

In Support
of your Personal
Wealth Journey

GENTIAN

Financial
NEWSLETTER

SPRING ISSUE

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Six Amazing Ways to Boost Your Brain Power

Spring is the perfect time to break from routine and focus on strengthening your body AND your mind. The idea of losing a step or two worries many of us, especially those who find themselves forgetting things more often than they would like. In most cases, occasional lapses can be attributed to stress or multitasking, which can distract your brain, causing you to become unfocused and less productive. The good news? While there's a lot we still don't know about the brain, research has shown that the brain can benefit from activities to boost its strength, flexibility, resilience and endurance. Proactive measures may improve memory, creativity, attention span, problem-solving and, perhaps best of all, support a long, happy and healthy retirement.

1 New Territory – Clear more neural pathways by learning a new language, instrument, skill or hobby. The challenge of the unknown boosts brain resilience, as well as memory retention, coordination and high-level thinking.

2 Purposeful Mindset – Build endurance and resilience by defining goals for the week or the month. A reason to wake up every morning helps you transition when life changes.

3 Healthy Habits – Promoting a healthy brain through exercise increases blood flow to the brain, reduces stress, stimulates adaptive capabilities and helps you focus. Aerobic exercise just twice a week could lower your risk of Alzheimer's by 60%.

4 Complex Thinking – Jobs or activities that involve complex, detailed work carry a lower risk of memory loss than those that are less intellectually demanding.

Sleep deprivation impairs quality and accuracy of work (31%), clear thinking or judgment (31%) and memory of important details (30%).

5 Restorative Sleep – Sleep restores the mind, rebuilds and repairs neuron pathways, reduces stress, and helps create long-term memories. Learn good sleep habits as well as de-stressing techniques such as deep breathing or spending time with family and friends.

6 Lifelong Learning – A lifelong habit of learning and engaging in mentally challenging activities benefits memory as well. Try your hand at physical puzzles, Sudoku and crosswords; learn new skills, hobbies or languages; and challenge yourself with brain games such as Luminosity.





GENTIAN'S RE-OPENING!

Here's What You Should Know!

With Safety at the Forefront | In Person Meeting Options Now Available

For those interested, on-site meetings will begin to be scheduled starting in mid-May. Outdoor meetings, along with indoor meetings will be available for those who are comfortable doing so. We love the flexibility of Zoom and phone meetings as remote options, so those will remain part of our offering indefinitely.

Outdoor meeting spaces include: the back patio (equipped with an outdoor screen) and bonfire area (as shown above) when the weather permits. Our conference room and sunroom will also be available for meetings should weather interfere. We will continue to wear our masks and practice physical distancing, we ask that you so kindly do the same.

We value your input and look forward to seeing you when the time is right!

Q&A | How long should I keep these documents?

1 YEAR

Pay stubs, bank records, credit card bills, current year tax records & investment statements

7 YEARS

Personal, federal and state tax returns, as well as supporting documents (*if your tax situation is uncomplicated and you don't itemize, you may be able to toss them after three years, IRS rules state.*)

3-6 YEARS

Paperwork for home furnishings, loan documents, savings bonds, vehicle records, investment confirmations, receipts for home & rental property improvements

10 YEARS

Records related to foreign taxes paid

For Life

Estate planning documents, life insurance policies, inventory of any safe deposit box & defined benefit plan

Check These Financial To-Do's off Your Cleaning List

- **Check up on RMDs:** If you're over 72, you must take required minimum distributions (RMDs) from your IRAs and qualified plans. You must begin RMDs by April 1 the year after you turn 72. Subsequent distributions must be taken by Dec. 31 each year. That means if you reached 72 during 2020, and you delayed your 2020 initial RMD until April 1, 2021, you still have to take your 2021 RMD before Dec. 31, 2021.
- **Restore balance to your portfolio:** If you have not already scheduled your spring/summer review, please check your emails or give us a call! We want to ensure your allocation is optimal for your objectives.
- **Tidy up:** Create a spring into summer cleaning ritual and let go of the clutter consuming space in your home. Giving items away offers its own benefits – just remember to get a qualified appraisal for more valuable donations.
- **Inspect your credit report:** Making a habit of checking your credit report at least once a year can help you detect and dispute errors.

Taxation of Investments

It's nice to own stocks, bonds, and other investments. Nice, that is, until it's time to fill out your federal income tax return. At that point, you may be left scratching your head. Just how do you report your investments and how are they taxed?

Is it ordinary income or a capital gain?

To determine how an investment vehicle is taxed in a given year, first ask yourself what went on with the investment that year. Did it generate interest income? If so, the income is probably considered ordinary. Did you sell the investment? If so, a capital gain or loss is probably involved. (Certain investments can generate both ordinary income and capital gain income, but we won't get into that here.)

If you receive dividend income, it may be taxed either at ordinary income tax rates or at the rates that apply to long-term capital gain income. Dividends paid to an individual shareholder from a domestic corporation or qualified foreign corporation are generally taxed at the same rates that apply to long-term capital gains. Long-term capital gains and qualified dividends are generally taxed at special capital gains tax rates of 0 percent, 15 percent, and 20 percent depending on your taxable income. (Some types of capital gains may be taxed as high as 25 percent or 28 percent.) The actual process of calculating tax on long-term capital gains and qualified dividends is extremely complicated and depends on the amount of your net capital gains and qualified dividends and your taxable income. But special rules and exclusions apply, and some dividends (such as those from money market mutual funds) continue to be treated as ordinary income.

The distinction between ordinary income and capital gain income is important because different tax rates may apply and different reporting procedures may be involved. Here are some of the things you need to know.

Categorizing your ordinary income

Investments often produce ordinary income. Examples of ordinary income include interest and rent. Many investments — including savings accounts, certificates of deposit, money market accounts, annuities, bonds, and some preferred stock — can generate ordinary income. Ordinary income is taxed at ordinary (as opposed to capital gains) tax rates.

But not all ordinary income is taxable — and even if it is taxable, it may not be taxed immediately. If you receive ordinary income, the income can be categorized as taxable, tax exempt, or tax deferred.



- **Taxable income:** This is income that's not tax exempt or tax deferred. If you receive ordinary taxable income from your investments, you'll report it on your federal income tax return. In some cases, you may have to detail your investments and income on Schedule B.
- **Tax-exempt income:** This is income that's free from federal and/or state income tax, depending on the type of investment vehicle and the state of issue. Municipal bonds and U.S. securities are typical examples of investments that can generate tax-exempt income.
- **Tax-deferred income:** This is income whose taxation is postponed until some point in the future. For example, with a 401(k) retirement plan, earnings are reinvested and taxed only when you take money out of the plan. The income earned in the 401(k) plan is tax deferred.

A quick word about ordinary losses: It's possible for an investment to generate an ordinary loss, rather than ordinary income. In general, ordinary losses reduce ordinary income.

Understanding what basis means

Let's move on to what happens when you sell an investment vehicle. Before getting into capital gains and losses, though, you need to understand an important term — basis. Generally speaking, basis refers to the amount of your investment in an asset. To calculate the capital gain or loss when you sell or exchange an asset, you must know how to determine both your initial basis and adjusted basis in the asset.

First, initial basis. Usually, your initial basis equals your cost — what you paid for the asset. For example, if you purchased one share of stock for \$10,000, your initial basis in the stock is \$10,000. However, your initial basis can differ from the cost if you did not purchase an asset but rather received it as a gift or inheritance, or in a tax-free exchange.

Next, adjusted basis. Your initial basis in an asset can



(Continued) Taxation of Investments

increase or decrease over time in certain circumstances. For example, if you buy a house for \$100,000, your initial basis in the house will be \$100,000. If you later improve your home by installing a \$5,000 deck, your adjusted basis in the house may be \$105,000. You should be aware of which items increase the basis of your asset, and which items decrease the basis of your asset. See IRS Publication 551 for details.

Calculating your capital gain or loss

If you sell stocks, bonds, or other capital assets, you'll end up with a capital gain or loss. Special capital gains tax rates may apply. These rates may be lower than ordinary income tax rates.

Basically, capital gain (or loss) equals the amount that you realize on the sale of your asset (i.e., the amount of cash and/or the value of any property you receive) less your adjusted basis in the asset. If you sell an asset for more than your adjusted basis in the asset, you'll have a capital gain. For example, assume you had an adjusted basis in stock of \$10,000. If you sell the stock for \$15,000, your capital gain will be \$5,000. If you sell an asset for less than your adjusted basis in the asset, you'll have a capital loss. For example, assume you had an adjusted basis in stock of \$10,000. If you sell the stock for \$8,000, your capital loss will be \$2,000.

Schedule D of your income tax return is where you'll calculate your short-term and long-term capital gains and losses, and figure the tax due, if any. You'll need to know not only your adjusted basis and the amount realized from each sale, but also your holding period, your taxable income, and the type of asset(s) involved. See IRS Publication 544 for details.

- **Holding period:** Generally, the holding period refers to how long you owned an asset. A capital gain is classified as short term if the asset was held for a year or less, and long term if the asset was held for more than one year. The tax rates applied to long-term capital gain income are generally lower than those applied to short-term capital gain income. Short-term capital gains are taxed at the same rate as your ordinary income.
- **Taxable income:** Long-term capital gains and qualified dividends are generally taxed at special capital gains tax rates of 0%, 15%, and 20% depending on your taxable income. (Some types of capital gains may be taxed as high as 25 percent or 28 percent.) The actual process of calculating tax on long-term capital gains and qualified dividends is extremely complicated and depends on the amount of your net capital gains and qualified dividends and your taxable income.

- **Type of asset:** The type of asset that you sell will dictate the capital gain rate that applies, and possibly the steps that you should take to calculate the capital gain (or loss). For instance, the sale of an antique is taxed at the maximum tax rate of 28 percent even if you held the antique for more than 12 months.

Using capital losses to reduce your tax liability

You can use capital losses from one investment to reduce the capital gains from other investments. You can also use a capital loss against up to \$3,000 of ordinary income this year (\$1,500 for married persons filing separately). Losses not used this year can offset future capital gains. Schedule D of your federal income tax return can lead you through this process.

New Medicare contribution tax on unearned income may apply

High-income individuals may be subject to a 3.8 percent Medicare contribution tax on unearned income (the tax, which first took effect in 2013, is also imposed on estates and trusts, although slightly different rules apply). The tax is equal to 3.8 percent of the lesser of:

- Your net investment income (generally, net income from interest, dividends, annuities, royalties and rents, and capital gains, as well as income from a business that is considered a passive activity), or
- The amount of your modified adjusted gross income that exceeds \$200,000 (\$250,000 if married filing a joint federal income tax return, \$125,000 if married filing a separate return)

So, effectively, you're subject to the additional 3.8 percent tax only if your adjusted gross income exceeds the dollar thresholds listed above. It's worth noting that interest on tax-exempt bonds is not considered net investment income for purposes of the additional tax. Qualified retirement plan and IRA distributions are also not considered investment income.

Getting help when things get too complicated

The sales of some assets are more difficult to calculate and



report than others, so you may need to consult an IRS publication or other tax references to properly calculate your capital gain or loss. Also, remember that you can always seek the assistance of an accountant or we would be happy to take a look and go over any questions you may have.

GETTING PERSONAL WITH YOUR TEAM

Q: What do you appreciate most about your mother? father? or parents?

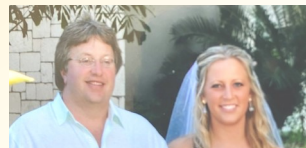
CHRIS: "I appreciate the wealth my mom instilled in me & we are not talking money. I also appreciate the decisions & sacrifices that she made with a focus on raising me. "



PETER: "I appreciate how supportive & encouraging my parents are. They're always there for me, even when they're the only ones who know I need it!"



LISA: "My parents... their unconditional love... letting me learn, fail and grow without interference and always being my greatest supporters. Thank you! "



ASHLEY is forever grateful for the experiences, endless energy & love her parents have shown her. Their eagerness to explore continues to inspire her & her family.



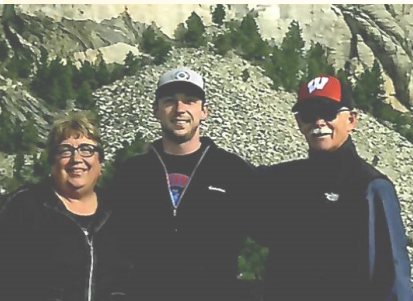
KEN: "My gratitude goes out to my dad for being more & more present in our lives. He has been so thoughtful to my family!"



KRISTIN's parents are her heroes. Their strong work ethic & positive attitudes towards life's ups and downs is what she emulates for her family.



ZACH appreciates his mom & dad for the love, care & sacrifices they have shown him. "Do your best & let God do the rest." He is grateful for them everyday.



JULIE: "I am grateful for all the love & support I've received from both of my parents. They instilled a great work ethic, love of family, integrity & compassion. Fight for what's important & never give up!"

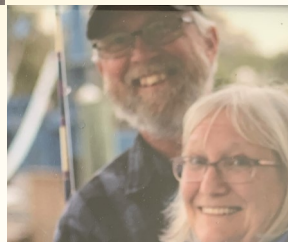
MIKE: "Happy Father's Day to my greatest role model!
PS: Thank you Julie for the matching shirts."



ANGIE: "What I appreciate the most about my parents is growing up in a Christian home & family traditions. Both of which I continued with my family."



JENNY appreciates her parents subtle approach to parenting, providing tools and resilience, allowing her to find her own way!



RYAN appreciates his father's hard work & his mother's amazingly caring demeanor.

"Unity is strength...when there is teamwork & collaboration, wonderful things can be achieved."

Gentian's Thoughts On Cryptocurrency/Bitcoin

With Zach DeBoer, CRPC - Financial Advisor

We are always open to ideas that may benefit you and your families, thus we bring you a topic we are hearing about to help you be better informed investors, and to have more confidence in your retirement planning strategy. While we remain open to cryptocurrency ideas and how they could eventually be added into a retirement planning strategy, it's important to note that cryptocurrency is still exactly that, a form of currency NOT an investment (see number 8 below.) One of the main goals with our retirement savings is to limit excess volatility, and create a distribution plan so we don't run out of money. So far, cryptocurrency has done the opposite and significantly **increased** volatility compared to stocks and bonds.

A few other uncertainties with investing in cryptocurrency include:

1. Which cryptocurrency to purchase?

- There are more than 3,000 different cryptocurrencies

2. How to purchase cryptocurrency?

- Having to invest directly on a cryptocurrency exchange
- Brokerage firms are just starting to explore options to invest into them

3. How is it going to be taxed?

- As cryptocurrency is accepted more, it will be interesting to see how the tax laws will adapt and change to compensate

4. Beyond taxes, how will governments regulate the trading (buying & selling) by retail consumers, and accept the uses in our everyday lives?



If you are unfamiliar with cryptocurrency/bitcoin, here are 10 things that may help you understand the benefits and risks:

1	Crypto What? Cryptocurrency is a new type of digital currency that's an alternative to the US dollar and other traditional currencies. Bitcoin was created in 2009 and is the largest and oldest cryptocurrency.
2	Mystery Man– Bitcoin was the brainchild of Satoshi Nakamoto, a pseudonym used by the author of a white paper written in 2008. Several people have claimed to be Nakamoto, but his or her true identity remains a mystery.
3	Fasten Your Seatbelts—Bitcoin's dramatic daily price swings in 2020 were significantly higher than the stock market's daily price swings in 2008—the most volatile year for stocks on record due to the global financial crisis.
4	Put on Your Thinking Cap – Bitcoin is created when programmers solve complex computations that are added to the blockchain—the public ledger that records all Bitcoin transactions. This process, known as mining, requires a lot of time and computing power.
5	Finite Supply Creates Scarcity – The maximum number of Bitcoins that will be created through mining is 21 million. As of January 2021, there are 2.4 million Bitcoins left to be mined. This finite supply is one reason why some people believe Bitcoin will eventually increase in value over time.
6	What's in Your Digital Wallet? – Bitcoins are purely digital and stored electronically in programs called wallets that are secured by passwords. Once you transfer Bitcoin to someone else, there's no way to retrieve it or dispute the transaction.
7	Save Some Gains for Uncle Sam – The IRS treats Bitcoin as property rather than currency. If you receive Bitcoin as compensation, it's considered taxable income. You also need to calculate your gain or loss every time you spend Bitcoin.
8	Don't Lose Your Password! – Around 20% of Bitcoin, valued at approximately \$140 billion, is lost forever because people forgot their passwords.
9	Value Is in the Eye of the Beholder – Unlike stocks and bonds, Bitcoin doesn't have any intrinsic value based on corporate earnings or cash flows. But as with traditional currency, it has value as long as people accept it as currency. Platforms such as PayPal and Square accept payments in Bitcoin, but a conversion to a fiat currency is required before the payments settle.
10	Growing Demand – Institutions and wealthy investors are increasingly taking positions in Bitcoin as an alternative asset class similar to gold (some call it digital gold). *Securities that have been classified as Bitcoin-related cannot be purchased or deposited in Raymond James client accounts.



6 Stages Of Retirement You'll Want To Be Familiar With

Here's what we've learned from YOU!

When it comes to retirement, mental and emotional readiness are just as important as financial preparation. Gentian Retirement has three components: *Plan It*, *Live It*, *Give It*. In the process of planning for retirement, we tend to put a lot of energy and focus into saving money and ensuring you will be financially secure. But as you prepare for the future, make sure you're not overlooking other equally important aspects of retirement planning. For instance, the *Live It* side of the equation includes the experiences you have been waiting for, enhancing life style choices and having the time to focus on your health. Really optimizing living on all fronts. And last but certainly not least, *Give It!* Whether its your time, resources or monetary donations - it's important to think about your purpose and what excites you!

The Planning Phase - Your entire career is spent saving & planning for retirement. During your working years, retirement may seem like a distant reward, but it's one worth preparing for over the course of decades, both financially and emotionally.

The BIG Day - Retirement day is here! Handshakes and hugs all around. Pop the bubbly! It will feel like a celebration, and it is one - it's a rite of passage, a day you've been anticipating for years. But it's still the day you bid adieu to a distinguished career and mark the beginning of a new phase.

The Honeymoon Phase - After the glad tidings and parties, you throw yourself into your new life, enjoying all the things you didn't have time for when you were working full-time. You travel, explore new places, visit family and add morning walks to your routine. And then, maybe, you realize you still have time to spare.

Disenchantment - Once the emotional high wears off, you may start feeling bored or disillusioned. You might think, "Is this it?" It's like coming back from a real honeymoon: You need to get down to the business of planning a new life – not just a fun holiday. We've also heard some retirees find it difficult to start spending the money they so diligently saved.

Readjusting - Fortunately, the disenchantment phase doesn't last forever. Now, you have time to create a new identity, separate from that of

the working professional you once were. This may be as simple as a shift in mindset. Focus on learning to adjust to your new circumstances, especially if you and your partner are getting used to spending more time together.

Moving on - Settle into a new routine, on your terms. Think about starting a new hobby, setting off on that trip you've always wanted to take, volunteering with a local nonprofit or spending more time with family and friends. Pursue things that will contribute to your overall retirement satisfaction and success, giving you the comfort of the familiar, as well as a new sense of purpose.

No matter which stage of retirement you're entering, don't hesitate to reach out to us. We have a great variety of resources in order to help support your true wealth journey in retirement.



Plan It.

Live It.

Give It.

GENTIAN | Team Member Spotlights



WELCOME TO THE TEAM ... **Jenny Podolak!**

Meet Jenny! One of the newer additions to the Gentian team, with a background in marketing and events, Jenny will be assisting with the efforts of our Marketing Team with specific focus on client insights, branding, messaging, social media and community support. Formerly employed by Kohler Company, Jenny found herself wanting to work closer to the client to make a more direct impact on those she serves.

Jenny resides in West Bend with her husband Andy, two children, Brooks (5) and Etta (4) and their countless animals. She enjoys boating, interior design, horseback riding, health and wellness as well as personal and family growth activities. **FUN FACTS ABOUT JENNY:** her favorite color is nutmeg, she enjoys folk and 80's & 90's music, she's a sucker for green plants and her favorite restaurant is Parkside 23 in Brookfield, WI where it is IMPOSSIBLE to have a bad meal! Welcome to the Team Jenny!

Ph 262.518.7575 | Jennifer.podolak@raymondjames.com



WELCOME TO THE TEAM ... **Ryan Carow!**

Meet Ryan! The newest Gentian Team member comes to us with an eagerness to support others in their success. Having recently attained the series 7 license (and working towards his series 66 license), Ryan uses his skill set to support our team from the ground up. You'll find him diving into market and fund research, meeting preparations and administrative tasks. The team could not be more excited to have him join in on improving efficiencies!

Ryan currently resides in Germantown with his wife, Jen, and their 2 daughters, Sydney and Rylee. Ryan enjoys hunting, fishing, helping his parents on the family honey and maple syrup 'farm', just about any type of workout, and spending time with his family. **FUN FACTS ABOUT RYAN:** his favorite color is green, he enjoys a good bourbon, the smell of the great outdoors and you'll find him treating himself to a piece of cheesecake for dessert! Welcome to the Team Ryan!

Ph 262.518.7575 | Ryan.Carow@raymondjames.com

IMPORTANT DATES

Gentian Summer Forum | COMING SOON!

- * May 9th - Happy Mother's Day | May 17th - Tax Day
- * May 31st - Memorial Day (Our offices will be closed in observance)
- * June 6th - Jazz in the Park (Thiensville Village Park)
- * June 20th - Happy Father's Day | July 4th - Independence Day



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