

*On the*

# [ MONEY ]

*Registered Investment Advisor*

[www.VintageFS.com](http://www.VintageFS.com)

Fall 2021 Vol. XXXVII No. III

## *From the Grapevine...*

Congratulations to Andrea Balsler, a financial planner at Vintage, who was married on August 14th. She and her new husband, John, honeymooned in Hawaii. Note that her new married name is Andrea McCarthy.

We are also excited to add Nathan Zolynsky to our staff. See more about Nathan on page two.

At the beginning of 2020, we marked the 35th anniversary of our founding. To celebrate, we planned another big party at the club level of the Michigan football stadium and were slated to have a great time in early April. Of course, that event was cancelled but we've been trying to find a date to reschedule. We had hoped to have it by the end of this year, but the latest surge and ongoing restrictions may push the date back again.

We'll let you know when we can pin down a date for what looks to be a celebration of our 37th anniversary.

## TAX SAVINGS OPPORTUNITIES

The U.S. Congress is still on their summer recess but both chambers are scheduled to be back to work on September 20th. They've already authorized trillions of dollars in spending this year and more is on the way. This time, though, they'll be trying to figure out how to pay for at least some of the new spending.

The Democrats have a slim majority in Washington and they've pledged to raise taxes on high income earners, which they've defined as households with over \$400,000 in taxable income. Those high earners represent less than 2% of the population, though, which limits how much revenue can be generated from taxing them even more. The lack of credibility of our politicians is well established and there's an urgent need for additional tax revenue so all six-figure income households should watch carefully for the impact of any upcoming tax law changes.

The effective dates of any tax law changes may present some good tax savings opportunities. Unfortunately, the window to make the changes may be very short. We'll be watching Congress closely and proactively looking for opportunities to reduce our clients' tax bills. If we aren't preparing your tax returns, please make sure that we have a copy of your 2020 return along with any significant changes in income for 2021 so that we can find any savings for you. And, if you're not a Vintage client, now may be a great time to put our team to work on your financial success, including potential tax savings in the coming months.

## QUALIFIED 529 EXPENSES

A 529 college savings plan is a great way to save for a child, grandchild, or other family member's higher education expenses. Contributing to a 529 plan offers many tax advantages, assuming the funds are used for qualified education expenses. However, figuring out which expenses fall under the "qualified" category can be a bit confusing.

So, what exactly is considered a "qualified expense?" Common examples of qualified higher education expenses for a 529 plan are tuition and fees, books and supplies, computers and internet access, meal plans, room and board, special needs equipment and student loan payments up to \$10,000.

On the other hand, what expenses are not qualified? Items such as personal living expenses, transportation and travel costs, health, renter and car insurance, college application and testing fees, and sports or other extracurricular activity fees are not considered qualified expenses. If 529 funds are used for a non-qualified expense, the earnings portion of the distribution is subject to income tax and a 10% penalty.

If there are funds left over in the 529 account once the student is done with school, there are a few options available. If the student plans on attending graduate school, 529 funds can be used for tuition and other qualified expenses. Additionally, extra 529 funds can be transferred to a new beneficiary among certain members of the designated beneficiary's family. If you decide to use the money for other purposes, the account's earnings will be subject to income tax and a 10% penalty.

There are many benefits to participating in a 529 plan to save for higher education expenses. However, it is very important to know exactly what 529 funds can and cannot be used for. When it comes time to take a distribution from a 529 plan,

it is necessary to be aware of the laws that apply and utilize the 529 savings in the most efficient way possible. Contact our team to see how we can help you with education planning for your loved ones.

## WELCOME NATHAN ZOLYNSKY

We're pleased to announce that Nathan Zolynsky has joined Vintage as a Financial Planner. Nathan grew up in Livonia, Michigan and graduated from Central Michigan University where he earned a Bachelor of Science in Business Administration degree with a major in Personal Financial Planning.

Nathan spent the summers of his college years interning with a couple different financial firms. He's a member of the Financial Planning Association and is active with their NexGen group of younger advisors and is also a member of the Career Development Committee.

Nathan completed the coursework necessary for the Certified Financial Planner certification exam in his studies at Central Michigan which qualified him to take the exam in July. He passed the six-hour exam and will need to finish the experience requirement in order to use the CFP® designation.

## MORE VINTAGE INSIGHTS

If you'd like to read more of our thoughts on investing, taxes and financial planning, make sure to check out our blog on our website at [www.vintagefs.com](http://www.vintagefs.com) under the Resources tab. Recent articles include "Bonds: Worth the Risk?" and "Inflation is Here. How to Invest".

You can also subscribe to our Monthly Market Report, a recap of investment returns and yields.

## CHILD TAX CREDIT CHANGES

The American Rescue Plan Act, passed through Congress earlier this year, provides relief for many individuals. One of the major items in this law is the change to the Child Tax Credit. Though the changes are temporary and only applicable to the 2021 tax year, they offer benefits for many families.

### What Are the Changes?

The Act raised the age for qualifying child dependents from 16 to 17. If you have a child turning 17 in 2021, they will still qualify for the credit this year.

The child dependent care credit can now be taken for up to 50% of qualifying dependent expenses (previously 35%). Additionally, the limit for qualifying expenses has been raised to \$8,000 per qualifying dependent and \$16,000 in total.

The child tax credit has been raised from \$2,000. Now, for children five and under, the credit will be up to \$3,600 per child. For children aged 6 to 17, the credit will be up to \$3,000 per child. The additional benefit is subject to a phaseout or reduction when income exceeds \$75,000 for single filers or \$150,000 for joint returns. For higher income earners, the credit will likely look very similar to what it has in the past.

The IRS created some confusion this summer as they began sending out monthly checks to families that may qualify for the 2021 credit. Half of the estimated credits are being sent to families in six monthly checks beginning in July. The other half of the credit can be claimed on the 2021 tax returns. If you'd like to review your eligibility for the credit to ensure that you are receiving the proper amount, contact our office.

## MOST EDUCATED

Ann Arbor was recently named the most educated city in the US in a ranking by Wallethub.com. We haven't seen any studies of the most educated staff of financial advisory firms, but we think Vintage would fare very well if anyone should do one.



Among our seven senior financial advisors, we have five Certified Financial Planners (CFP®s) and two CPAs. Their undergrad education includes three that majored in Personal Financial Planning, one in Economics and three in Accounting. In addition, two of them have a Masters degree in Financial Services with a specialization in Wealth Management and another holds the Enrolled Agent (EA) designation (taxes).

Our more junior staff is also well educated in our field with two more Bachelor's degrees in Personal Financial Planning and one with a major in Math and minor in Accounting.

And even our operations staff has advanced degrees in our field. Two of them hold the Financial Paraplanner Qualified Professional (FPQP®) designation.

Our learning didn't stop on graduation day. All of our senior advisors need to fulfill continuing education credits every year in order to maintain their CFP® and CPA professional designations. But that's okay since we're a bunch of financial nerds that love using our knowledge to improve the financial lives of our clients.

## VINTAGE FINANCIAL SERVICES OFFERS

Fee only investment management, financial planning,  
and tax preparation.

Minimum portfolio \$500,000  
(401(k) balance may count toward minimum).

For a no charge, no obligation initial interview please call our office  
at (734) 668-4040 or (800) 666-9237 or e-mail:

[Succeed@VintageFS.com](mailto:Succeed@VintageFS.com)

Or visit our website at [www.VintageFS.com](http://www.VintageFS.com)

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*On the*

**MONEY**

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