

THE IMPORTANCE OF WEALTH PLANNING IN A CHANGING TAX ENVIRONMENT

An in-depth review and analysis of one's financial plan will become critical if/when a new tax bill is passed by Congress. Not paying attention to the nuances of forthcoming changes can create a significant negative impact on long-term results.

As portfolio managers, our craft requires a daily routine encompassing a disciplined strategy to seek out undervalued investments, tweak asset allocation, diversify properly and ensure that investments are located in the appropriate account type. We strive to optimize after-tax portfolio performance by employing various tactics such as tax-loss harvesting, buying muni bonds when appropriate, spreading out gains over several calendar years and not taking unnecessary gains right at year end. Taken together, these strategies help to make sure the overall integrity of the portfolio is maintained in order to provide solid long-term investment performance. Performance which, over the 48 years of Sigma's existence, has allowed our clients to achieve their long-term goals and objectives.

However, even if we execute perfectly within the portfolio management process, the reality is the incremental returns from these efforts can pale in comparison to the negative impact that poor comprehensive wealth planning can have on someone's financial future.

Wealth planning and portfolio management are Sigma's core services. Our portfolio management and strategic wealth planning processes are heavily

intertwined. It is sub-optimal to manage assets entrusted to us if we do not understand how those assets fit into the client's larger financial picture. This is the reason each client's portfolio manager at Sigma is also their primary relationship manager. It is somewhat uncommon in our industry for a client to have direct access to their portfolio manager without first going through a gatekeeper/relationship manager. For us, the structure of combining portfolio and relationship management optimizes our ability to assist clients in determining what is best for them and their family's long-term future.

Our wealth planning process incorporates firm-wide contributions of diverse thoughts, experiences and skill sets unique to Sigma. We provide a comprehensive review and analysis of clients' tax and estate issues and coordinate those disparate pieces within the investment policy statement. This includes reviews of tax planning, trust documents, annuity contracts, insurance policies, gifting strategies, charitable giving strategies, Roth conversions, Social Security strategies, etc. The result is the design and implementation of a long-term plan and a portfolio structure that is uniquely optimal for each client's own distinctive needs and circumstances.

As the details of any new tax policy passed by Congress become known, we will work with clients to determine if and how their plans need to be modified. This may include changes to income strategies in retirement, changes to estates plans, changes to gifting strategies or a redistribution of

local independent personal accessible
interactive creative local independent personal
knowledgeable thoughtful ethical experienced

investment assets among various account types within a portfolio.

Bottom line, ongoing strategic wealth planning is an integral part of the Sigma client experience. It is also the fun, interesting and very rewarding part of

what we do for clients. We look forward to working with clients to review their financial plans over the coming months.

Denise M. Farkas, CFA
Chief Investment Officer

Disclosure: The views in this publication are as of June, 2021 and are for informational purposes only and do not represent any recommendation of any particular security or strategy and should not be considered investment advice. The publication is prepared for educational purposes and the information presented has been gathered from sources believed to be reliable.

Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives