



Economy, Financial Markets and Year-End Planning

Dr. Dave Yeske, CFP®

Yusuf Abugideiri, CFP®

LIVE BUIGSM

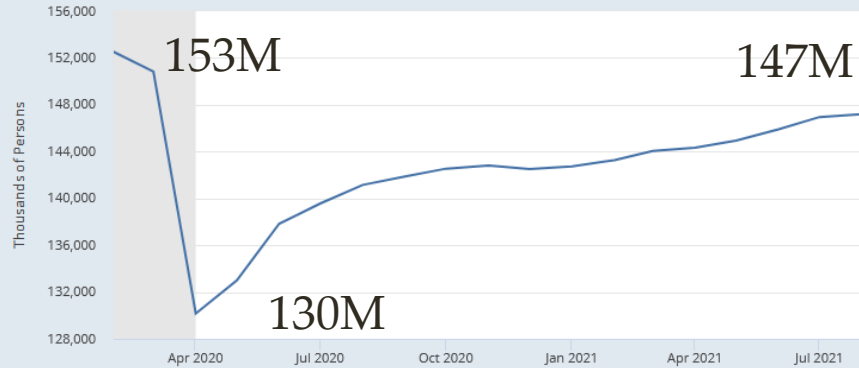
Agenda

- Where We've Been
 - The COVID Economy – Update
 - Global Market Performance
- Where We Are Now
 - Delta Variant
 - Inflation
- Where We Could Be Headed
 - Policy Decisions and Potential Implications

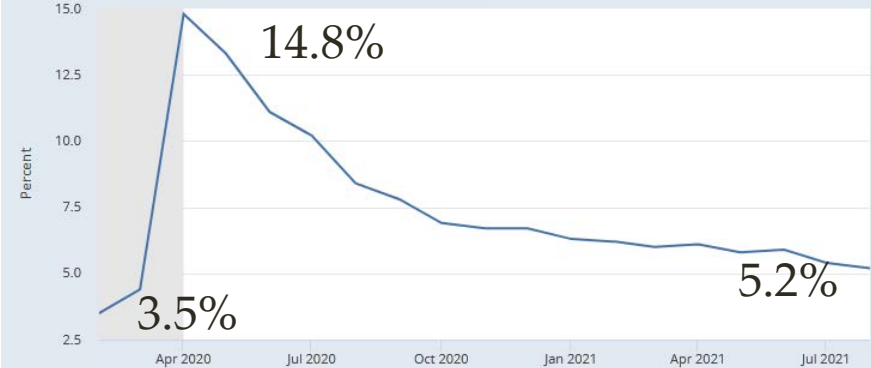


A Shock to the System

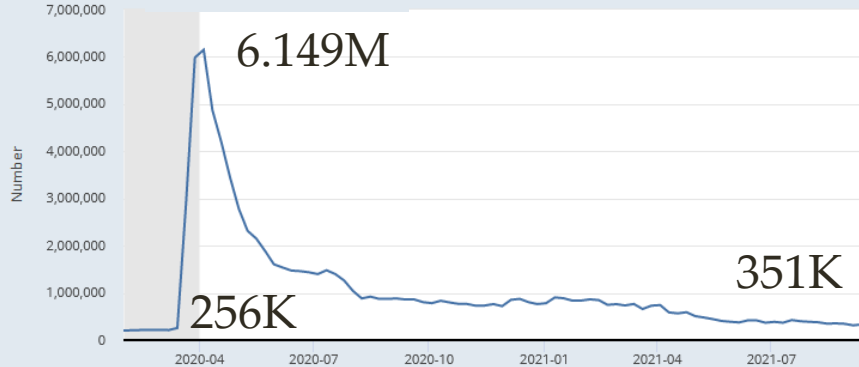
FRED - Total Nonfarm Payroll



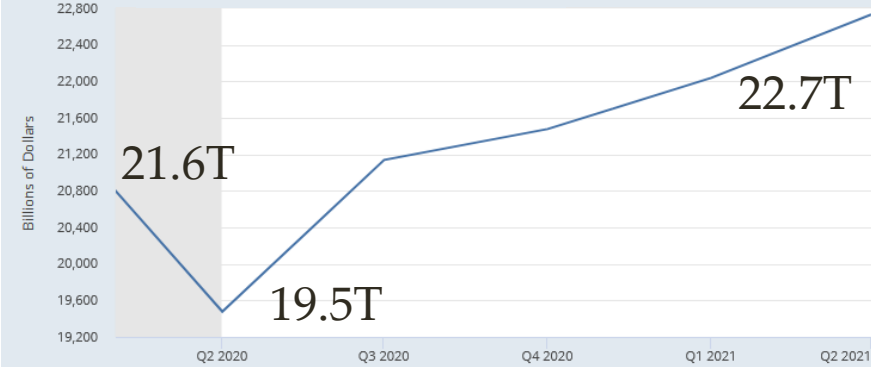
FRED - Unemployment Rate



FRED - Initial Claims

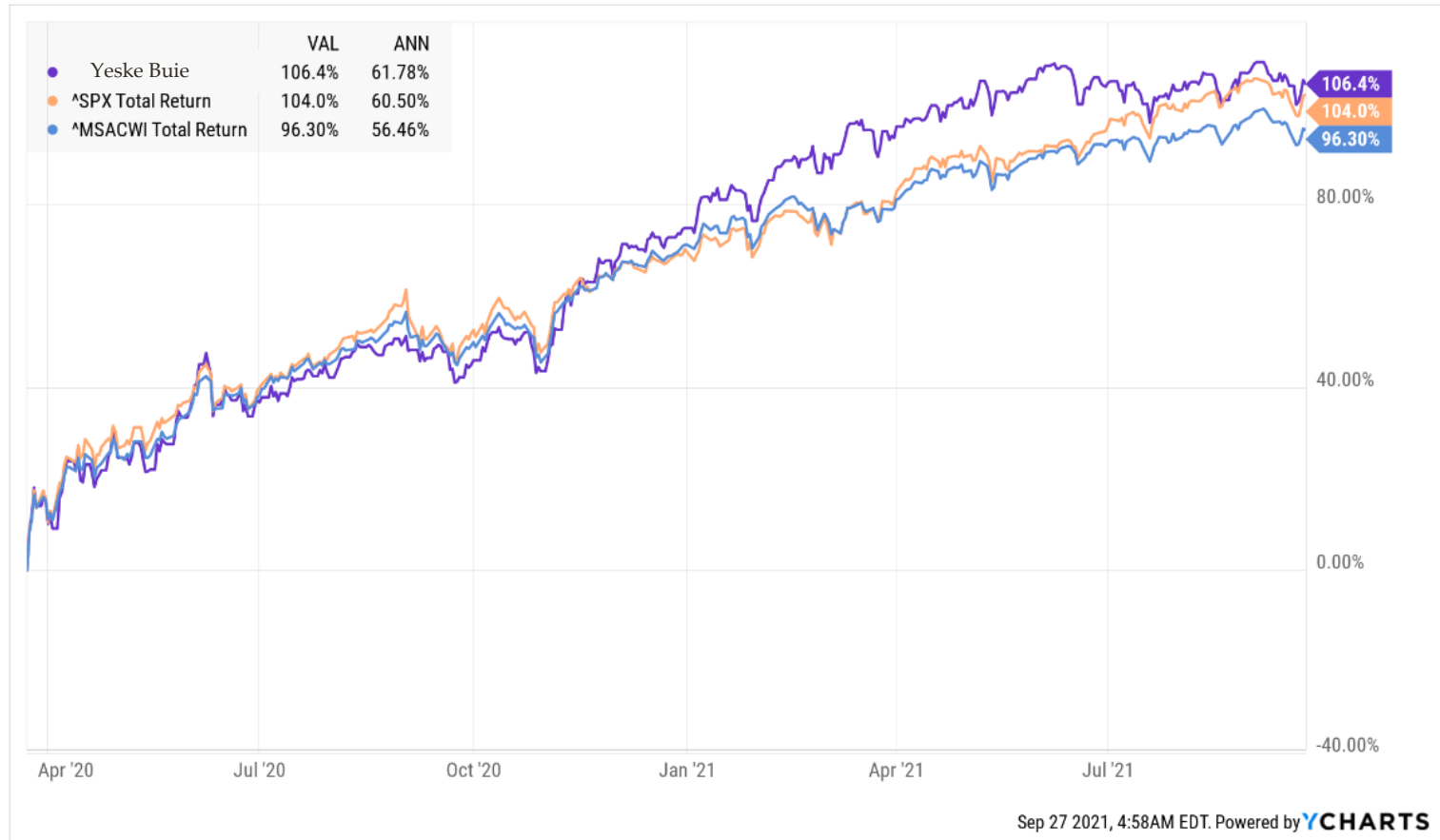


FRED - Gross Domestic Product



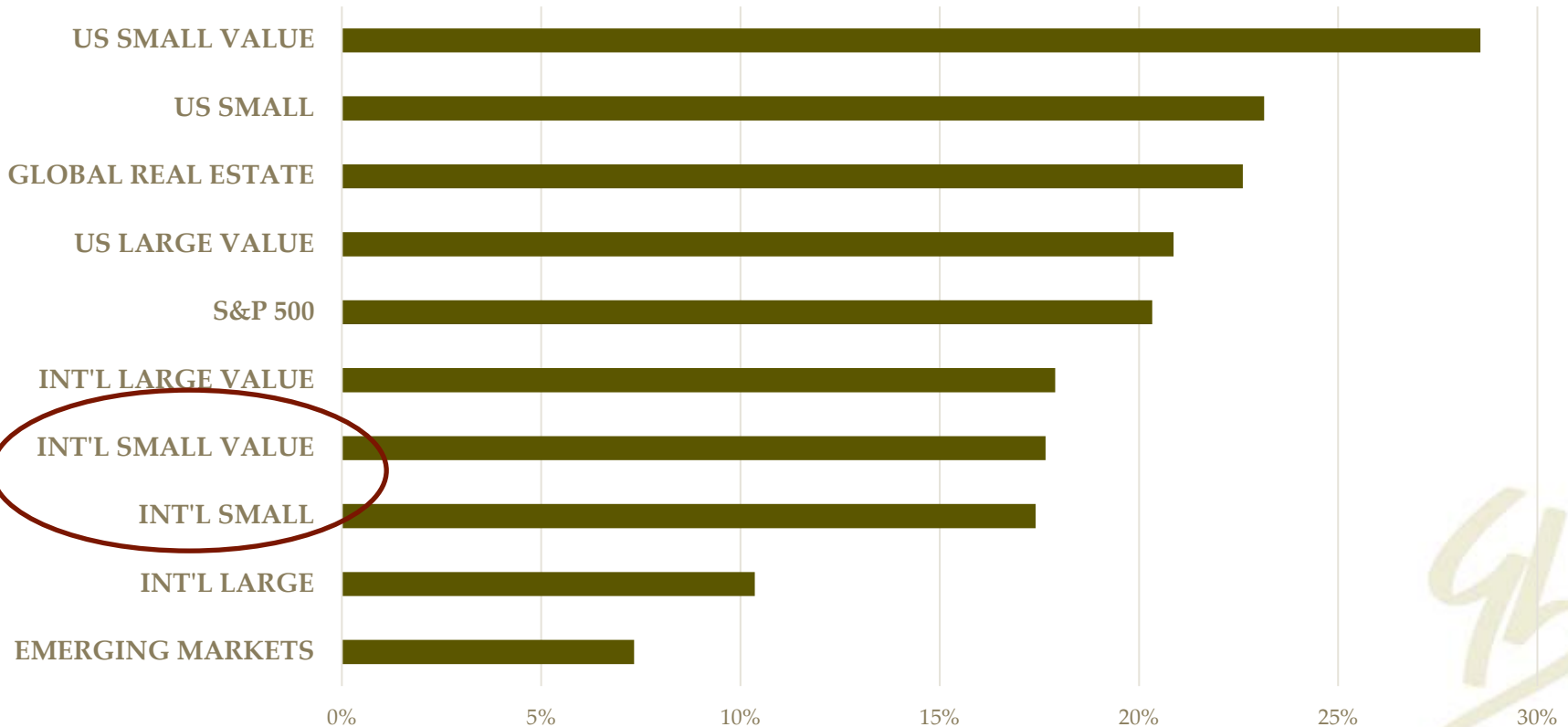
Global Markets

Since March 23rd, 2020 (market bottom)



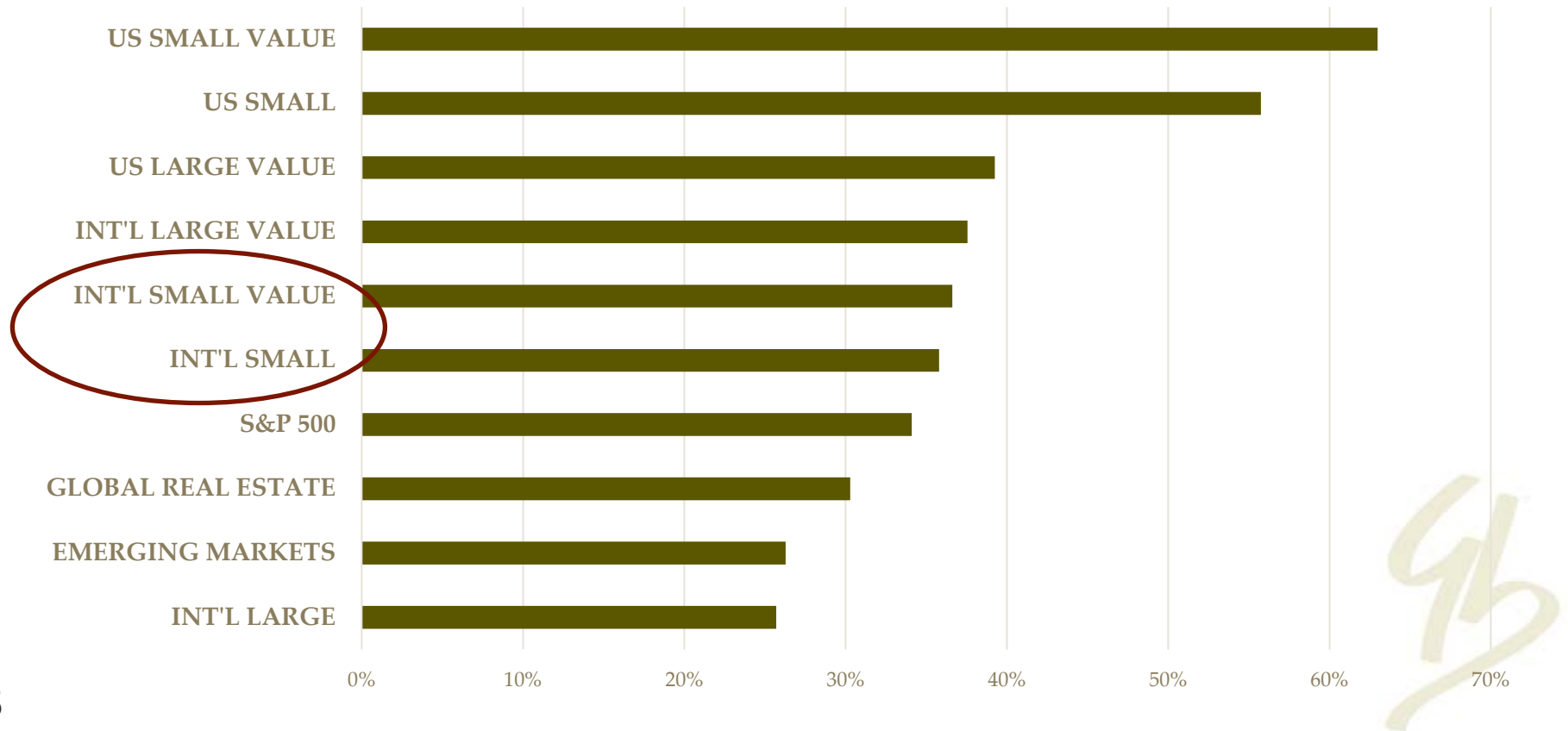
Yeske Buie Portfolio Performance:

January 1st, 2020 through September 24th, 2021



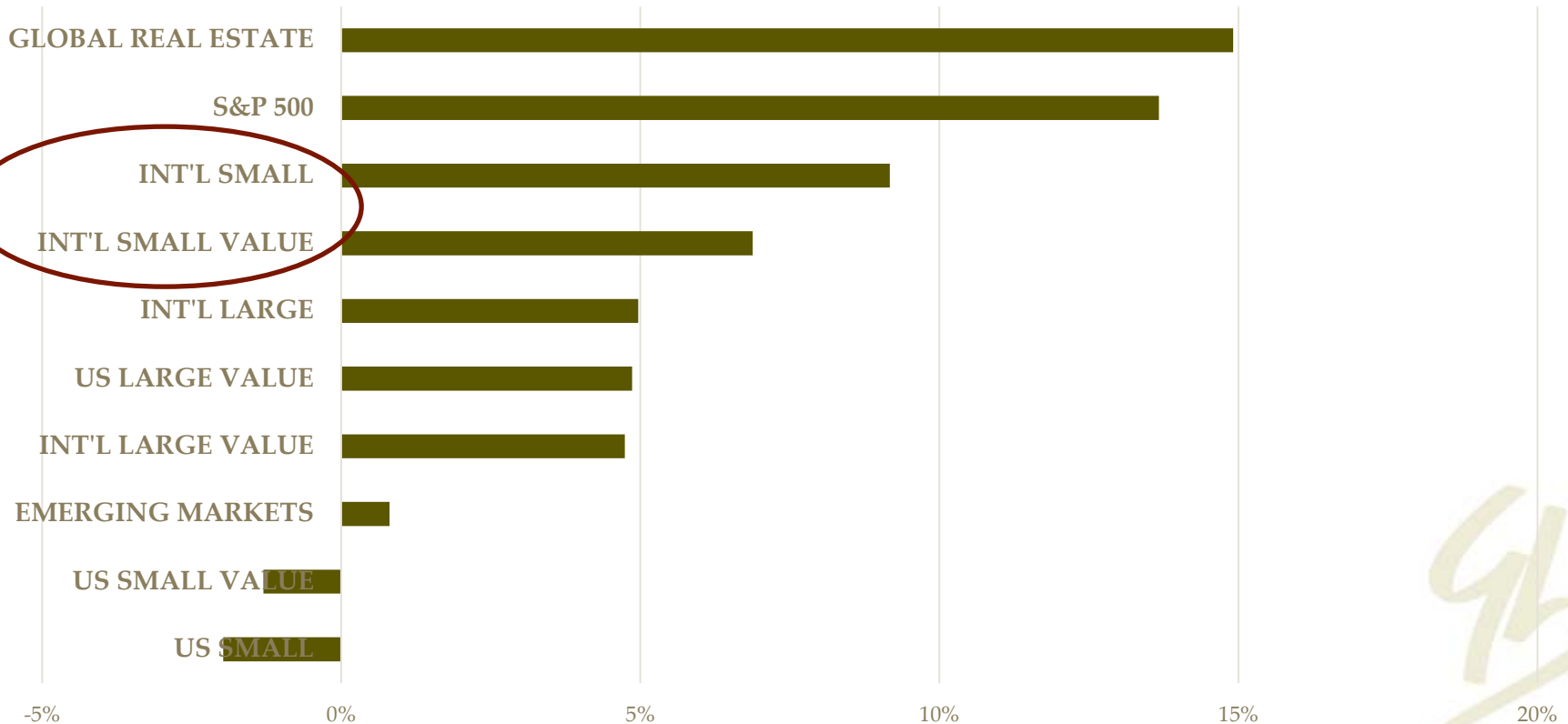
Yeske Buie Portfolio Performance:

Last 12 months through September 24th, 2021



Yeske Buie Portfolio Performance:

Last six months through September 24th, 2021



Performance of the Premiums

April 2020 – August 2021

Russell 2000 Index	63.3
S&P 500 Index	50.8
Small minus Large	12.5
DFA US Small Cap Value (DFSVX)	74.9
Russell 1000 Large Growth Index	60.3
Small Value minus Large Growth	14.6
DFA Int'l Small Cap Value (DISVX)	49.8
MSCI World ex USA Large Growth Index (net div.)	38.4
Int'l Small Value minus Int'l Large Growth	11.4
DFA EM Targeted Value (DEMGX)	59.2
MSCI EM Large Growth Index (net div.)	37.7
EM Small Value minus EM Large Growth	21.5



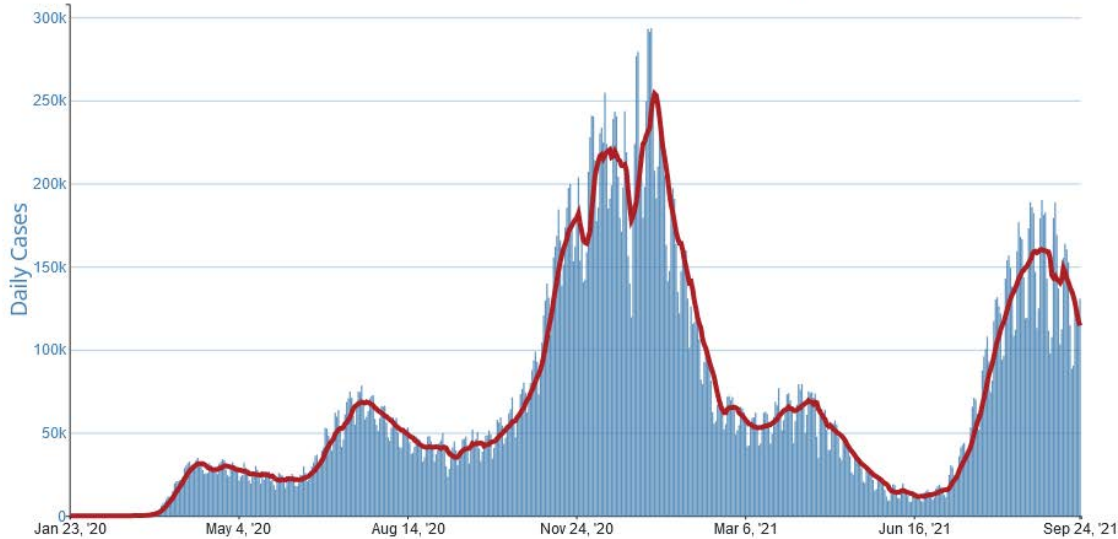
Agenda

- ~~*Where We've Been*~~
 - ~~*The COVID Economy Update*~~
 - ~~*Global Market Performance*~~
- Where We Are Now
 - Delta Variant
 - Inflation
- Where We Could Be Headed
 - Policy Decisions and Potential Implications



The Delta Variant

Daily Trends in Number of COVID-19 Cases in The United States Reported to CDC



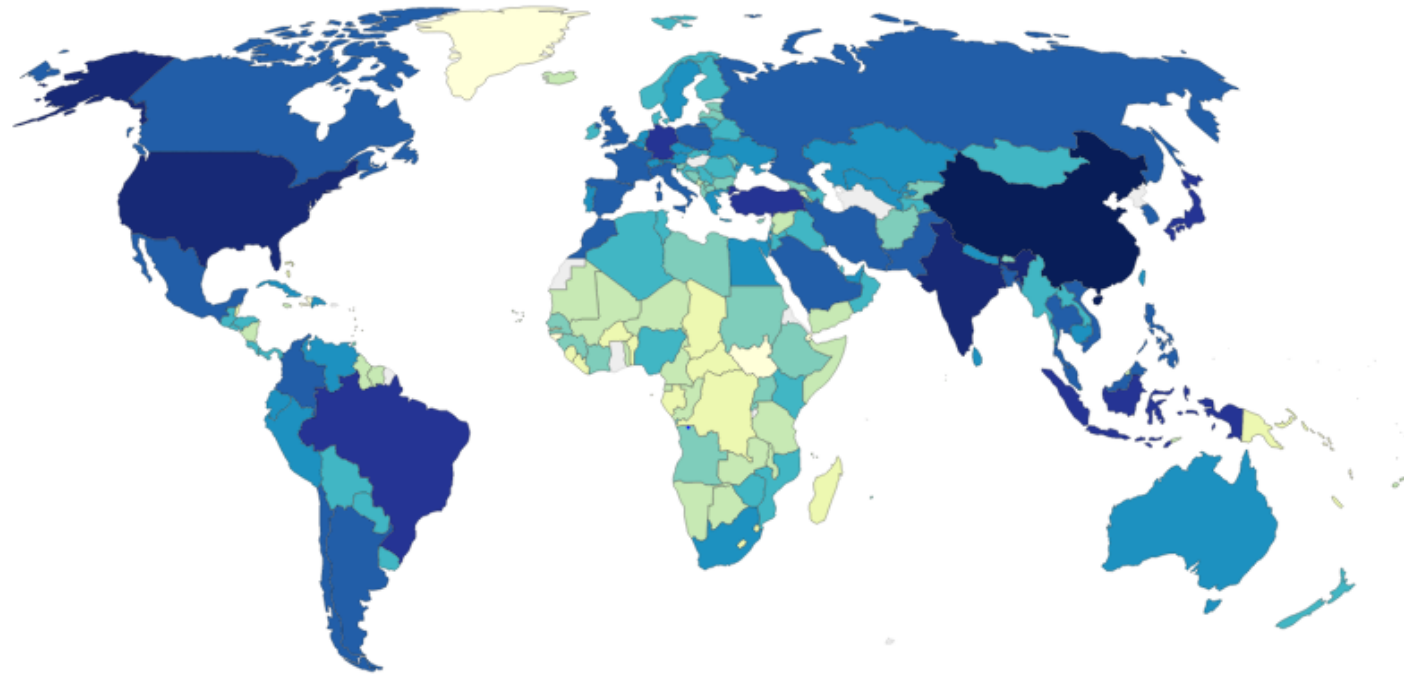
- Since June, daily new cases are up from 8,500 to 130,600
- 77% of adults have received at least one vaccination

The Delta Variant

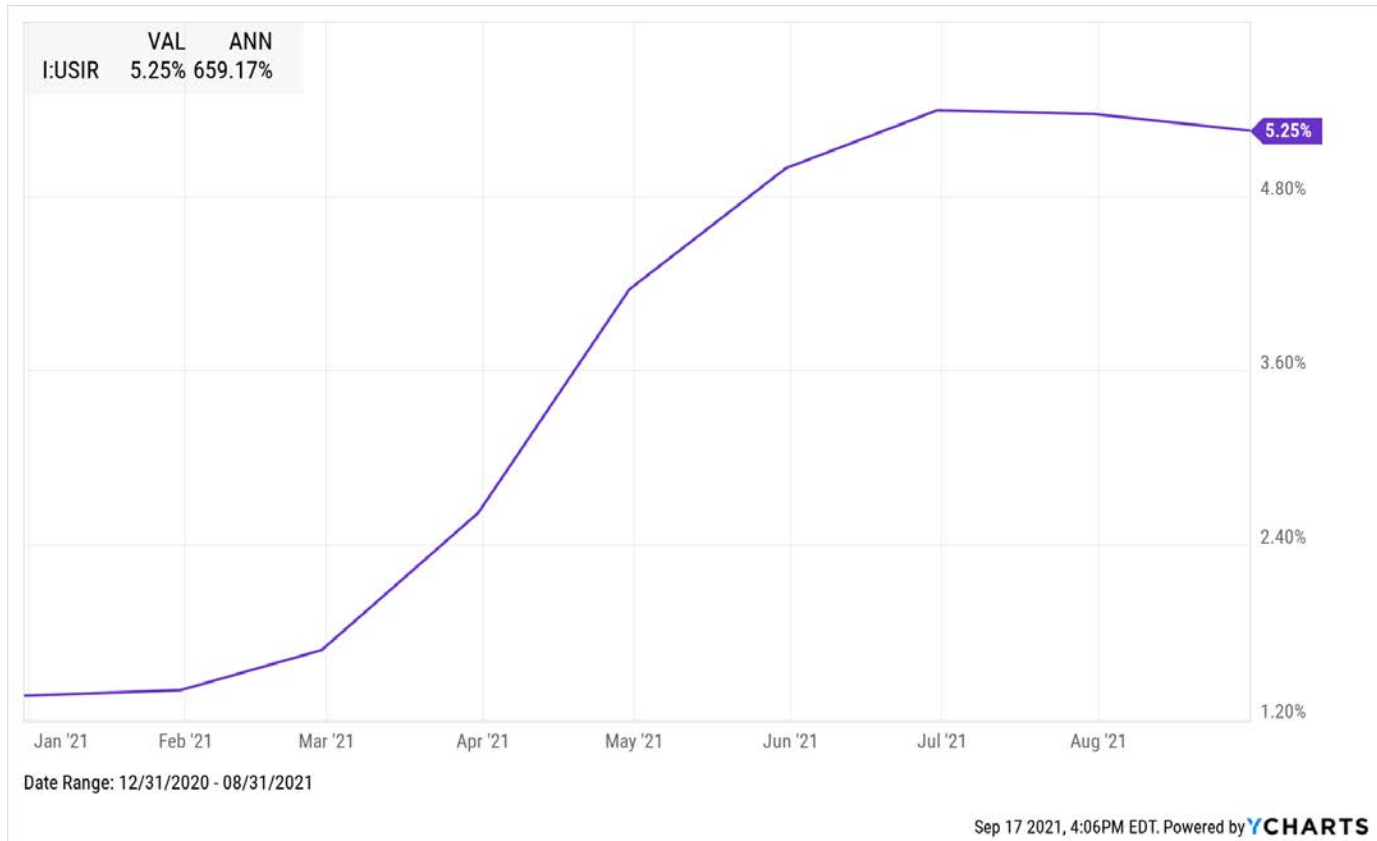


COVID-19 Vaccine Doses

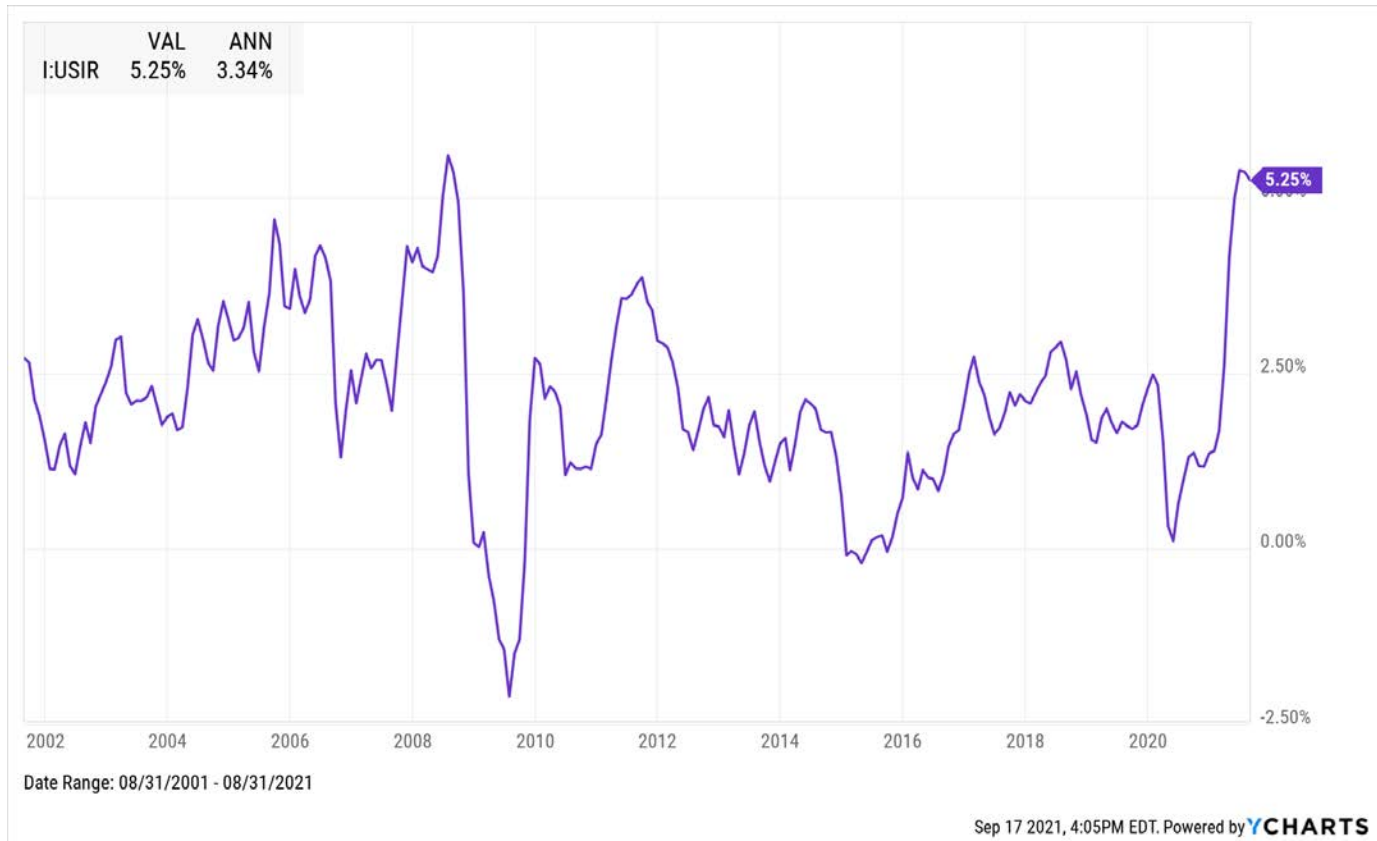
(September 2021)



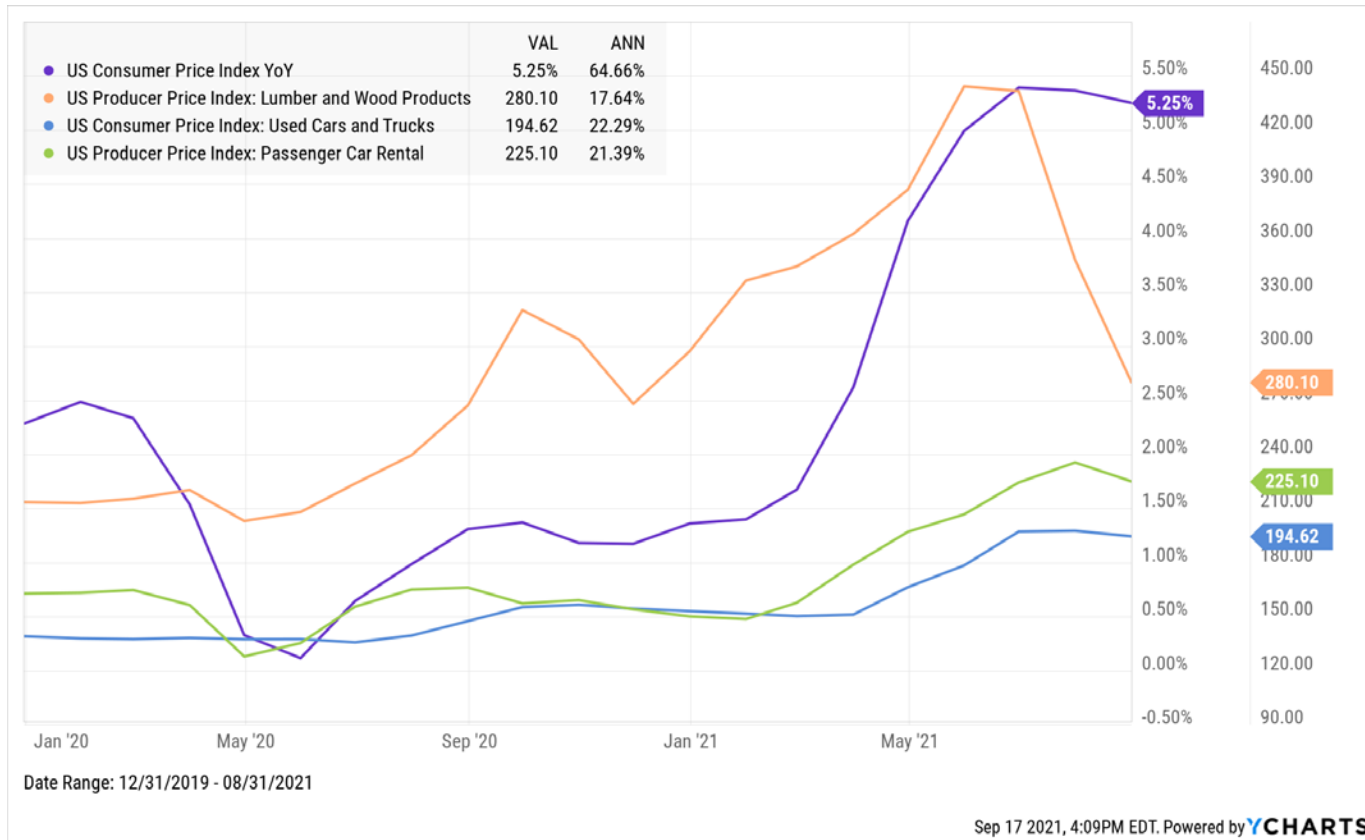
Inflation – Should You Be Concerned?



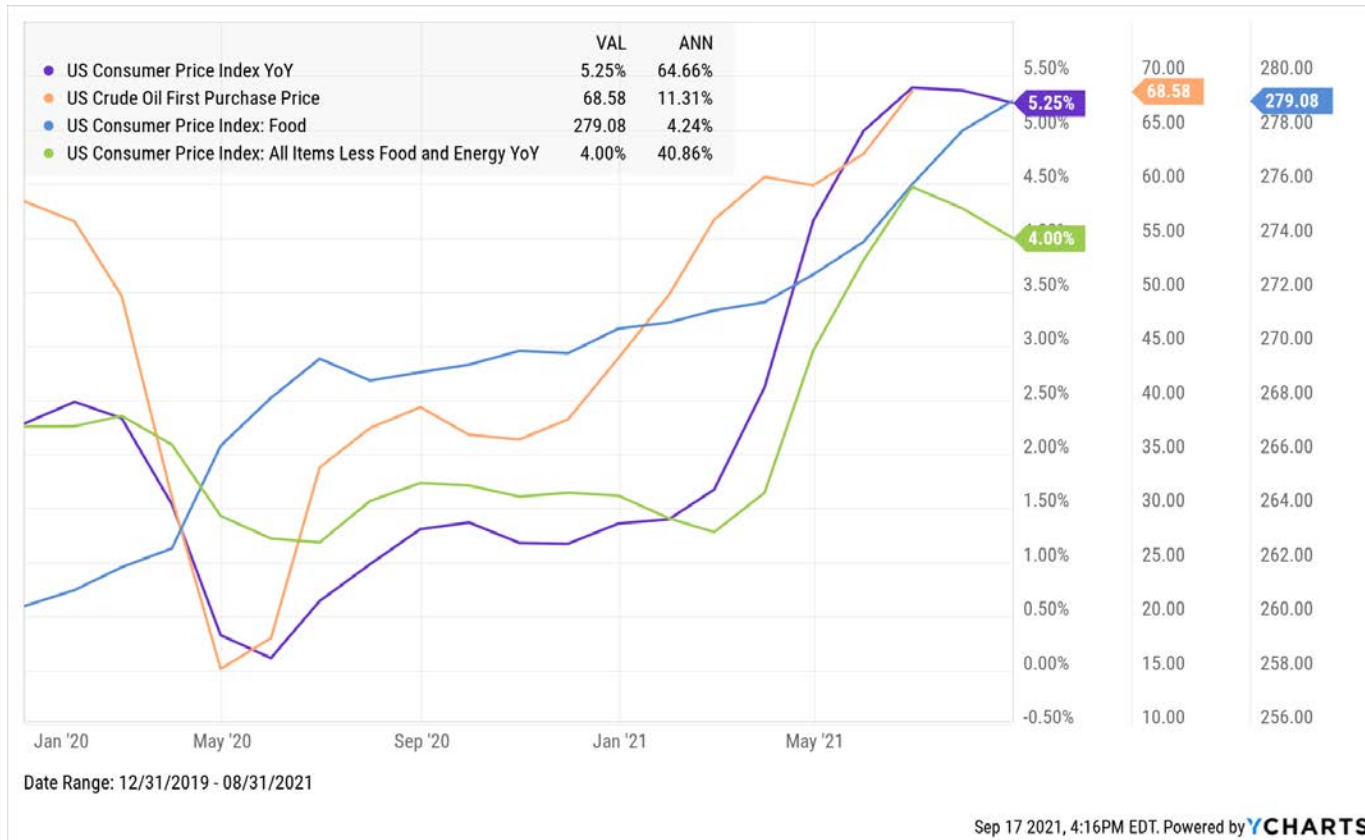
Inflation – Should You Be Concerned?



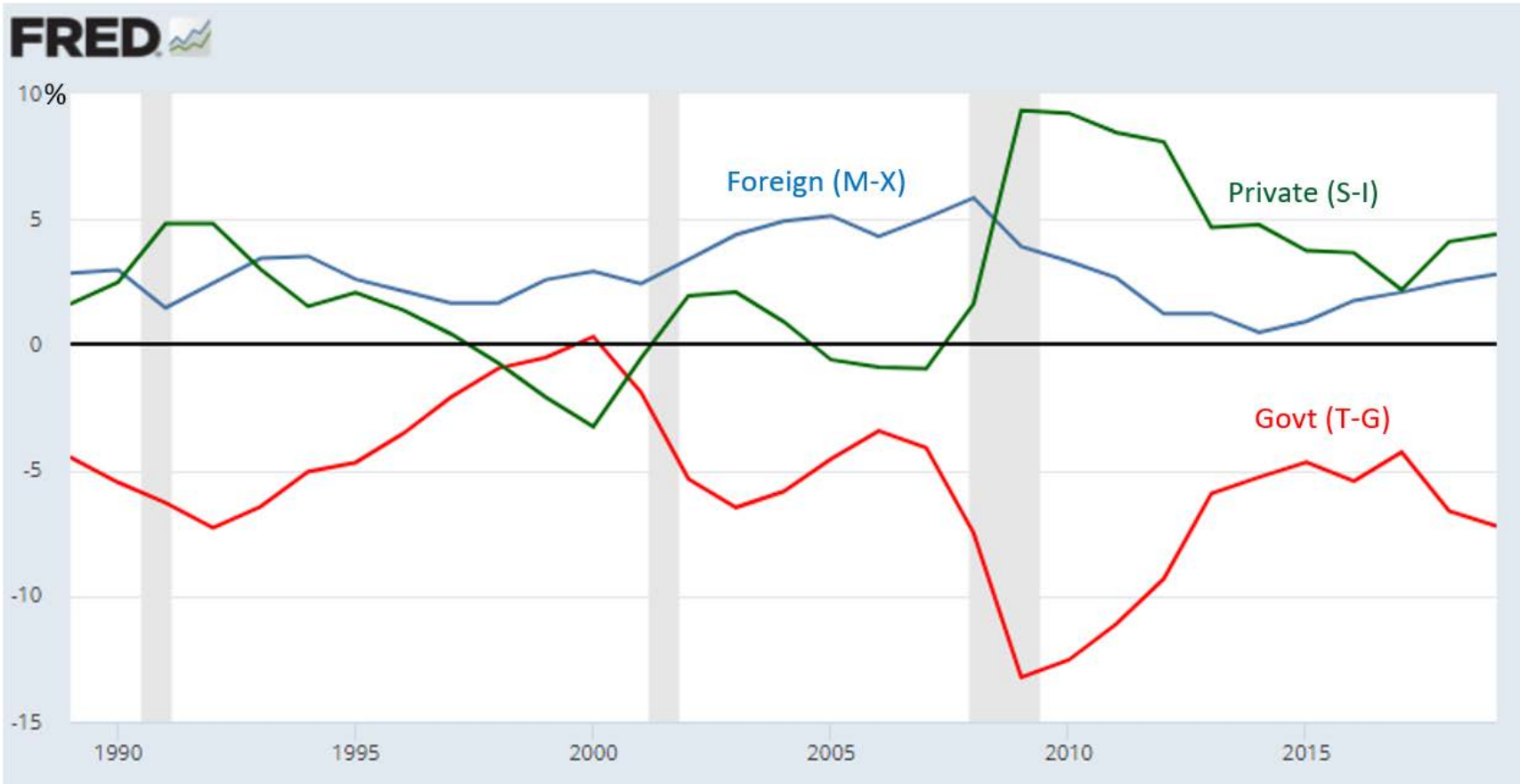
Inflation – Drivers



Inflation – Drivers



MMT and Inflation



MMT and Inflation

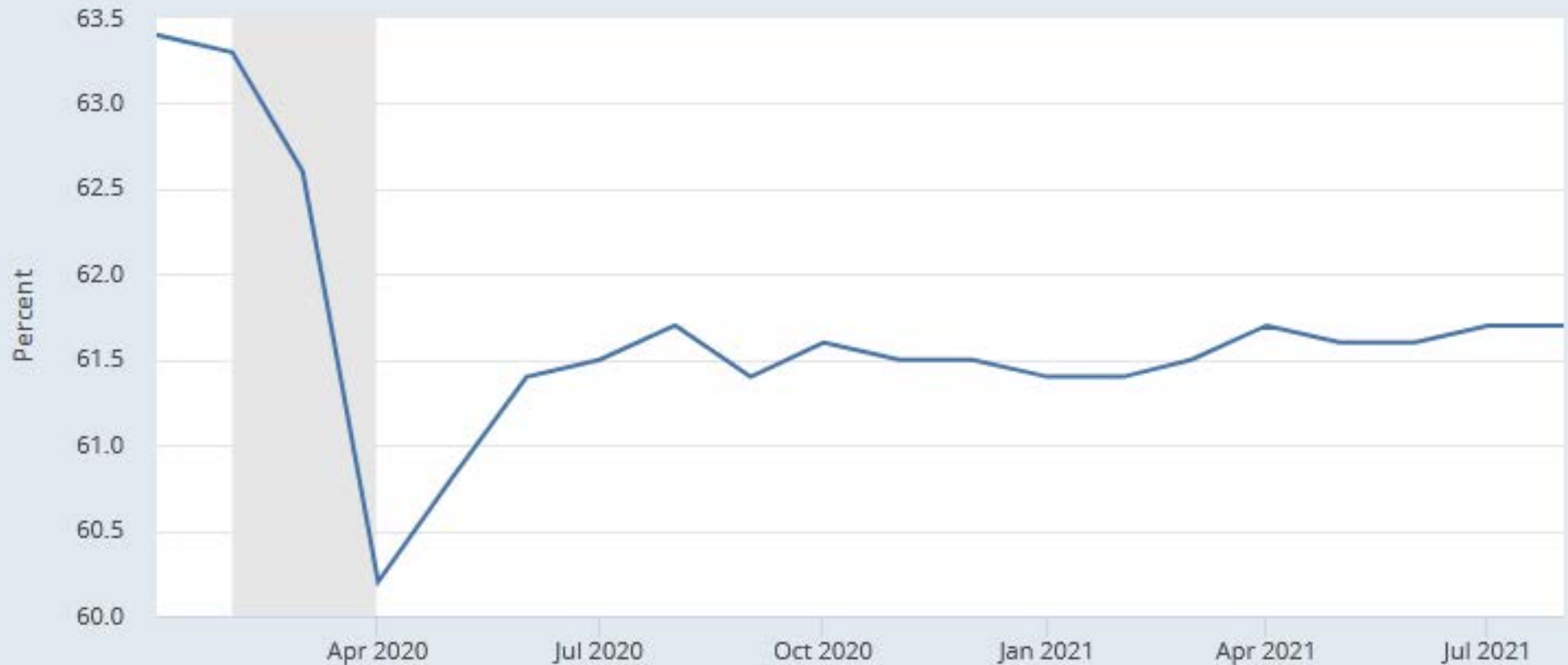
- Cost-Push Inflation vs. Demand-Pull Inflation
- Economy's Internal Speed Limit: Real Resources



Inflation and the Labor Market

FRED

— Labor Force Participation Rate



The Fed and Inflation

- When will rates begin to increase?
 - ~~Not Thinking About Thinking About It~~
 - ~~Thinking About Thinking About It~~
 - **Thinking About It**
- Powell: timing will depend on “labor market conditions consistent with maximum employment”



Agenda

- ~~Where We've Been~~
 - ~~The COVID Economy Update~~
 - ~~Global Market Performance~~
- ~~Where We Are Now~~
 - ~~Delta Variant~~
 - ~~Inflation~~
- Where We Could Be Headed
 - Policy Decisions and Potential Implications



Pending Policy Decisions

- What's in the \$550B Bipartisan Infrastructure Bill?
- What's in the \$3.5T Infrastructure Agreement?
- How will Biden pay for the Infrastructure Plan?

What's in the \$550B Bipartisan Infrastructure Bill?

- Roads, Bridges and Major Projects
- Public Transit/Passenger & Freight Rail
- Power Infrastructure
- High-Speed Internet
- Clean Drinking Water
- Airports
- Additional Programs



What's in the \$3.5T Infrastructure Agreement?

- Universal Pre-K for 3- & 4-year-olds
- Childcare for working families
- Tuition-free community college
- Affordable housing
- Down payment and rental assistance
- Clean energy technology (electricity, solar)
- Agriculture conservation
- Drought and forestry programs (prevent wildfires)
- Small business access to credit, investment & markets



How will Biden pay for the Infrastructure Plan?

- Increase corporate tax rate to 26.5%
- Raise corporate taxes on overseas earnings to 16.6%
- Increase top personal tax rates
 - Ordinary Income: 39.6%
 - Capital Gains: 25%
- 3% surtax on all MAGI > \$5M



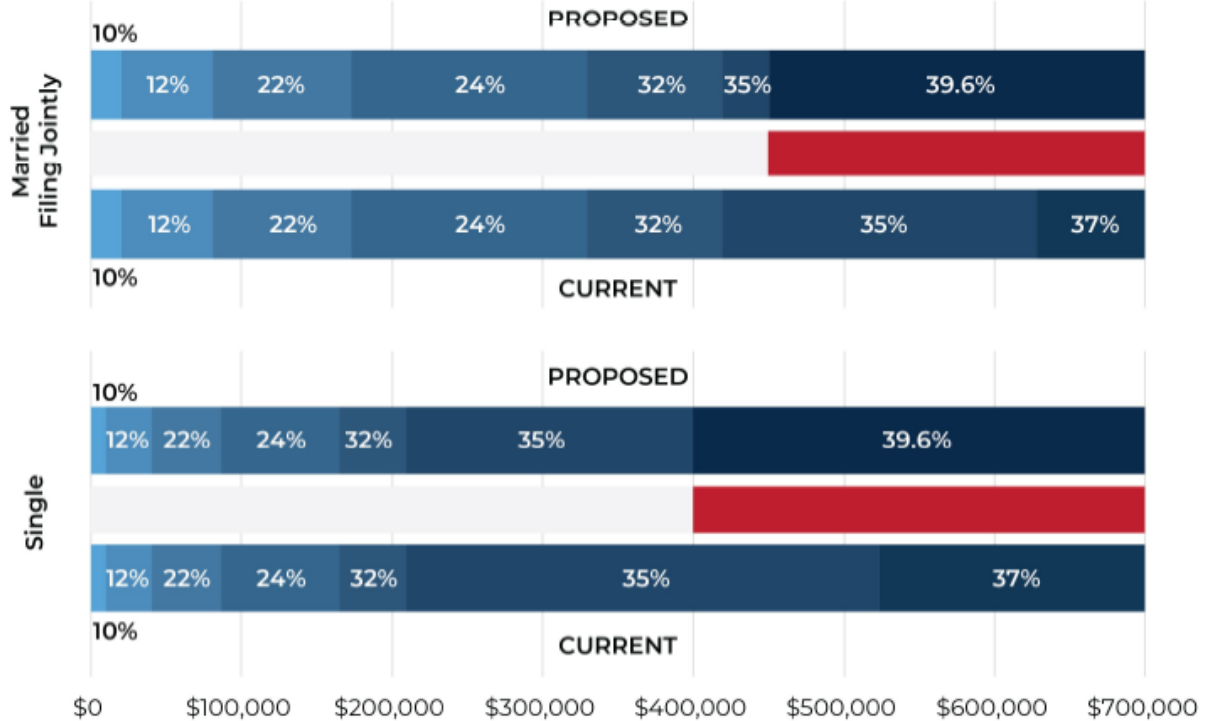
Tax Law Changes – How They Affect You

- What's NOT in the bill
 - Elimination of step-up in basis
 - Alignment of top capital gains rate & ordinary income rate
 - Social Security funding
 - Changes to the SALT deduction limit
 - Wealth tax



Tax Law Changes – How They Affect You

Comparison of Single & MFJ Tax Brackets:
Current vs. Proposed Tax Plan



Tax Law Changes – How They Affect You

Capital Gains Tax Rates Under The Proposed Bill

	Single		Married Filing Jointly	
	Current	Proposed	Current	Proposed
0%	\$0 - \$40,400	\$0 - \$40,400	\$0 - \$80,800	\$0 - \$80,800
15%	\$40,401 - \$445,850	\$40,401 - \$400,000	\$80,801 - \$501,600	\$80,801 - \$450,000
20%	\$445,851+		\$501,601+	
25%		\$400,001+		\$450,001+

Tax Law Changes – How They Affect You

- Eliminates back-door Roth Conversions (2022) and Roth conversions for those in the 39.6% bracket (2032)
- Estate tax exemption reduced to \$5.85M per person (current: \$11.7M)



Questions/Comments

Thank you for joining us!

www.YeBu.com

