

HOBART WEALTH

# FOREVER YOUNG

ISSUE 12 *looking ahead*

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# LETTER *from the* CEO

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## A NEW NAME FOR A NEW YEAR

Bob Dylan said it best when he sang, “The times – they are a-changin’.” When I started my first financial services firm back in 2004, I called it Senior Financial Planners and we focused primarily on retirement planning. In 2008, we changed the name to Hobart Financial Group, adding a host of new services and expanding our team to better serve our clients.

**And we continue to evolve. We no longer concentrate on just one area of financial planning; today, we offer a more holistic approach to total wealth management.** And as our firm has changed, the name Hobart Financial Group no longer seemed like the right fit for everything we do.

But changing our company’s name wasn’t a decision to be made lightly. I’ve been mulling it over for a couple of years. The list of related tasks seemed daunting: Paperwork to complete. Materials to update. I kept asking myself, “Is a change really necessary?” After all, maintaining the status quo would be so much less time-consuming.

Ultimately, I concluded that yes, change is necessary. Companies grow and evolve, just like people. Take Apple, for instance. Once upon a time they were known as Apple Computers, because “computers” was what they did. Over time, however, they branched



out into so many other things that their name was no longer a fit—and they became Apple.

With the events of the past two years, 2022 seemed like a great time for a fresh start. So, we welcomed the new year with a new name for our company:

### **HOBART WEALTH.**

Our new name reflects who we are as a firm today. Our company has changed a lot in the 20 years since I first founded it. We’re no longer the firm that offers only retirement planning; today we help you with all aspects of your wealth across all stages of your life.

While our name may be slightly different, our attention to detail and commitment to high-quality service remains the same. Serving you and helping you build a better financial future is our mission—and will continue to be our mission no matter our company name.

I’m looking forward to seeing what the future holds, both for our firm and for each and every client we work with. From all of us at Hobart Wealth, thank you for choosing us as your financial partner. We’re excited to continue working with you throughout 2022 and beyond.

*May you stay Forever Young,*

*Chris Hobart*



# FINANCIAL PLANNING

## HOW TO DETERMINE IF A LIVING TRUST IS RIGHT FOR YOU

COREY SUNSTROM, CFP®

While a living trust is a popular consideration in many estate strategy conversations, it's not right for every situation. Let's explore the ins and outs of a living trust and some of the questions you should ask before implementing it in your estate plan.

### What is a Living Trust?

A revocable living trust is created while you're alive and funded with assets you choose to transfer into it. Typically, the creator is the trustee, and has the full power to manage the assets within the trust, modify the terms and beneficiary, and even terminate the trust altogether.

### A living trust offers a number of potential benefits:

- **Avoid probate.** Assets are designed to transfer outside the probate process, providing a seamless, private transfer of assets.
- **Manage your affairs.** A living trust can be a mechanism for caring for you and your property if you are physically or mentally disabled, provided you have adequately funded it and named a trustworthy alternative trustee.
- **Provide ease and simplicity.** Creating or changing a living trust is relatively uncomplicated and straightforward and can be adapted to meet your changing needs or wishes.
- **Avoid will contests.** Passing assets via a living trust reduces potential challenges and increases the likelihood your assets will be distributed according to your wishes.

Although a living trust provides many benefits, it isn't an estate planning catch-all. **It won't accomplish some potentially important objectives, including:**

- **A living trust is not designed to protect assets from creditors.** It's also considered a "countable resource" when determining Medicaid eligibility.
- **There is a cost associated with setting it up.**
- **Not all assets are easily transferred to a living trust.** For example, if you transfer ownership of a car to the trust, you may have difficulty obtaining insurance since you are no longer the car's owner.
- **A living trust is not a mechanism to save on taxes,** either now or at your death.

### Is a Living Trust Right for Me?

These questions may offer further insight into whether a living trust might be a fit with your situation:

- Will you be leaving significant assets to your heirs? Trusts cost more than wills to establish, but they may pay for themselves if you are able to avoid probate-related expenses.
- Is privacy a concern? With a living trust, all assets are kept confidential and aren't part of public record (unlike a will).
- Do you expect your will to be clear-cut without much dispute? If so, a living trust may not be beneficial.
- Is there a minimum net worth necessary to create a living trust in your state? If there is, you may not meet the requirements for establishing a living trust.
- Will you and your spouse have different beneficiaries? A living trust may help determine where each spouse's assets go without needing the probate process.

Of course, the most important thing you can do is consult with your financial team. We can help determine if a trust is right for your situation and bring in the right people to make sure your trust is set up correctly.

# money *myths*

Which financial sayings are true and which are just old wives' tales?  
Get the facts behind these widely accepted money myths.

## **Myth: Only the “super wealthy” need an estate plan.**

Truth: If you've got assets – and most adults do – you need an estate plan. It's simply a strategy for making sure the assets you've collected over your lifetime are distributed according to your wishes. An estate plan also helps you avoid saddling your heirs with a large tax bill or making them wait as your estate goes through the probate process. It also alleviates the need for them to make hard decisions as they grieve.

It can be tempting to employ a DIY approach, but working with the right estate planning professionals provides peace of mind that you've addressed all the big questions. Your estate planning team may include a financial advisor, an attorney who specializes in estate planning, and possibly a licensed CPA – all of whom can work together to make sure your affairs are in order.



**MEGAN ROBINSON, FPQP™**  
CLIENT SERVICES MANAGER

## CLIENT SERVICES CORNER

In 2021, we undertook an initiative to seek out better ways to serve you. We've implemented new processes and tweaked old ones, brainstorming ways we could anticipate and address each client's needs.

One area where we've made some advancements is in portfolio management. We have taken over direct management of portfolios, rather than relying on third-party managers to make investment decisions for you and your portfolios. Portfolio decisions are made by our Investment Policy Committee, and using this approach allows us to customize your portfolio to best fit your long-term plan and needs.

As our process has changed, we've come to realize you will benefit from direct access to our investment team. Going forward, each client will meet annually with Jacob Woodrum, CFP®. You've probably met

with Jacob already or seen his market commentary in your inbox. Jacob is an invaluable asset to our firm; he leads our Investment Policy Committee and manages the portfolios in our clients' accounts.

At some point this year, you will get an email with a link to Jacob's calendar to schedule a portfolio review. You'll also still meet regularly with your primary advisor; this meeting is simply an extension of the conversations we're already having about your income, tax and estate plans. During your time with Jacob, he'll review your portfolio and recommend any adjustments to keep you on track toward your goals. If you've already been meeting with Jacob exclusively, you'll be meeting with each advisor going forward.

As always, you don't have to wait until your review or meeting to reach out to us about your plan or portfolio. Call us anytime to ask questions, update your accounts, or get our thoughts on market events.

**WE'RE EXCITED TO SERVE YOU!**

# dream chasers

## MEET THE HOBART WEALTH

### DO GOOD CREW



At Hobart Wealth, we love giving back! We're always excited to get out and about and show our appreciation for the people who are making a difference in our community. And it's even better when our clients join us for give-back events.

Over the years, we've partnered with many organizations to volunteer our time and resources. A few of the groups we've worked with include Make-A-Wish, Wounded Warrior Project, Ballantyne Ball, Congregations for Kids, the Isabella Santos Foundation and many more.

What has the Do Good Crew been up to lately?

**Here's just a few things we did in 2021:**

#### **BRIGHT BLESSINGS HOLIDAY 2021**

This past December, we were blown away by your generosity and willingness to help us spread hope for children in need. The Do Good Crew organized a contribution drive for Bright Blessings, and your support will help 100s of children ages 0-18 across six area counties.

#### **PIE DAY FRIDAY**

The Do Good Crew delivered fresh baked pies to local fire and police departments, thanking our first responders for everything they do in our community.

#### **DONATIONS TO CONCORD FIRE & POLICE DEPARTMENT**

We were happy to donate to the Concord Fire Department as they assisted families in need during the holiday season. We also helped out the Concord Police Department for "Shop with a Cop," where officers take children shopping for gifts for their families.

#### **DONUT DROPS**

Throughout the year, we did "donut drops" at local fire stations, police stations, and emergency rooms, honoring the people who have worked tirelessly throughout the pandemic to keep us safe and healthy. We also took donuts to local retirement communities and visited with residents.

### **Thank you for helping us do good in our community.**

We are able to change lives because of people like you —people who are willing to lend a hand to lift others up and make the world a much better place.

As we embark on a fresh new year, we're looking for even more opportunities to serve alongside you and benefit the community we love. If you have a suggestion for an organization we can support, let us know! We're always looking for ways to deploy the Do Good Crew and serve the people and causes that are most important to you.



# INVESTMENT PLANNING

## DEMYSTIFYING BITCOIN

JACOB WOODRUM, CFP®

With all the talk around cryptocurrency in the news lately, I thought it timely to share high-level details regarding crypto, specifically Bitcoin.

First, a short definition: Cryptocurrency is a form of currency used to exchange goods online using digital coins or tokens. Sounds simple enough, right? But it's much more complicated than it sounds.

Thousands of cryptocurrencies exist, but Bitcoin is perhaps the most well-known. It's also the largest: As of Nov. 26, 2021, its combined market value was over \$1.03 trillion.<sup>1</sup>

At its core, Bitcoin is a technology, powered by a network and community of developers. Its driving force is blockchain technology, a sort of decentralized public ledger compiling records of balances, transactions and cryptocurrency events. These records are split into small chunks called "blocks" and copies of the ledger are stored on computers around the world.

Every computer connected to the Bitcoin blockchain checks their local copy of the ledger and validates transactions before they are processed. Imagine a

playground football game where each player knows what the score is at all times – and they cannot change the score without convincing all the players that there is a very good reason to do so.

So, both playground football and the Bitcoin blockchain achieve a situation where you have multiple participants who have agreed upon the historical record of events with which it cannot be tampered. This is why Bitcoin is arguably one of the better places to store monetary energy: it's a dominant digital monetary network where the ownership and operations are not controlled by one entity. Just as one standalone football player can't change the score of the game, one Bitcoin user cannot unilaterally change the ledger.

The topic of cryptocurrency in general and Bitcoin specifically has been widely debated, with individuals arguing both for and against both topics. Time will tell how cryptocurrency and Bitcoin play out, but as more high-profile investors allocate capital towards this technology, the case becomes stronger for an investment in this monetary energy.

<sup>1</sup> Nathan Reiff. Investopedia. Nov. 26, 2021. "How Much of All Money is in Bitcoin?" <https://www.investopedia.com/tech/how-much-worlds-money-bitcoin/>. Accessed Jan. 4, 2022.

hey!

# HOBART

We love answering your questions about all things money, from retirement savings to how to save on taxes. Do you have a question for us? Send an email to [heyhobart@hobartwealth.com](mailto:heyhobart@hobartwealth.com) with the subject line “Hey Hobart!” And feel free to yell a “Hey Hobart!” any time you see Chris around town.

**Q: It seems like a number of tax laws have changed recently. What changes should I be aware of during the 2022 tax year?**

## AN ODD ASSORTMENT OF TAX FACTS

- The first tax in the U.S. was established in 1861 to fund the Civil War. Americans paid a 3% flat tax on income over \$800.
- The U.S. is only one of two countries in the world to require citizens to pay taxes on income even if they live outside the borders. (Eritrea, in Africa, is the other.)
- Seven U.S. states don't charge income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming.
- In 1944, the highest-earning Americans were in the 94% bracket.
- During the 16th century, citizens in England had to pay an extra tax if they sported a beard longer than two weeks' growth.
- Documented records show taxes go all the way back to Ancient Egypt, between 3000 and 2800 BCE.
- Residents of New Mexico who live to be 100 no longer have to pay state taxes.
- Celebrities who have been busted for tax evasion include Pete Rose, Wesley Snipes, Sophia Loren, Chuck Berry, and of course, Martha Stewart.

**A: Several state and federal tax laws have been updated, which could impact how much you'll owe at the end of the year. A few items of note:**

- **LOWER STATE INCOME TAX IN NORTH CAROLINA.** The state individual rate dropped from 5.25% to 4.99% this year. The rate will decrease incrementally over the next five years, eventually reaching 3.99% in 2027.<sup>1</sup>
- **FEDERAL TAX BRACKETS WERE ADJUSTED FOR INFLATION.** While the top rate remains at 37%, amounts within each bracket were raised to accommodate inflation. Individuals with incomes greater than \$539,900 or couples earning more than \$647,850 will fall into the highest bracket.<sup>2</sup>
- **CAPITAL GAINS BRACKETS ALSO ADJUSTED.** Capital gains rates will stay the same but the brackets were changed for inflation. The change affects capital gains incurred by individuals as well as trusts or estates.<sup>3</sup>
- **ESTATE TAX EXEMPTION INCREASED.** The federal estate tax exemption for 2022 increased to \$12.06 million per individual or \$24.12 for a couple.<sup>4</sup>
- **GIFT TAX EXEMPTION ALSO INCREASED.** Individuals can give or receive \$16,000 without incurring a taxable event, up from \$15,000 in 2021.<sup>5</sup>

<sup>1</sup> Gary D. Robertson. WFAE. Jan. 3, 2022. “New NC laws for 2022 include lower taxes and a focus on police officers’ mental health.” <https://www.wfae.org/politics/2022-01-03/new-nc-laws-for-2022-include-lower-taxes-and-a-focus-on-police-officers-mental-health>. Accessed Jan. 3, 2022.

<sup>2</sup> IRS.gov. Dec. 15, 2021. “IRS provides tax inflation adjustments for tax year 2022.” <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2022>. Accessed Jan. 3, 2022.

<sup>3</sup> Ashlea Ebeling. Forbes. Nov. 10, 2021. “IRS Announces 2022 Tax Rates, Standard Deduction Amounts and More.” <https://www.forbes.com/sites/ashleaebeling/2021/11/10/irs-announces-2022-tax-rates-standard-deduction-amounts-and-more/?sh=843c4b24a3a3>. Accessed Jan. 3, 2022.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

# LIVING INTENTIONALLY IN 2022

It's a new year – and we're planning to live it with intention. We asked our team: What would you like to do more or less of in 2022 and why? What's your theme for this year? How do you plan to spread more kindness in the coming months?



## ANDREW GREER, CFP®

Senior Wealth Advisor

My theme for the year is “Rise Above.” There's a tremendous amount of division in our country and I look forward to doing my

part to curb it through small gestures. For example, I'm always humbled when I receive a heartfelt card in the mail; as easy it is to do, I too often pass on the opportunity to tell someone I'm thinking of them. Off to Hallmark I go!



## KAELYN EMBLER

Client Services Specialist

The theme I am choosing this year is to “be intentional.” Setting strategic goals with intention behind them will lead to more

accomplished outcomes. I will also apply the word “intentional” into my work and personal relationships by making a conscious effort to have meaningful conversations and thought in my actions.



## NICOLE HOLDEN

Client Services Specialist

One thing I plan to do more this year: Meditate. It's a great way to reset your mind and attitude as well as reduce anxiety and negative

stress. I'm just learning how to do so I'm looking forward to perfecting my skills. I need as much calmness and serenity as I can get with my daughter heading off to college this year!



## AMANDA HOGAN

Client Services Specialist

This year I am going to get more exercise because I just don't make time for it anymore. I also plan to stop eating so much fast food!

My theme for the year is “healthy,” and I just want everyone around me to be healthy. I want to do more volunteer work this year as well and help people that are really in need. I think sometimes we're not as grateful as we should be for what we have.

**HOBART**  
WEALTH

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