can be, we recommend starting to look at your options once you are in your 50's. Whether you choose to self-fund the potential expense, or utilize long-term care insurance depends on your situation and preferences. As we meet to discuss your long-term financial plan, we can explore this concept with each of you and find a solution that fits your needs.

If we haven't talked to you yet about planning for long term care and you would like to learn more, please feel free to schedule a time for a conversation with us by calling the office.



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College and Tax Planning

While each of us has our own very personal motivations for, and approach to giving, collectively Americans continue to be the world's most charitable nation. In 2020 alone, annual charitable gifting in the United States totaled over \$471 billion (with gifts by individuals comprising 69% of that total). And even though income and estate tax advantages aren't the main reasons driving most people's philanthropy, they're nevertheless valuable benefits that shouldn't be overlooked. However, to qualify for an income tax deduction on a charitable gift of cash or property, you need to:

- Itemize deductions on your income tax return;
- Meet gift documentation/substantiation requirements; and
- Make the gift to a qualified charitable organization.

One small victory for those who choose not to itemize is that the CARES Act and subsequent legislation includes a special \$300 charitable tax deduction for both the 2020 and 2021 tax years — and for 2021, married couples filing jointly can deduct up to \$600. But what if you want to give considerably more than that to charity? There are three relatively simple strategies you may want to consider.

1. The use of charitable gift “bunching” can be used to accomplish philanthropic goals. The \$10,000 cap on deductions of state and local income and real estate taxes could bring the standard deduction into play for high-net-worth households who might never have considered it before. The bunching technique may benefit donors whose non-charitable itemized deductions fall below the new higher standard deduction, so long as the donor has sufficient taxable income to fully deduct several years of charitable contributions in a single year, given deduction limits. Bunching involves consolidating tax-deductible charitable contributions that would normally be made over multiple years into a single tax year. In the consolidated year, the donor contributes to a charitable giving vehicle and receives an immediate tax deduction through itemizing deductions on his or her federal tax return.
2. The IRS allows you to make tax-free distributions directly from your taxable IRAs to any 501(c)(3) registered charity rather than taking your required minimum distributions (RMDs)? It's an opportunity to use RMDs you may not need for income, and instead fund a sizable gift (up to \$100,000 per taxpayer per year) to one or more qualified charities. This Qualified Charitable Distribution (QCD) provision is only available to taxpayers who are age 70½ or older, and provides a way to accomplish three goals in one: Satisfy your annual taxable RMD; support one or more charities that are important to you; and avoid having to pay income taxes on your RMDs, as well as the potential that your RMDs might push you into a higher tax bracket and/or prevent phaseouts of other tax deductions.
3. Gifting appreciated stock is one of the most effective means of tax savings available. Your gift of appreciated stock is fully deductible up to 30% of your adjusted gross income. For example, if your adjusted gross income is \$100,000, up to \$30,000 of long-term appreciated stock and other capital gain property may generally be deducted, although high-income donors may be subject to a partial phase-out of itemized deductions. Any excess can generally be carried forward and deducted over as many as five subsequent years. Once again, the gift must be to a qualifying charity; family members do not qualify!



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For gifts to family members, any individual may make a \$15,000 contribution to anyone without a tax impact to either party. An exception to this rule is if you are making your gift using appreciated stock. Unlike the charitable organization, the recipient of your gift retains your original cost basis and of course, your gift is not tax deductible! Gifts larger than \$15,000 may also be made but will impact your lifetime tax exemption from federal estate taxes and require a special tax form be completed in order for you and the recipient to avoid taxes. As always, we encourage you to consult with your cpa to make sure you are accurately reporting your gifting to avoid any unexpected surprises from the IRS!

If you are looking to make gifts of cash or stock before year-end, please reach out to us at the office so we can assist you in determining the best gifting strategy for your plan!

401(K) Allocation

No Trades.

We are standing pat this month as October recovered the August losses and we are heading straight into the thick of earnings season this week with over 170 companies on the S&P 500 reporting. Forward guidance here will be important as supply chain disruptions are now daily news.

The other big test for markets will be the start of the Federal Reserve “taper” as they begin to take their foot off the gas and stop buying as many bonds as they have been for almost two years. Much like earnings season for businesses, it’s what the Federal Reserve will signal that will be most significant: halt bond purchases more aggressively than originally planned, that signals potentially faster interest rate hikes and could rattle markets, both bonds and stocks alike.

	Agg. Growth 100% Equity	Growth	Moderate	Balanced	Conservative
	0%	15%	30%	40%	65%
Stable Asset - OR - Short Term Bond	0%	15%	30%	40%	65%
Total Return	0%	0%	0%	0%	0%
High Yield Bonds	0%	0%	0%	0%	0%
Inflation Protected Bonds	0%	0%	0%	0%	0%
	75%	65%	50%	45%	25%
Large Cap Growth	35%	30%	20%	20%	10%
Large Cap Value	40%	35%	30%	25%	15%
	20%	15%	15%	10%	10%
Mid Cap Growth	10%	5%	5%	5%	5%
Mid Cap Value	10%	10%	10%	5%	5%
	5%	5%	5%	5%	0%
Small Cap Growth	0%	0%	0%	0%	0%
Small Cap Value	5%	5%	5%	5%	0%
	0%	0%	0%	0%	0%
Developed International	0%	0%	0%	5%	0%
Emerging Markets	0%	0%	0%	0%	0%



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Graphic of the Month – TURKEY FACTS

- Ben Franklin, in a letter to his daughter, proposed the turkey as the official United States bird.
- In 2012, the average American ate 16 pounds of turkey.
- 88% of Americans surveyed by the National Turkey Federation eat turkey on Thanksgiving.
- 46 million turkeys are eaten each Thanksgiving, 22 million on Christmas and 19 million turkeys on Easter.
- In 2011, 736 million pounds of turkey were consumed in the United States.
- Turkey consumption has increased 104% since 1970.
- Since 1970, turkey production in the United States has increased nearly 110%.
- In 2013, 242 million turkeys are expected to be raised in the United States.
- In 2012, 253,500,000 turkeys were produced in the United States.
- The turkey industry employs 20,000 to 25,000 persons in the United States.
- In 1970, 50% of all turkey consumed was during the holidays, now just 29% of all turkey consumed is during the holidays as more turkey is eaten year-round.
- In 2012, turkey was the # 4 protein choice for American consumers behind chicken, beef and pork
- The top three turkey products sold in 2011 were whole birds, ground turkey and cooked white meat (deli meat).
- Turkey hens are usually sold as whole birds. Toms are processed into turkey sausage, turkey franks, tenderloins, cutlets and deli meats.
- In 2011, 47.4% of turkeys were sold to grocery stores and other retail outlets, 30% sold in commodity outlets, 15.5% sold to foodservice outlets and 6.2% were exported.
- In 2011, 703.3 million pounds of turkey were exported.
- The average weight of a turkey purchased at Thanksgiving is 15 pounds.
- The heaviest turkey ever raised was 86 pounds, about the size of a large dog.
- A 15-pound turkey usually has about 70 percent white meat and 30 percent dark meat.
- The wild turkey is native to northern Mexico and the eastern United States.
- The male turkey is called a tom.
- The female turkey is called a hen.
- The turkey was domesticated in Mexico and brought to Europe in the 16th century.
- Tom turkeys have beards. That is comprised of black, hair-like feathers on their breast.
- Canadians consumed 142 million kgs of turkey in the year 2012.
- Turkeys can see movement almost 100 yards away.
- Turkeys lived almost ten million years ago.
- Baby turkeys are called poults and are tan and brown.
- Turkey eggs are tan with brown specks and are larger than chicken eggs.
- It takes 75-80 pounds of feed to raise a 30-pound tom turkey.
- In 1920, U.S. turkey growers produced one turkey for every 29 persons in the U.S. Today growers produce nearly one turkey for every person in the country.
- Male turkeys gobble. Hens do not. They make a clicking noise.
- Gobbling turkeys can be heard a mile away on a quiet day.
- Minnesota, North Carolina, Arkansas, Missouri, Virginia, Indiana, California, South Carolina, Pennsylvania and Ohio were the leading producers of turkeys in 2011-2012.
- Minnesota raised 46 million turkeys in 2012.
- Illinois farmers produce close to 3 million turkeys each year.
- A 16 week old turkey is called a fryer. A 5 to 7 month old turkey is called a young roaster and a yearling is a year old. Any turkey 15 months or older is called mature.
- The ballroom dance the "Turkey Trot" was named for the short, jerky steps that turkeys take.
- Turkeys do not really have ears like ours, but they have very good hearing.
- Turkeys can see in color.
- A large group of turkeys is called a flock.
- Turkeys do not see well at night.



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- A domesticated male turkey can reach a weight of 30 pounds within 18 weeks after hatching.
- Turkeys are related to pheasants.
- Commercially raised turkeys cannot fly.
- Wild turkeys spend the night in trees. They prefer oak trees.
- Wild turkeys were almost wiped out in the early 1900's. Today there are wild turkeys in every state except Alaska.
- Wild turkeys can fly for short distances up to 55 mph and can run 20 mph.
- Turkeys are believed to have been brought to Britain in 1526 by Yorkshire man William Strickland. He acquired six turkeys from American Indian traders and sold them for tuppence in Bristol.
- Henry VIII was the first English King to enjoy turkey and Edward VII made turkey eating fashionable at Christmas.
- 200 years ago in England, turkeys were walked to market in herds. They wore booties to protect their feet. Turkeys were also walked to market in the United States.
- For 87% of people in the UK, Christmas wouldn't be Christmas without a traditional roast turkey.
- Turkey breeding has caused turkey breasts to grow so large that the turkeys fall over.
- June is National Turkey Lover's Month.
- Since 1947, the National Turkey Federation has presented a live turkey and two dressed turkeys to the President. The President does not eat the live turkey. He "pardons" it and allows it to live out its days on a historical farm.
- The National Thanksgiving Turkey has been the Grand Marshall in the Thanksgiving Day Parade at both Disneyland Resort in California and Walt Disney World in Florida for the past four years.
- The five most popular ways to serve leftover turkey are in a sandwich, stew, chili or soup, casseroles and as a burger.
- Eating turkey does not cause you to feel sleepy after your Thanksgiving dinner. Carbohydrates in your Thanksgiving dinner are the likely cause of your sleepiness.
- According to the 2007 Census, there were 8,284 turkey farms in the United States.
- Turkey is low in fat and high in protein.
- Turkey has more protein than chicken or beef.
- White meat has fewer calories and less fat than dark meat.
- Turkeys will have 3,500 feathers at maturity.
- Turkeys have been bred to have white feathers. White feathers have no spots under the skin when plucked.
- Most turkey feathers are composted.
- Turkey feathers were used to stabilize arrows and adorn ceremonial dress, and the spurs on the legs of wild tom turkeys were used as projectiles on arrowheads.
- Turkey skins can be tanned and used to make cowboy boots and belts.
- The costume that "Big Bird" wears on Sesame Street is rumored to be made of turkey feathers.
- The caruncle is a red-pink fleshy growth on the head and upper neck of the turkey.
- Turkeys have a long, red, fleshy growth called the snood from the base of the beak that hangs down over the beak.
- The bright red fleshy growth under a turkey's throat is called a wattle.
- The beard is a lock of hair found on the chest of the male turkey.
- Giblets are the heart, liver, and gizzard of a poultry carcass. Although often packaged with them, the neck of the bird is not a giblet.
- Turkey eggs hatch in 28 days.
- The Native Americans hunted wild turkey for its sweet, juicy meat as early as 1000 A.D
- There are a number of towns in the United States named after the holiday's traditional main course. Turkey, Texas, was the most populous in 2005, with 492 residents; followed by Turkey Creek, Louisiana (357); and Turkey, North Carolina (269). There also are 9 townships around the country named "Turkey," 3 in Kansas.

https://web.extension.illinois.edu/turkey/turkey_facts.cfm