



November 2019 Ponderings and Musings: Giving Thanks

“A hero is someone who has given his or her life to something bigger than oneself.”

- Joseph Campbell

“No man is entitled to the blessings of freedom unless he be vigilant in its preservation.”

- General Douglas MacArthur

“No duty is more urgent than that of returning thanks.”

- James Allen

Honoring Our Veterans and a Visit to Dog Tag Bakery

The month of November, and specifically Veteran's Day, is a special time for us to honor and thank those who have served our country. VWG is extremely fortunate to have a large number of family, clients and friends who are U.S. military veterans. They have made great sacrifices of their time and lives in service for others. All Americans are deeply indebted for all those who have put country before themselves, making the United States a better, freer and safer place in which to live, grow and flourish.



Earlier this year we were introduced to Dog Tag Bakery, a non-profit organization operating at the crossroads of our two deep passions – supporting veterans and promoting entrepreneurship. Dog Tag is a functioning bakery located in Georgetown in the District of Columbia. It acts as a living business school for transitioning service-disabled veterans, military spouses and caregivers to a productive civilian life. Enrollees engage in a five-month program, rotating through the bakery’s various departments to learn the ins and outs of running a small business. Dog Tag’s holistic development program includes personal wellness, resource access, and financial literacy. Fellows earn a Certificate of Business Administration from Georgetown University’s School of Continuing Studies.

John Verfurth, Dog Tag’s CEO Meghan Ogilvie, Elana Fine, Jeff Grinspoon and Rick Weeks are pictured here visiting the bakery’s retail store. Unfortunately, no photo can fully convey the amazing lineup of tasty treats sampled during their visit. VWG plans to explore different ways we can support Dog Tag’s educational and entrepreneurial efforts in the coming year. We also thank Semper Capital Management, another highly veteran-focused business, for making this introduction. <https://www.dogtagbakery.com/>

Tax Planning

- Many are still learning to adapt to the extensive 2018 tax changes. Some clients have been impacted by the scaling back or elimination of many tax preference items and deductions. The most significant of these is the \$10,000 limit on the deductibility of state income, sales and property taxes (commonly referred to as “SALT”). For many, these changes have forced them to take the standard deduction, which will then prevent them from deducting charitable contributions from their taxable income. Clients should consult with a tax professional to determine if there are any strategies that may be considered based on individual circumstances.

- VWG will implement strategies to harvest tax losses for our clients to help offset realized capital gains and mutual fund capital gain distributions.
- If you are working, review your payroll tax withholding for 2020 to ensure you are having enough (but not too much) federal and state taxes taken from your pay check. You can access a simple IRS withholding estimator [here](#).

Funding and Taking Distributions from Retirement Accounts

- If still working, confirm that you have made the 401(k) maximum contribution this year. Depending on your 2019 income, you and/or your non-working spouse may also be able to contribute to an IRA or Roth IRA. Self-employed individuals have further options in which they could defer larger amounts of earnings. These actions have the dual benefit of increasing your retirement savings and potentially reducing this year's tax liability.
- VWG is working to ensure that our clients 70 ½ and older take this year's Required Minimum Distributions. For clients subject to RMDs, please be sure to let us know if you have any outside IRAs which need to be considered, or if you are still an active participant in a 401(k) plan.
- Maximize Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs). Review your current benefits and options, particularly for those whose employers' plans are in the open enrollment period for next year. HSAs (associated with high-deductible health plans), can also be used to expand salary deferral as a savings vehicle that can be used in later years or in retirement. Your contributions are tax-deductible, and these funds can be invested for tax-free growth if used for future healthcare expenses. Since funds placed in an HSA will stay with you forever, regardless of whether you change employers or insurance, any unused money rolls over and continues to grow until you use it for medical expenses.

Charitable Gifts and Tax-Smart Gifting Strategies

- If you haven't already, start planning on which charitable donations you would like to make by year's end. Keep records of all donations. For larger gifts, consider gifting highly appreciated stocks, funds or other assets instead of cash.
- For taxpayers who will claim the standard deduction in 2019 (see above), consider "bunching" multiple years of charitable gifts into one year in order to itemize deductions on that year's tax return. A great way to do this is by making that "lump" contribution into a Donor Advised Fund (DAF), from which you can easily disperse smaller "grants" to multiple IRS-approved public charities at your discretion over the coming 2 or 3 years, or more.
- Those age 70½ or older, may even consider making charitable distributions to qualified organizations directly from their IRA. Such donations reduce the amount of one's RMD while being treated as non-taxable income. Keep in mind these distributions will not also qualify as a charitable deduction on your tax return.

Family Gifting

- Consider year-end gifting to family members. The 2019 annual gift tax exclusion for individuals is \$15,000. That means that the maximum a husband and wife can gift to a single person in one year is \$30,000. If you intend on making a very large gift to a child - for example helping with a home down payment - consider spreading your gifting between the end of this year and the beginning of next year.

- This annual limit is overridden for gifts made directly into 529 education savings accounts. It is also exempted for college tuition payments sent directly to the educational institution. A special 529-exclusion allows five years' worth of gifts — up to \$75,000 for single or \$150,000 for married couples — to be contributed at once, provided that no other gifts are made within the next five-year period. If the grandparents are the owners of these 529 accounts, these assets are not currently factored as assets for determining federal financial aid (but plan distributions may be counted as part of the income test). For further information on 529 savings accounts, please reference our article in [September's Ponderings & Musings](#).

VWG's "Your Life. Your Future. Your Self" 10 Financial Blunders Webinar Replay

On October 8th, VWG continued its "Your Life" series focused on enhancing our clients' overall financial and personal well-being. As a follow up to last February's 10 Financial Tools We Love, our team of advisors presented 10 Financial Blunders that are common but avoidable. Throughout the session we focused on the behaviors and thought processes that often impede clients' progress toward their financial objectives. If you were unable to attend the webinar, we hope you have a chance to listen to this [replay](#). If any of these examples raise a red flag or sound an alarm, please reach out to your VWG advisor when convenient to discuss specific situations.

We are always looking for new seminar ideas, so please contact us if you have a topic you would like us to cover.

VWG Gives Thanks

Over the last few months, VWG has received a number of national and local awards, recognizing us for the quality of our practice, and our philanthropic work and community engagement. We owe these to our very special, highly talented team, and to our fantastic group of engaged, supportive clients. It is a great honor to serve all of you and your families. We express our sincere gratitude for welcoming us into your lives, and allowing us to work with you to help secure your financial and personal well-being. Gaining these distinctions would not be possible without you.

- Named to Forbes' list of America's Top 100 Wealth Advisors
- Named to Barron's annual list of Top 100 Independent Wealth Advisors
- Named a 2019 Barron's Top 1200 Advisor by State
- Named as a 2019 Financial Times Top 300 Registered Investment Advisors
- Michelle Kuzma named as a Forbes 2019 Best-in-State Next Generation Wealth Advisors
- Michelle Kuzma named as a Working Mother 2019 Top Wealth Advisor
- VWG named as a 2019 recipient of Northern Virginia Family Service's CARE Award. The CARE Award commends employers who demonstrate an outstanding work place culture, commit to sustained community outreach and engagement, and promote family-friendly environments.

November is Alzheimer's Awareness Month

Alzheimer's is a complex neurological disease that is the most common form of dementia. It can have devastating effects on a loved one's mental, physical and financial health, affecting their broadly connected family system. We urge everyone to take time to learn more about Alzheimer's including symptoms, treatments and resources that can provide assistance to people living with dementia and their families. November is a great time to volunteer, participate in fundraising walks and runs, and make financial

donations to organizations working to build awareness, and performing medical research.

<https://www.alz.org/about>.

This November we express our deep gratitude for all of the veterans – those close to us, and those unknown – who have unselfishly served to secure and strengthen our fine nation. We thank our families, friends and caretakers who have made great sacrifices for us, our children, and our future generations. We are overwhelmed by all of our blessings. Best wishes to you and your family for a wonderful Thanksgiving! Regards,

VWG Wealth Management

HighTower Advisors

Suzanne, Ashley, Lynette, Michelle, Rashmi, Kay, Justin, Ryan, Delaney, Patricia, Elana, John, Rick and Jeff

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VWG WEALTH MANAGEMENT

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