Your Copperwynd Financial Newsletter: September 2021

Market Commentary

Someone told me yesterday that there are only 116 days left until it is 2022. Actually, what I heard was 109 shopping days until Christmas, but tomato to-mah-to …

It is usually the time of year when everyone is happy to see a change in the weather, signaling the change in the seasons and all that brings. While here in Arizona we welcomed a record monsoon season – the same could not be said for the bulk of the country east of the Mississippi.

Last week, Hurricane Ida continued her path of destruction into Pennsylvania, New Jersey and New York with the latter declaring a Flash Flood Emergency for New York City – for the first time ever. If anything, it appears that Ida hit the tri-state area harder than the Gulf states where it first made land!

Last year, 2020 might have been one for the record books due to the pandemic and everyone was happy to have seen that year in the rear view mirror, but this year the natural disasters just keep coming. Blame global warming, blame careless management of natural resources, maybe declare something more biblical, 2021 will have set a number of records and we probably won't miss this year either! If there was such a thing as "a good year to have a disaster", well, this definitely isn't it.

The current estimated cost of natural disasters through June of this year - floods, fire, tornadoes - had exceeded $8 billion, $1billion more than the annual average over the past decade. Then came Ida, whom the National Weather Service is retiring as a named hurricane due to the severe nature of this storm (as they did with Katrina back in 2011). Hurricane Ida's damage estimates currently exceed $18 Billion. These numbers do not include the current Caldor Fire in California, where over 191,000 acres have burned, although happily it appears finally under control after this weekend. The cost of that fire will be forthcoming and just add to what is turning into a record year for natural disasters.

We already have a housing shortage that is extended due to supply chain distruptions. We have heard of shortages on everything from bathtubs, to bricks, to microprocessor chips (which affects so many industries) to paint …. Now we will have to find a way to replace many of these items lost to fire or flooding. Scarcity of product and increasing demand lead inevitably to higher prices, which is painful whether or not it's transitory!

All of these elements will impact our economy in a variety of ways. Lack of inventory and the now increased demand for these scarce items, plus higher labor costs, will weigh on corporate profitability. But increasing personal income and the continued increase in demand for these items could slow but now extend the economic recovery. It will be an interesting study in which force wins out relative to the stock market, but at the moment nothing appears to be shaking its

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®

upward grind, including statements from the Federal Reserve that they will likely start to take their foot off the gas pedal starting this year and decrease their purchases of bonds.

Volatility is what we expect while these financial winds blow in different directions and the economy sorts itself out. In spite of this, we closed out August with another positive month in the markets with growth and technology leading the way. The NASDAQ gained 4.22%, with the S&P adding 2.98%. International markets continue to lag but also added gains with a 2.19% gain for emerging markets and 1.45% for developed markets (Europe et al). In your portfolios here, we remain fully invested and watchful.

We had promised additional information about our Utah client appreciation event and an email with be out on later today with the details, but mark your calendars now for the Real Salt Lake bbq and soccer match the evening of Wednesday, September 29th! We look forward to gathering with many of you for the first time in quite a while. We will also be hosting our annual Medicare symposium on October 5th, however this will continue to be virtual for the time being and those details will be out shortly as well.

Welcome to autumn and maybe start that Christmas shopping a little early, ok?

Financial Planning

A credit freeze and a credit lock are two ways to protect your credit reports from being used by scammers to open new accounts. You may see the terms “credit freeze” and “credit lock” used interchangeably, and they do offer similar protections. The three credit reporting bureaus — Equifax, Experian and TransUnion —sometimes promote their credit lock services, which can carry a monthly fee, alongside their credit freeze options, which are free. A key difference is that it’s simpler to unlock a credit lock than it is to “thaw” a credit freeze. But a freeze may afford legal protections that a lock doesn't.

When you freeze your credit at the credit bureaus, you restrict access to your credit report so most lenders can’t see your information until you unfreeze it. Since a creditor is unlikely to open a new account in your name without checking your credit, that protects you from fraudulent accounts. Unfreezing your report requires the use of a password-protected account or a PIN. Similarly, when you lock your credit, you restrict most lenders’ access. But you can unlock your credit report immediately at any time, on your computer or mobile device, when you do want to allow access.

When to use a credit freeze

A credit freeze helps protect your credit report. It’s a smart option if you’re a victim of identity theft or believe your information has been compromised, as happened in the Equifax breach. NerdWallet recommends freezes for most consumers as a preventive measure. Federal law requires credit bureaus to offer free credit freezes and unfreezes. You can also freeze your child's credit for free.

You can thaw your credit report by giving direct authorization to each of the credit bureaus, through a password-protected account or PIN. Freezing your credit report at all three bureaus is vital to fully protecting your information. Here's our guide to freezing your Experian report, your Equifax report and your TransUnion report. You can still access your credit records and scores under a credit freeze without hurting your score. If you don’t already have a way to regularly monitor your score and report information, consider signing up with NerdWallet for a free credit report summary, updated weekly.

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®

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®

When to use a credit lock

You can use a credit lock as a preventive measure to protect your information or when your information has been compromised. Its convenience lets you quickly allow lenders access to your report and then immediately lock it again — if you're shopping for a home or car, for instance. Unlike a freeze, locks are not governed by federal law. Service agreements for each bureau make it clear that the companies don't guarantee error-free operation or uninterrupted service. As with a credit freeze, a credit lock is most effective if you sign up at all three bureaus.

You can sign up for a credit lock at each bureau's website and also access the respective app to lock or unlock your credit report. Each one offers a slightly different version of the credit lock, so check exactly what you're signing up for.

Equifax's free credit lock product is called Lock & Alert. The company says it will be free for life. The terms of service do not include an arbitration clause or class action lawsuit waiver; that means you don't sign away your option to sue or join a lawsuit.
Experian bundles its credit lock with other services. The least expensive option, IdentityWorks Plus at $9.99 a month, includes a credit lock, identity theft insurance and alerts when information changes on your report at all three bureaus. Its terms of service include an arbitration clause and class action waiver.

TransUnion's free product, administered under TransUnion's TrueIdentity brand, offers the lock/unlock option and other features, but the service agreement does include an arbitration clause and class action waiver. It also requires users to agree to receive targeted marketing materials.

At the very least, it is prudent to at least invest in a credit monitoring service. Credit monitoring services are another way to help safeguard your credit. These companies monitor your credit reports for new activity and send you alerts when things like new credit lines or inquiries for credit show up on your report. While this won't block anyone from accessing your credit history, it can help you stay aware of who may be trying to open accounts in your name. This can help you determine whether a lock or freeze is the best route if you are in the unfortunate situation of identity theft or compromise.

College and Tax Planning

Why put off until December, what you can do today? As we approach mid-year, it's never too early to consider planning strategies for the year that may help lower your tax bill. Review the below list to see if there are steps you can take now to reduce your 2021 tax bill.

Review your latest paystub and Maximize your 401(k) deferral

Make sure you are on track so that your 401(k) contributions will be maxed out by year end. The 2021 contribution limit is $19,500, with an additional $6,500 catch-up contribution if you are 50 or older. If you turn 50 during 2021, make sure your payroll department is allowing for the additional contributions. Also consider whether contributions to a ROTH 401(k) would be more beneficial. This would cause your current contribution to be after tax (resulting in higher, not lower) taxes. As such, we suggest that you consult with your financial advisor before making such a change to see how this strategy may help over the long term. to $500,000.

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

Health Savings Account

Make sure you are on track to maximize your HSA contributions by year end. The 2021 maximum contribution is $3,600 for individual plans and $7,200 for family plans. If you are 55 or older, you can contribute an additional $1,000 catch-up contribution. If possible, try not to spend the dollars saved in the HSA account as this account can be used like another tax deferred retirement account and provide for future tax free withdrawals.

Plan for IRA Distributions

The CARES Act waived Required Minimum Distribution (RMD) requirements for 2020 only. So, be sure to take your 2021 RMD before year end, including required distributions from inherited IRAs. If you are over 70 1/2, consider making Qualified Charitable Distributions from your IRA directly to public charities to satisfy your RMD requirements (up to $100,000 per taxpayer). Reminder to review the RMD age requirements as the SECURE Act (passed in December 2019) increased the RMD age to 72 for those not already required to take RMDs in 2019 as a result of reaching age 70 1/2.

Real Estate Sales

The real estate market is hot! Which means many sellers will be realizing large gains on the sale of their homes. Remember, if you sell your home, and it has been your primary residence for two of the last five years, single filers can exclude gains up to $250,000 and joint filers up So, it is very important to keep detailed records to support your tax basis in the home. This would include purchase documents, detailed listing of capital improvements (and receipts) as well as all selling expenses.

Plan for Charitable Contributions

In 2021, taxpayers who take the standard deduction are also able to deduct up to $300 of cash charitable contributions ($600 for a joint return). And, similar to 2020, taxpayers can deduct cash charitable contributions in tax year 2021 up to 100% of their adjusted gross income. Please note the 100% limitation does not apply to cash donations made to donor advised funds or private foundations. Taxpayers should also still consider bunching charitable gifts to get the benefit of itemizing in one year and taking the standard deduction in another and/or donating appreciated stock rather than cash.

Tax Credits - Consider federal and state tax credits available to you to offset your taxes

Residential Energy Credits (federal credit) – Good news for those taxpayers who have been contemplating installing solar panels or geothermal heat pumps – In December 2020, Congress extended the tax credit for cost of installation of solar electric property as well as geothermal heat pumps, previously set to expire at the end of 2021. For certain energy efficient property placed in service from 2021-2022, taxpayers can take a 26% tax credit and for property placed in service from 2022-2024, taxpayers can take a 24% tax credit. The credit is set to expire at the end of 2024, unless Congress acts to extend the credit again.

There are many different strategies to help reduce current income tax. The specific categories of your income (capital or investment income vs ordinary) can have a major impact as well as consideration of future income and long-term goals. If you have any questions about the above information or are not sure if certain items apply to your tax situation, give us a call at the office!

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

COPPERWYND FINANCIAL

401(K) Allocation

There “may” be trades.

If you took risk off last month, that looked like a promising move. For a day or two. Then it was back to the upward grind as the markets finished positive for the month once more. The models were right! When do we get that correction we’re all holding our breath and expecting? Eventually it will happen but it would appear that neither increasing COVID cases, nor messy international politics, nor raging historic hurricanes can out-do the printing presses of the Federal Reserve and so onward we go.

If you took risk off last month, you can choose to put it back on or stand pat, but models are all still positive and this month’s allocation for the 401K plans will reflect that stance.

	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	*40%*	*35%*	*25%*	*20%*	*10%*
Large Cap Value	*35%*	*30%*	*25%*	*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%*

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

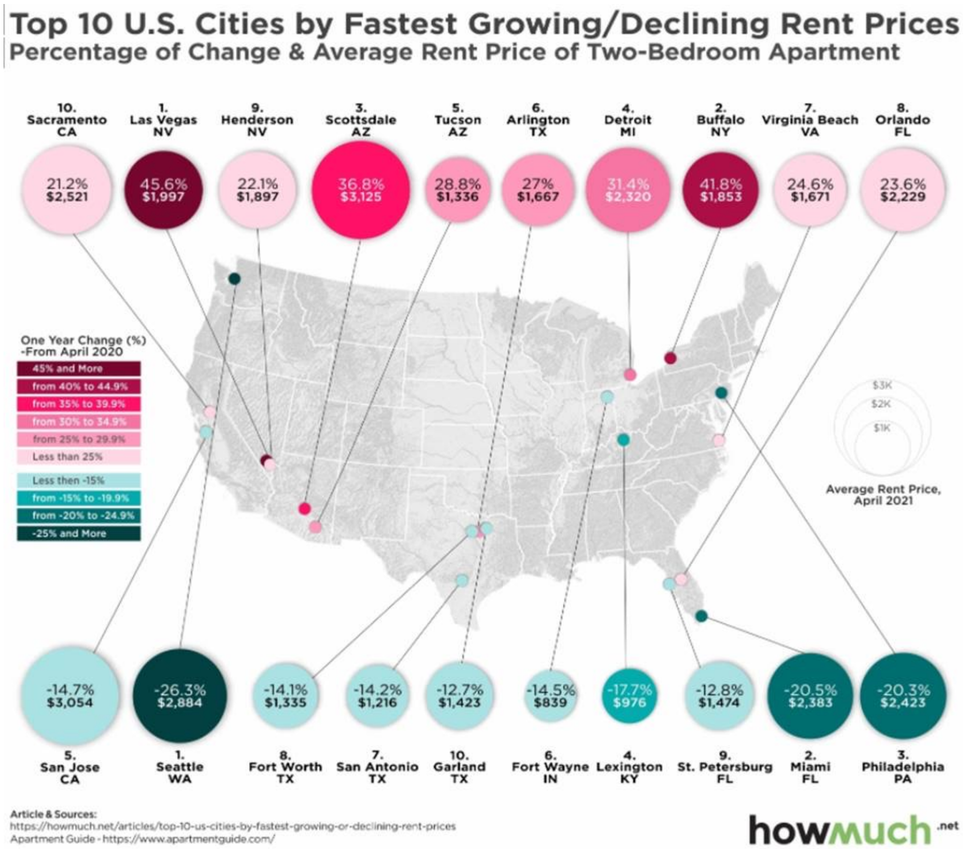
Office: 480-348-2100
Toll Free: 877-658-2100

https://www.copperwyndfinancial.com

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

Graphic of the Month

There have been visible signs that the real estate market has calmed down from the buying frenzy we saw earlier this year – actually a few Open House signs in our area, which we haven't seen in quite a while! Why? Well, we have said that the solution to high prices is high prices, meaning that eventually prices elevate to the point where buyers stay away. But everyone has to have a roof over their heads, right? So, if the buyers decided not to buy, where are they living? Renting, until the conditions are better … but that demand has had the same impact on rental prices as we saw on home purchase prices. And evidently Buffalo is now fashionable….



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®