

Q4 2021 News

January 24, 2022

New RMD Tables for 2022

The IRS released new life expectancy tables in 2022 to calculate required minimum distributions (RMDs) from IRAs and qualified plans like 401(k)s. The new tables, which were last updated in 2002, reflect longer life expectancies and allow account holders to spread RMDs over a longer time period, potentially lessening annual tax burdens and easing account depletion concerns. The new tables went into effect on January 1, 2022.

Let's look at an example that demonstrates the difference in withdrawal amounts between the old and the new tables. In 2022, a 72-year-old IRA owner will use a 27.4-year life expectancy compared to 25.6-years under the old tables. If the IRA's balance on January 1, 2022 is \$1 million, the required minimum distribution will be approximately \$36,500 ($\$1M / 27.4$), compared to \$39,100 ($\$1M / 25.6$) in 2021.

The new tables can be used by anyone taking RMDs including those who inherited an account prior to 2020. Remember, non-eligible designated beneficiaries inheriting an account in 2020 or later are subject to the 10-year rule that requires all funds to be withdrawn by the end of the tenth year following the account holder's death.

Index	4th Quarter Total Return	YTD Total Return
S&P 500	11.03%	28.71%
Russell Mid Cap	6.44	22.58
Russell 2000	2.14	14.82
MSCI EAFE	2.69	11.26
Bloomberg Barclays US Aggregate Bond	0.01	-1.54
Bloomberg Barclays Muni Bond Index	0.72	-1.52
Dow Jones Industrial Average	7.87	20.95

*Index return data as of 12/31/2021 provided by Morningstar DirectSM

Quarterly Market Review

2021 was yet another remarkably rewarding year for U.S. equity investors despite the relentless overhang of the COVID-19 pandemic. Resilient corporate earnings and historically low-interest rates propelled stocks to new all-time highs, while bond investors suffered an unusual year of negative total returns as the U.S. Aggregate Bond Index declined for only the third time over the past 40 years.

- An exceptionally strong 4th quarter took the S&P 500 to new highs and U.S. large-company stocks were top performers as investors showed a preference for the quality and resiliency of U.S. blue chips.
- A strong U.S. dollar factored into the relative underperformance of international stocks in 2021. Emerging Markets were particularly weak, highlighted by dramatic declines in Chinese stocks related to a government crackdown on high profile e-commerce companies and the turmoil within China's highly leveraged property sector.
- 2021 saw the U.S. Aggregate Bond Index decline 1.54%, only the second time since 2000 when the index posted a negative total return as part of the 2013 "taper tantrum". Bond investors continue to be apprehensive with inflation at a multi-decade high and the Federal Reserve's recent pivot to a more "hawkish" posture projecting interest rate hikes in 2022.

News & Notes

- The Biden administration's far-reaching "Build Back Better" proposal raised investor concerns over higher income and capital gains taxes, but recent political developments resulted in modifications that eliminated tax rate changes at this time.
- In November, the Federal Reserve confirmed its plans to initiate a "tapering" process, gradually winding down its bond-buying program known as quantitative easing and shifting its focus to combatting inflation, which has recently far surpassed the Fed's 2% target.
- Heightened tensions with China related to ongoing trade disputes, the flashpoints of Taiwan and Hong Kong, and the origins of the COVID-19 pandemic continue to provide a turbulent backdrop as the world plans to convene in February for the Winter Olympics in Beijing.
- While the fast-spreading Omicron variant is expected to temporarily dampen economic growth, the success of COVID-19 vaccines and therapeutics has provided optimism for continued global economic recovery in 2022.



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.

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Did you change jobs or retire in 2021?

If you recently changed jobs or retired the big question to consider is: What should I do with my 401(k)?

Your options include:

1. Do nothing and leave your money in your previous employer’s 401(k).
2. Roll over your 401(k) to your new employer’s 401(k) plan.
3. Roll over your 401(k) into a new or existing IRA.
4. Cash out your 401(k) and pay the taxes and potential penalties.

If you need help deciding what to do, consider the following:

- Are you comfortable managing your investments or would you benefit from professional advice?
- Does your 401(k) plan have adequate investment options to build a diversified portfolio that is personalized for your needs and preferences?
- Do you prefer to minimize paperwork and simplify your financial life by having all your investment accounts with one provider?
- Are you willing to pay attention to notices from your 401(k) plan administrator about changes to the plan and its investment options?
- Do you have a process to ensure that you are taking the appropriate amount of risk based on your age and life circumstances?
- Do you know how much you’re paying in fees and fund expenses?
- If you need income, do you know which investments you should take distributions from to balance future growth potential with current income needs?
- Do you know how much to withdraw each year to help ensure your portfolio will last the rest of your life?

Talking with a financial professional or tax consultant can be beneficial in weighing the pros and cons of your options and helping to ensure that your decision is appropriate for your circumstances.

Tips for achieving your financial goals for 2022

- First, determine what goals are important to you.
- Don’t choose too many goals.
- Write down your goals.
- Implement a plan to achieve your goals with milestones to track your progress.
- Recognize small wins.
- Keep yourself accountable.
- Reward yourself.

Your Triangle family wishes you a happy and prosperous New Year!



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