Q2 2021 News July 27, 2021

$300,000 for Health Care

According to Fidelity's 20th Annual Retiree Health Care Cost Estimate, a 65-year-old couple retiring this year can expect to spend $300,000 in health care and medical expenses throughout retirement. For single retirees, the 2021 estimate is $157,000 for women and $143,000 for men.

Fidelity's estimate assumes enrollment in traditional Medicare, which Parts A and B covers expenses such as hospital stays, doctor visits and services, physical therapy, lab tests and more, and in Part D, which covers prescription drugs.

The amount you need will depend upon when and where you retire, how healthy you are, and how long you live. The amount you need will also depend on which accounts you use to pay for health care (tax deferred retirement accounts, tax free health savings accounts (HSA) or taxable investment accounts), your gross income and tax rates in retirement.

As retirement nears, your Triangle team can help you make decisions, including when to stop working, when to take social security and how to generate cash flow from your retirement assets to meet your living and health care costs. Together we can create a comprehensive plan to maintain your lifestyle throughout your retirement years.

TRIANGLE®
Wealth Management

Index	1st Quarter Total Return	YTD Total Return
S&P 500	8.55%	15.25%
Russell Mid Cap	7.50	16.25
Russell 2000	4.29	17.54
MSCI EAFE	5.17	8.83
Bloomberg Barclays US Aggregate Bond	1.83	-1.60
Bloomberg Barclays Muni Bond Index	1.42	1.06
Dow Jones Industrial Average	5.08	13.79

*Index return data as of 6/30/2021 provided by Morningstar Direct℠

Quarterly Market Review

A successful vaccination effort has put the U.S. in an enviable position globally and the summer of 2021 has seen life "return to normal" for many Americans while much of the world continues to be challenged by the COVID-19 pandemic.

- Stocks reached new all-time highs in the 2nd quarter, continuing the momentum of the rally that took hold following the abrupt crash at the onset of the pandemic. U.S. markets have continued to lead as progress on vaccinations, robust economic growth and resilient corporate earnings have outpaced most of our global peers.
- The announcement of vaccine availability in November 2020 and the prospects for a reopening economy provided a catalyst to many "Value" stocks, including those in the beaten-down Energy, Financials and Real Estate sectors, which have been the top-performing sectors through mid-year.
- After rising steadily throughout the 1st quarter, bond yields reversed course during the 2nd quarter. After touching 1.75% in late March, the 10-year U.S. Treasury yield ended the 2nd quarter below 1.5% despite recent inflation data that registers among the highest in decades. This stems from pandemic-related bottlenecks and energy prices near the highest levels since 2014.

News & Notes

- The COVID-19 Delta variant that originated in India has become the dominate strain globally and poses a continued threat to a global economic recovery. The rapid spread of the Delta variant forced the United Kingdom to delay its reopening plans, while renewed lockdowns have been imposed in parts of China and Australia. In contrast, New York City, once the epicenter of the COVID-19 outbreak, set July 1st as its "full reopening" date.
- The Federal Reserve views the current bout of relatively high inflation as "transitory" and has expressed comfort in allowing inflation to remain above its 2% long-term target for an extended period to balance the prior multi-year period of sub-2% inflation.
- The recovery from the economic shock of the pandemic is evident as U.S. GDP growth registered 6.4% in the 1st quarter and the Federal Reserve recently upgraded its full year growth forecast to 7.0%. The U.S. unemployment rate, currently below 6%, is less than half the level at the height of the lockdowns, but still well above the pre-pandemic level of 3.5%. In recent congressional testimony, Fed Chair Jerome Powell stated that the Fed "will do everything we can to support the economy for as long as it takes to complete the recovery".

Where Families Invest

About Us

Triangle Wealth Management is a privately owned investment advisory firm that specializes in assisting families with developing a realistic strategic plan to provide the best opportunity for achieving their long-term financial goals as prudently as possible.

We provide clients structure, clarity, confidence and reassurance as they move toward the next phase of life.

Our clients value our honesty, integrity, transparency and genuine concern for their well-being.

We are in business to serve our clients.

For a digital version of "Market News" update, please visit TriangleWealth.com/news-resources/

FAFSA Update: Grandparents Reconsider 529 Plans to Help Pay for College

529 Plans are generally considered the most effective way to save for education related expenses. For grandparents they offer flexibility, control, and exclusive gifting and estate planning benefits. However, in the past, grandparent owned 529 plans had negative impacts to potential financial aid. Thanks to recent changes to the FAFSA (Free Application for Federal Student Aid) process, grandparents no longer need to be concerned after this year.

Initially set to take effect for the 2023-2024 application cycle, but now delayed until the 2024-2025 school year, distributions taken from grandparent-owned 529 accounts and used for educational expenses will no longer impact a student's eligibility to receive needs-based financial aid.

This change might seem like a long way off, but the impact will be felt next year. The FAFSA depends on two-year (prior-prior) tax information. The 2024-2025 FAFSA can be completed as early as Oct. 1, 2023 and will depend largely on information from 2022. So, grandparents who help-out with college costs in 2022 will not hurt aid chances via the FAFSA.

Contact us if you would like to learn more about the benefits of investing in a 529 college savings plan.

Team Spotlight

TWM is pleased to announce that Paul Reynolds IV, AWMA® and Sara Birch were married May 1, 2021 at Christ Episcopal Church in Raleigh NC.

Please join us in congratulating Paul and Sara Reynolds!