

YOLO by Sandy

Travel is my passion and Covid is threatening to disrupt peoples travel plans again this year. I am so happy Akanksha and Carol were able to finally travel to India and Australia to see their families. When I was undecided about going to Iceland a few months ago I looked at a plaque on my wall: "We only get one life, so live it. Fear controls you, so face it." I decided right then to go. I say, plan the trip, be adaptable and reschedule if you must, but look forward to new adventures and places. YOLO (you only live once!)

HAPPY
New Year



Akanksha celebrating the new year with family in India

Market Review by Carol

Stocks overcame numerous headwinds during the past three months: a resurgence in COVID cases, the Federal Reserve moving aggressively to end the current QE program, and no additional stimulus from Washington. The S&P hit new all-time highs in the fourth quarter to produce positive returns for 2021.

The fourth quarter started with a continuation of the volatility that we saw at the end of the third quarter. Political uncertainty combined with concerns over third-quarter corporate earnings results sent stocks lower to start the fourth quarter. But by the middle of October, Congress had extended the debt ceiling, avoided a government shutdown, and many of the tax increases proposed in the Build Back Better bill were removed, which eased investor anxiety about future tax increases. Additionally, the third-quarter earnings season proved to be better than feared as many companies posted better-than-expected results. Each of those positive developments helped send markets higher.

In summation, 2021 was another positive year for markets as governmental policy remained supportive of the economy, corporate earnings growth was strong, and substantial progress was made against the pandemic in the form of widespread vaccination and advancement in treatments.

Benchmarks:	YTD
	Dec. 2021
60% Equity/40% Fixed	12.80%
50% Equity/50% Fixed	10.17%
40% Equity/60% Fixed	5.54%
US Agg Bond Index	-3.48%
S&P	26.89%
DOW	18.73%
Nasdaq	21.39%
iShares (EFA) Foreign	7.84%

The following are the market returns for 2021: Please note each client's portfolio is individually constructed and the benchmarks are presented as a comparison tool.

The Case for Diversification by Erin

They say a picture is worth a thousand words...This chart illustrates the annual returns, in order from highest to lowest, of the main investment asset classes from 2007-2021.

It is a good reminder of why we diversify. If you follow the AA square, which is a moderate allocation portfolio, you can see it never is a top performer but also never in the bottom. Another lesson from this chart is yesterday's losers are often tomorrow's winners. For example, REITs in 07 & 08 had double digits declines only to be followed with 5 years as the top asset class. REITs had a similar fate in 2020 & 2021 as did as other asset classes in different years. A good reminder to stay the course and try to resist the urge to buy high and sell low.

	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
EM	HG Bnd	EM	REIT	REIT	REIT	Sm Cap	REIT	REIT	Sm Cap	EM	Cash	Lg Cap	Sm Cap	REIT	
39.8%	5.2%	79.0%	28.0%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	
Int'l	Cash	HY Bnd	Sm Cap	HG Bnd	EM	Lg Cap	Lg Cap	Lg Cap	HY Bnd	Int'l	HG Bnd	REIT	EM	Lg Cap	
11.6%	1.7%	57.5%	26.9%	7.8%	18.6%	32.4%	13.7%	1.4%	17.5%	25.6%	0.0%	28.7%	18.7%	28.7%	
AA	AA	Int'l	EM	HY Bnd	Int'l	Int'l	AA	HG Bnd	Lg Cap	Lg Cap	HY Bnd	Sm Cap	Lg Cap	Sm Cap	
7.6%	-22.4%	32.5%	19.2%	4.4%	17.9%	23.3%	6.9%	0.6%	12.0%	21.8%	-2.3%	25.5%	18.4%	14.8%	
HG Bnd	HY Bnd	REIT	HY Bnd	Lg Cap	Sm Cap	AA	HG Bnd	Cash	EM	Sm Cap	REIT	Int'l	AA	Int'l	
7.0%	-26.4%	28.0%	15.2%	2.1%	16.4%	11.5%	6.0%	0.0%	11.6%	14.7%	-4.0%	22.7%	9.8%	11.8%	
Lg Cap	Sm Cap	Sm Cap	Lg Cap	AA	Lg Cap	HY Bnd	Sm Cap	Int'l	REIT	AA	Lg Cap	AA	Int'l	AA	
5.5%	-33.8%	27.2%	15.1%	0.3%	16.0%	7.4%	4.9%	-0.4%	8.6%	14.6%	-4.4%	18.9%	8.3%	10.9%	
Cash	Lg Cap	Lg Cap	AA	Cash	HY Bnd	REIT	HY Bnd	AA	AA	REIT	AA	EM	HY Bnd	HY Bnd	
4.4%	-37.0%	26.5%	13.5%	0.1%	15.6%	2.9%	2.5%	-1.3%	7.2%	8.7%	-5.6%	18.9%	7.5%	5.4%	
HY Bnd	REIT	AA	Int'l	Sm Cap	AA	Cash	Cash	Sm Cap	HG Bnd	HY Bnd	Sm Cap	HY Bnd	HG Bnd	Cash	
2.2%	-37.7%	24.6%	8.2%	-4.2%	12.2%	0.1%	0.0%	-4.4%	2.7%	7.5%	-11.0%	14.4%	6.1%	0.0%	
Sm Cap	Int'l	HG Bnd	HG Bnd	Int'l Stk	HG Bnd	HG Bnd	EM	HY Bnd	Int'l	HG Bnd	Int'l	HG Bnd	Cash	HG Bnd	
-1.6%	-43.1%	5.9%	6.5%	-11.7%	4.2%	-2.0%	-1.8%	-4.6%	1.5%	3.5%	-13.4%	8.7%	0.6%	-1.5%	
REIT	EM	Cash	Cash	EM	Cash	EM	Int'l	EM	Cash	Cash	EM	Cash	REIT	EM	
-15.7%	-53.2%	0.1%	0.1%	-18.2%	0.1%	-2.3%	-4.5%	-14.6%	0.3%	0.8%	-14.3%	2.2%	-5.1%	-2.2%	

EM=Emerging Markets, REIT=Real Estate Investment Trusts, HY BND=High Yield Bond, HG BND=High Grade Bonds, Sm Cap=Small Cap Stocks, LG Cap=Large Cap Stocks, Int'l=International Stocks AA= 15% LG, 15% In, 10% small cap stocks, 10% emerging market stocks, 10% REITs, 40% high-grade bonds, and annual rebalancing

2022 Market Outlook by Carol

Markets have exhibited very impressive resilience since the pandemic began and that remained the case throughout all of 2021. This resilient nature will continue to support markets and the economy as we begin a new year. It feels like Déjà vu as 2022 starts with record Covid cases as was the case in 2021. The Omicron variant, which is currently spreading across the globe, thankfully, does not result in nearly as many severe cases as previous COVID variants, but it's still impacting society and businesses via worker shortages and more supply chain disruptions.

The new year presents numerous potential challenges to economic growth: a reduction in global stimulus, still stubbornly high inflation pressures, political uncertainty (new taxes?), and the ongoing pandemic. Interest rates remain very, very low and not yet close to levels that would historically be considered a headwind on economic activity. Personal savings remain high, unemployment remains low, and broadly speaking, the U.S. economy is in strong shape. So, while there are risks to the markets and the economy that could result in more historically typical market volatility in 2022, on balance the outlook remains positive.

Housekeeping by Melani

Annual SLOA Notices

TD Ameritrade and Schwab will be mailing out their annual SLOA notices. These letters are to notify you of any external bank accounts that you have linked to your account. If you have any questions or the bank account does not look familiar please call me before contacting TD or Schwab. I will validate the information with you. If you call and deactivate the link, we will need to go through the paperwork process to reestablish it. This will delay any future distributions you have set up.

Surprise!

With the hassle of trying to plan a wedding during Covid my fiancé and I decided to elope in Lake Tahoe. We are now officially married. I am in the process of changing my last name from Port to List. Eventually all of our systems will reflect the new name change so if you see a communication from Melani List it is me and not spam. My email will remain the same.

2022 Retirement Plan Limits by Akanksha

The tables below include the 2022 contribution and catch-up limits. As well the projected increase in Social Security Benefits and Medicare premium.

The 2022 limits will allow you to contribute up to \$1,000 more in 401(k), 403(b), and 457 accounts and up to \$500 more in a SIMPLE Plan.

Please note, there is *no change* in the contribution limits for Traditional and Roth IRAs, as well no change in the Catch-Up Contribution amount.

Also, a reminder that you can make 2021 IRA contributions up to the tax deadline, April 15, 2022.

Contribution & Benefit Limits	2022	2021
401(k), 403(b), & 457	\$ 20,500.00	\$ 19,500.00
SIMPLE Plan	\$ 14,000.00	\$ 13,500.00
IRA (Traditional & Roth)	\$ 6,000.00	\$ 6,000.00

Catch-Up Contributions	2022	2021
401(k), 403(b), & 457	\$ 6,500.00	\$ 6,500.00
IRA	\$ 1,000.00	\$ 1,000.00

Rate of Increase	2022
Social Security	5.90%
Medicare	14.50%

Personal Update by Carol

I am writing this from Australia. I was finally allowed into the country to visit my daughter Kat and her family. I am having a great time with them and especially with my granddaughter – we bonded right away. I am loving being a grandma! My other daughter, Kimberly is going to make me a grandma again in April! She was married last year in a small, intimate setting in our backyard. She got engaged, bought a home, got married and is now expecting a baby - all within six months! My son will be getting married in June 2022. It's going to be a busy year – but I would not want it any other way.

Travel note – if you plan on any foreign travel make sure you are up to date on all the current requirements for that country. To go to Australia, I needed to get a Visa, a travel exemption – which required me to upload my vaccination record, my daughter's birth and wedding certificate (to show that I was her parent). Once I arrived, I had to take a PCR Covid test within 24 hours and then again in 6 days. I also had to isolate in my daughter's house for the first 3 days. To get back to the US, I will need to show a negative Covid test within 24 hours of my departure date of January 8. Wish me luck!



Carol and her granddaughter, Gigi in Australia (Left)
Carol's family @ Kimberly's wedding (Right)

"What a wonderful thought it is that some of the best days of our lives haven't even happened yet." -Anne Frank