



THE PRINCIPLE QUARTERLY

FIRST QUARTER 2022



Dear Friends,

We hope your new year is off to a great start, filled with the promise of adventure and opportunity. Over the past two years, there have been extremes in our daily lives, the markets, politics, and the economy, but we expect 2022 will bring some much-needed balance. In our view, interest rates will rise, inflation will gradually decline, and the endemic phase of COVID-19 is approaching. The resumption of travel, dining out, and other leisure activities should bring relief and a sense of normalcy. After an extended time apart, we are hopeful that being together can lead to coming together on many fronts.

In this issue, we dive into the essentials of estate planning and the impact this can have on you and your loved ones. You'll also see employee news, how the firm is growing to support you, and our upcoming educational programs.

Best regards,

Robert S. Paolucci, CFP®
Founder & CEO

Get ready for tax season

It's hard to believe that tax season is upon us. The tax filing period opened January 24th, and the deadline to file taxes is April 18th.

Remember to store your records in a safe place for reference and in case of an audit. Stay organized throughout the year by keeping tax documents in separate files for income, deductions, and expenses. Wondering how long to keep your tax returns and records after you file? According to the IRS, you should keep records:

- For three years after you file or two years from the date of the tax payment, whichever is later, if you claim a credit or a refund after you file
- For seven years if you claim a loss from worthless securities or deduction from a bad debt
- For at least four years for employment taxes

You should be receiving your 1099 forms in the mail. However, if you need additional copies, please follow these instructions to access them.

- Log in to [Fidelity.com](https://www.fidelity.com).
- From the home screen, select "Accounts & Trade."
- From the drop-down menu, select "Tax Forms & Information."
- Select "View available forms."
- From here you can check the status of your tax forms and print or download the available forms.

[Link: 2022 tax chart](#)

Important tax dates to remember:

4/15/22	2022 Q1 estimated taxes due if you are self-employed or have other income requiring you to pay quarterly estimated taxes.
4/18/22	<ul style="list-style-type: none"> • Last day to contribute to a traditional IRA or a Roth IRA. If you have a Keogh, SEP, or other eligible plan, and you file for an extension until October 15, 2022, you have until that date to contribute for the 2021 tax year. • Tax returns due for tax year 2021 unless you have filed for an extension. The extension form, and any taxes owed, are also due on this day.
6/15/22	2022 Q2 estimated taxes due if you are self-employed or have other income requiring you to pay quarterly estimated taxes.
9/15/22	2022 Q3 estimated taxes due if you are self-employed or have other income requiring you to pay quarterly estimated taxes.
10/15/22	If you filed for an extension, your tax return is due on this day.

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The Essentials of Estate Planning

By Colin Dugan



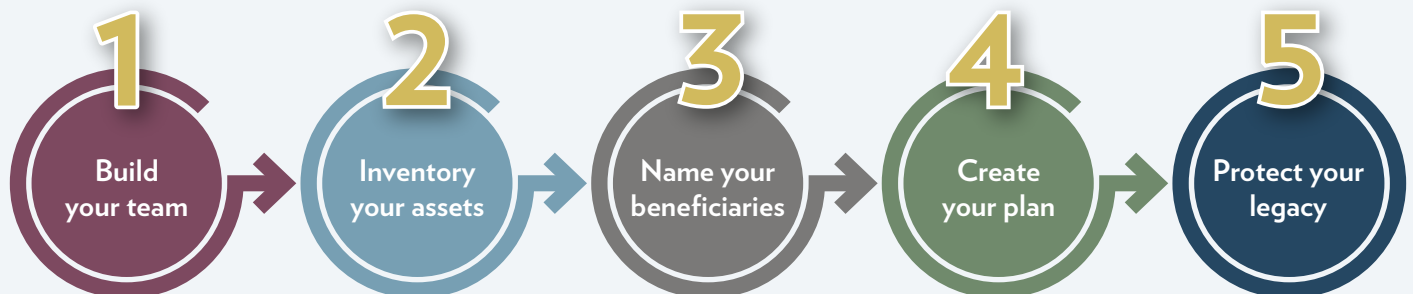
Estate planning involves thinking about more than just taxes and the distribution of your estate at your passing. It ensures your assets go where you want them to, controlling assets if you are alive but incapacitated, and after your death.

A properly executed estate plan outlines how health decisions are handled during your lifetime and incorporates tax-efficient gifting and legacy strategies. The testamentary portion, triggered upon your passing, gives clear direction as to how your estate will be managed, who will benefit, and when they will benefit. It can mitigate conflict among your intended beneficiaries regarding your objectives and ensure that your legacy is realized.

Designed with specific tax strategies in mind, your estate plan can also help maximize the value of your estate. This can be a daunting and emotional task. There are questions to consider when establishing your plan, and as you continue to review and revise it:

- If I become ill, who will make health care or financial decisions on my behalf?
- Who should I name as executor, trustee, or guardian, if applicable?
- Who do I want to inherit my assets at my death?
- If the primary beneficiary dies either before or after my death, who would I like to inherit my assets?
- Should I set up trusts to hold my assets for the benefit of my heirs rather than giving outright?
- Do I want charitable giving to be part of my estate plan?

Fortunately, a step-by-step approach can help simplify the complexities of the estate planning process.



1. Start by Building Your Team

Your trusted advisors can help with asset valuation, legal matters, and tax strategies. An estate attorney will likely play a central role, as well as your CPA, insurance professional, and your Principle Wealth Partners' financial advisor.

2. Inventory Your Assets

Once your Estate Planning team is in place, the next step in the planning process is to take stock of your assets. From financial accounts to real estate, artwork, and collectibles, you need to have a complete picture of the wealth available

for you to bequeath. Review your financial plan, including your investment assets' current and projected future values, insurance policies, and retirement accounts.

Understanding what you own, how it is titled, and how your property will be valued for tax purposes at the point of transfer and beyond, can significantly impact your estate planning strategy. For example, putting low basis, highly appreciated stock into a charitable trust can result in a solution where everyone benefits. The charity is not subject to capital gains tax, and you, the donor, can use the current market value for tax deduction purposes.

The Essentials of Estate Planning, continued from page 2



3. Name Your Beneficiaries

Beneficiaries should be designated on non-probate property (examples include: 401(k), IRA, life insurance policies) and allow the property to pass automatically outside of the will. If you'd like to pass your entire estate to your spouse, this may be a relatively easy process. But if you'd rather make specific bequests with special conditions, such as ensuring the ongoing care of dependents, special needs individuals, or a pet, the process can be more complex. These should be reviewed on a regular basis.

4. Create Your Plan

Once you have collected all the information, it's time to decide the best approach for transferring your assets. This process typically involves drafting legal documents and will likely require the advice and guidance of a trust/estate attorney. In addition, you need to think about whom to ask to be your estate's executor (be sure to get his or her buy-in) to oversee the distribution process after your death.

5. Protect Your Legacy

To maximize the estate you leave, you can take steps before death to reduce the tax impact and protect your assets from creditor claims. Under present law, if your estate is worth \$12.06 million (individual) and \$24.12 million (married couples) in 2022, it is exempt from federal estate taxes. If your estate exceeds those levels, federal estate taxes will be applied. However, there are tools available to help you reduce the tax burden, including irrevocable trusts and gifting strategies, such as using the annual gift tax exclusion of \$16,000 per donor, per recipient, in 2022.

Typical estate planning documents include:

WILLS

- Usually, the most direct method for asset distribution which allows you to leave assets through specific or general bequests.
- Define the executor of an estate, guardians for children under the age of 18, and, if applicable, a trustee for any testamentary trust (trust formed at your death).
- Not for assets owned jointly with rights of survivorship, assets for which a surviving spouse has a statutory share, and those which pass through a trust.

TRUSTS

- Assets pass to the trust beneficiaries according to the terms.
- Offer a high degree of control and can be a practical way to minimize estate taxes or protect assets from potential creditors.
- May include provisions that allow for the management of assets during a period of incapacity and for generations after a person's death.

ADVANCE DIRECTIVES

- **Durable Power of Attorney (DPOA):** The DPOA appoints an agent to act on your behalf during your lifetime on a broad range of matters, including financial and real estate. It is signed during life, becomes effective immediately, is in effect if you become incapacitated, and terminates at death.
- **Health Care Proxy (HCP):** If you are incapacitated, the HCP appoints an agent to make health care decisions for you if you are unable to do so.
- **Living Will:** A Living Will provides written instructions on your wishes in the event of incapacity. For example, the Living Will would indicate whether you would want to forego life-sustaining treatment in the event you had an incurable or irreversible condition that rendered you incapacitated.

The Ins and Outs of Probate

By Megan Maruzo



Probate is defined as the legal process of transferring property upon a person's death. Any property that does not pass to another person by ownership or designation but instead goes through a will, is subject to probate.

The probate process includes:

- Identifying all probate property of the decedent
- Paying all debts, claims, and taxes owed by the estate
- Collecting all rights to income, dividends, and other proceeds that are part of probate property
- Settling any disputes
- Distributing or transferring the remaining property to the heirs

The requirements can vary somewhat by state. It's recommended that you confer with your attorney regarding the state in which your estate will be settled.

“Late Zappos founder Tony Hsieh didn't leave a will — so friends and family are trying to divvy up his \$500 million fortune from hand-written sticky notes.”

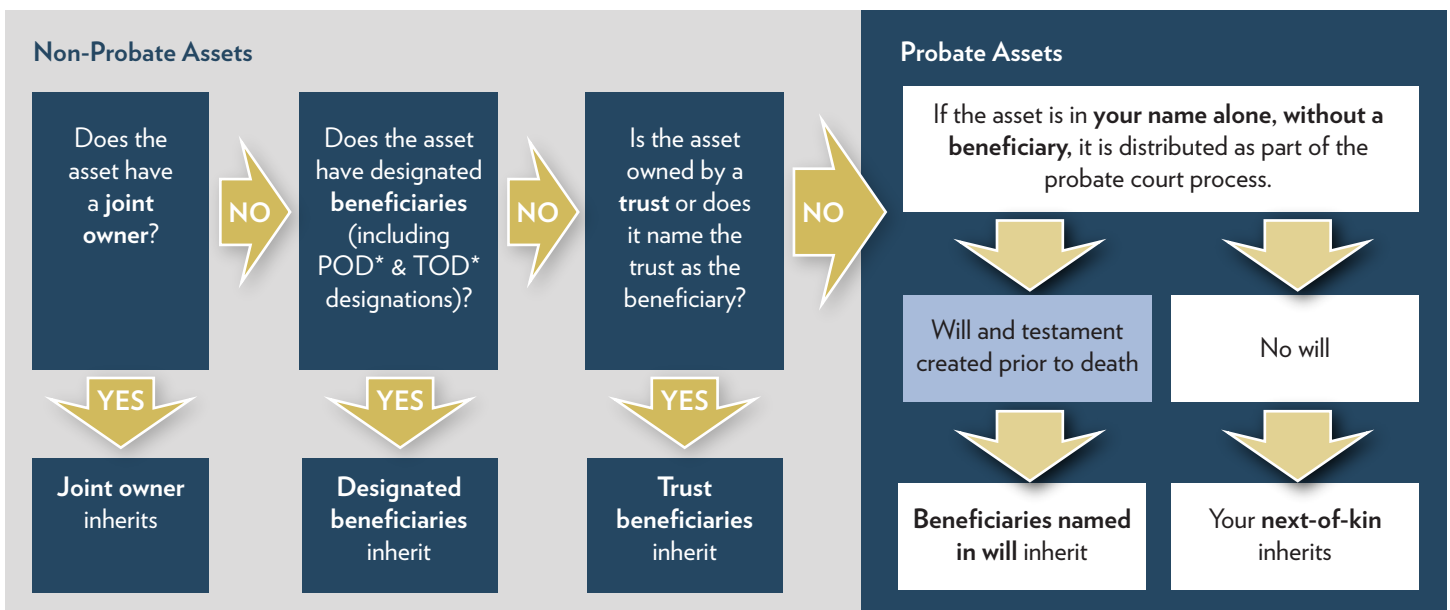
– *Business Insider*

Avoiding Probate

Probate can potentially be a lengthy and expensive process, depending on the complexity of the estate and the provisions of the will. But there are ways to structure your estate to reduce the impact of the probate. Based on the type of asset, how it is “owned,” and the ability to designate beneficiaries for specific assets, it may or may not be subject to the probate process. Of course, assets left in your name only, such as bank and investment accounts, real estate, vehicles, and other similar assets, must go through probate to be distributed to the intended beneficiary. Gifting strategies can help remove assets from your estate.

While it is almost impossible to avoid probate altogether, forethought and careful planning can make the estate settlement process much less onerous for your heirs.

Estate planning is essential to ensuring your legacy will be as you envision, but the process can be highly complex. Starting early and involving experts will help to ensure that you have plenty of time to make crucial decisions that will have a lasting impact. By coordinating with your team of experts, we can establish the optimal estate planning strategies for you, with ongoing reviews and updates to your plan as your circumstances change.



*Payable on Death and Transfer on Death

Employee News



Welcome Glenn Zavorskas!

Glenn Zavorskas joined Principle Wealth Partners as a Wealth Advisor. He will be working with clients to help them achieve their retirement, legacy, and other goals. Glenn has over fifteen years of experience in assisting

individuals and families with their financial needs, including helping them understand the importance of developing a wealth plan.

A graduate of Sacred Heart University and member of the Varsity Golf Team, in his spare time, Glenn enjoys relaxing with a round of golf. He resides in Madison, CT with his wife Jennifer and daughter Celina, and supports causes and community organizations in the shoreline area.



Welcome Axel!

Welcome to our newest family member! Andrew Cialek and Luvie Abell welcomed a baby boy, Axel Abell, on December 9th. Axel weighed 7 lbs, 2 ounces, and was 19-1/2 inches long. Congratulations, Andrew and Luvie!

Community Outreach

Niantic Jingle Bell 5K



Principle Wealth Partners was delighted to sponsor and participate in the 8th Annual Niantic Jingle Bell 5K, held on Saturday, December 11th. Rain couldn't stop over 800 participants from donning bells and holiday garb and having a fantastic time! Funds were raised for the Brian Dagle Foundation and Brian's Healing Hearts Center for Hope and Healing. The foundation's mission is "dedicated to the healing of grieving adults as well as community education on suicide prevention and awareness." You can learn more about this amazing organization at brianshealinghearts.org.

Columbus House New Haven, CT



As members of the shoreline community, we support our neighbors whenever possible. Columbus House in New Haven, a shelter we have worked with in the past, serves people who are homeless or at risk of becoming homeless by providing shelter, housing, and other necessities and fostering their personal growth. We put together bath kits containing towels, soap, sanitizer, and wastebaskets for their new homes, as well as donating socks and snacks. It was a team effort and a great reminder of how fortunate we are. For more information on the organization's work, visit columbushouse.org.

EVENT

Megatrends Own the Future

BlackRock's Vice President, Senior Investment Strategist, Kyle Chapman shares his insights on the long-term, transformational forces driving our global economy and society.

NEW DATE

Madison Beach Hotel
94 W. Wharf Road, Madison, CT
Thursday, April 28, 2022 | 12-1 pm

[Please register.](#) Limited seating. Lunch will be served.

For information on any of our events, please call
203.318.8892

Looking Back at 2021



September Monthly Market Movements Andrew Cialek, CFP®, comments on Amazon's new home robot offering, "Astro," faster electric vehicle charging, and the move to real estate ownership by larger companies.



Marketing and Economic Outlook with Andrew Opdyke, CFA Andrew Opdyke, CFA, Senior Economist at First Trust, speaks with Julina Ogilvie, CIMA®, CPWA®, about pending stimulus packages and other regulatory and economic concerns.



October Monthly Market Movements Andrew Cialek, CFP®, covers the merger of the Digital World Acquisition Corporation SPAC with Trump Media & Technology Group, the first Bitcoin ETF (sort of), and global supply chain challenges.



Current Tax Legislation and 7 Tax-Savvy Strategies to Consider Matthew Sommer, Ph.D., CFA, CFP®, provides an update on potential changes to tax legislation and discusses seven strategies to improve tax efficiency regardless of the tax environment.



November Monthly Market Movements Andrew Cialek, CFP®, discusses Jerome Powell's nomination for a second term as the Federal Reserve Chair, near-term prospects for growth stocks, and the Omicron variant.

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The 2021 ranking of the Forbes' Best-in-State Wealth Advisors' list was developed by SHOOK Research and is based on in-person and telephone due-diligence meetings to evaluate each advisor qualitatively and on a ranking algorithm that includes client retention, industry experience, review of compliance records, firm nominations, and quantitative criteria (including assets under management and revenue generated for their firms). Overall, approximately 32,725 advisors were considered, and 5,000 (approximately 15.3 percent of candidates) were recognized. The full methodology² that Forbes developed in partnership with SHOOK Research is available at www.forbes.com.

¹This recognition and the due-diligence process conducted are not indicative of the advisor's future performance. Your experience may vary. Winners are organized and ranked by state. Some states may have more advisors than others. You are encouraged to conduct your own research to determine if the advisor is right for you.

²Portfolio performance is not a criterion due to varying client objectives and lack of audited data. SHOOK does not receive a fee in exchange for rankings.

Methodology: <https://www.forbes.com/sites/rjshook/2021/02/11/forbes-best-in-state-wealth-advisors-methodology-2021/?sh=1606c4e96d22>

Source: Barron's "Top 1,200 Financial Advisors," March 2021. Barron's "Top 1,200 Financial Advisors" bases its ratings on qualitative criteria: professionals with a minimum of seven years of financial services experience, acceptable compliance records, formal succession plans, high client retention, and more. Financial Advisors are quantitatively rated based on varying types of revenues and assets advised by the financial professional, with weightings associated for each. Because individual client portfolio performance varies and is typically unaudited, this rating focuses on customer satisfaction and quality of advice. The rating may not be representative of any one client's experience because it reflects a sample of all of the experiences of the Financial Advisor's clients. The rating is not indicative of the Financial Advisor's past or future performance. Neither Principle Wealth Partners nor its Financial Advisors pay a fee to Barron's in exchange for the rating, however Principle Wealth Partners does pay to use the award ribbon for marketing materials. Principle Wealth Partners is not affiliated with Barron's or Dow Jones & Company, L.P. All of the information provided has been obtained from sources considered to be reliable, but we do not guarantee its accuracy or completeness, and does not constitute a recommendation. Barron's is a registered trademark of Dow Jones & Company, L.P. All rights reserved.