



## Estate Planning for Business Owners

By Jim Hess, CPA

We are continuing our series on estate planning, this time focusing on business owners. While there are common elements that anyone would need to have, there are unique documents and planning that need to be considered for different situations. Let's talk about something that is unique to a business owner as they plan for the succession of their business in the event of their retirement, departure, or death.

For the sake of this article, let's assume that the business owner has family members involved in the business. (In situations where that is not the case, there will need to be other business transition plans made for a separating event.) If you have family members involved, and one or more of them have an ownership interest, you will need a well-crafted Buy-Sell Agreement to address the possibility of you no longer being involved in the business.

Your Buy-Sell Agreement should address these issues:

- **Who can purchase and hold stock in the company?** Will it be limited to the family members, or could a non-family member be considered as a possible buyer for your shares?
- **Can family members that are not actively involved in the business purchase shares if you were to die?** If not, how will that impact the value you will want to receive for your stock from your family members that are involved in the business?
- **Will all shares of stock carry the same rights and privileges?**
- **How will the value of your stock be determined?** Will the value be the same for all separating events, or will the value vary based on whether you died or just retired from the business?

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## 3 Reasons to Give Away Appreciated Stock

By Tim Hilterman, CFP®, CAP®

As the stock market continues to recover, perhaps you've seen significant gains in your portfolio, or maybe you invested in a stock that skyrocketed and now your portfolio is out of balance. If you have a heart for non-profits, we have some good news: donating stock directly to charity is one of the most tax-efficient ways to give. Here are three reasons why:

### 1. Receive a double tax benefit

When you donate stock directly to a charity, you receive a deduction off your income for the amount (fair market value) donated, the same way you would receive a deduction by making a cash donation. However, because you're giving away stock that has gone up in value, you also avoid capital gains tax. This could increase the size of your donation by up to 20%!

### 2. Potentially avoid future capital gains

You may have a favorite stock that you would like to hold for a very long time. Strong performance in that stock may increase your desire to hold the stock, but the higher the stock goes the larger your potential tax burden becomes. Consider donating a portion of the appreciated stock and then purchasing new shares with cash. This resets your cost basis and reduces your future capital gains.

### 3. Keep your portfolio balanced

If one of your portfolio positions has increased more than the others, choosing to donate some of that security can help it from becoming a concentrated position that adds risk to your investments. Utilizing a donation plan can put your capital gains to work and keep your portfolio in check.

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# 2nd Quarter Market Recap

By Ryan Gilmer, CFA®, CMT®

We're officially halfway through 2021, which has been very positive for stock market returns. The chart to the right shows the path of the S&P 500 over the last six months.

Despite a few mild pullbacks, the market has remained strong; currently sitting at an all-time high. 10 of the 11 sectors posted positive performance for the second quarter:

Sector	Ticker	2nd Qtr Return	YTD Return	S&P Weight
Real Estate	XLRE	12.97%	23.23%	2.58%
Technology	XLK	11.38%	14.01%	27.42%
Energy	XLE	10.88%	45.07%	2.85%
Communication Services	XLC	10.16%	16.85%	11.14%
Health Care	XLV	8.31%	11.84%	12.99%
Financials	XLF	8.17%	25.50%	11.29%
Consumer Discretionary	XLY	6.39%	11.39%	12.28%
Materials	XLB	4.90%	14.67%	2.60%
Industrials	XLI	4.33%	16.36%	8.54%
Consumer Staples	XLP	3.09%	4.96%	5.86%
Utilities	XLU	-0.51%	2.38%	2.45%
<b>S&amp;P 500 Total</b>	<b>SPX</b>	<b>8.55%</b>	<b>15.25%</b>	<b>100%</b>

Source: State Street Global Advisors, Morningstar

"Market breadth" is the number of stocks participating in market movements. For 2021 so far, because all sectors are higher for the year, the market is exhibiting strong breadth. Many stocks are taking part in this year's rally. In fact, some of the lowest weights in the S&P 500 such as energy and real estate are



outperforming the index as a whole. Meanwhile, technology and healthcare, which make up about 40% of the index, are trailing.

It's also interesting to note that many of the leading sectors in the chart above show cyclicalality with the economy. This means that they tend to lead during economic expansions and lag during contractions. Specifically with regard to our current economic cycle: last year's slow, COVID-related economy favored technology and health care instead of energy, real estate, and industrials. This year, sector performance has rotated as investors adjust to the end of the pandemic.

Every market — up, down, or sideways — presents challenges and opportunities for investors. When stocks are performing well and bonds are stagnant, it's as important as ever to maintain a properly-balanced portfolio, designed to meet your financial objectives.

If you would like to discuss your personal portfolio — give us a call. And enjoy the summer!



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MARKET UPDATE as of 6/30/21	2ND QTR	2021 YTD	5 YR AVG	10 YR AVG
DOW JONES IND AVG	5.08%	13.79%	16.66%	13.50%
S & P 500 COMP	8.55%	15.25%	17.65%	14.84%
RUSSELL 2000	4.29%	17.54%	16.47%	12.34%
MSCI WORLD ex US	5.65%	9.92%	10.36%	5.70%
BARCLAYS US AGG BOND	1.83%	-1.60%	3.03%	3.39%

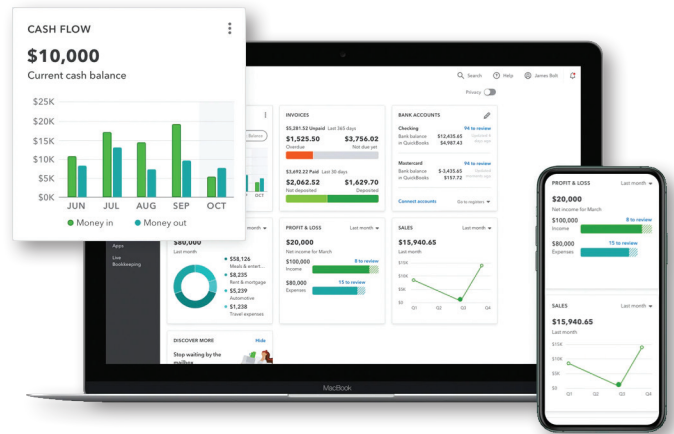
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# Getting the Most Out of Your QBO Subscription

By Teri Yoder, CPA

In today's fast-paced tech world, we have seen an explosion in online accounting software options. The major market share winner has remained with the Intuit giant and QuickBooks Online (QBO). The various subscription levels offered by Intuit — from Simple-Start to Advanced — offer a wide variety of businesses access to this user-friendly software, while still only paying for the tools they want. Here are some things that all business owners can do to get the most out of their QBO subscription at any level.



- **Use the bank feeds feature:** This allows you to link most major banks and credit card accounts directly to QBO. This means less data entry for you and more up-to-date financial reports.
- **Quickly find important information with interactive graphs:** The "Business Overview Dashboard" gives you a quick snapshot of your company performance for the last 30 days. All the graphs are linked, so for example, if you want more detail about what customers haven't paid yet, all you need to do is click and QBO will take you to your list of past-due invoices.
- **Use the mileage tracker:** Business owners are always on the go and keeping track of mileage is just annoying! QBO has an integrated GPS-enabled mileage tracker to allow business owners to simply swipe to record mileage as business or personal. At the end of the year, QBO gives you a report that meets all the IRS requirements for a mileage log.



Want to know more about these features or others ways to get the most out of your QBO subscription? Give one of our QuickBooks ProAdvisors a call.

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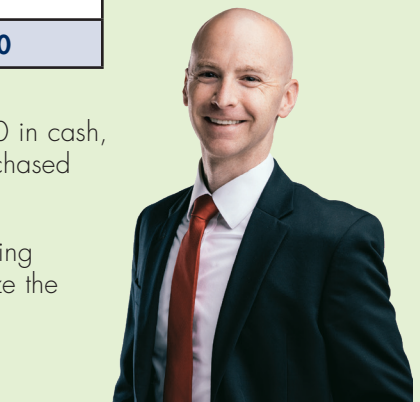
## Appreciated Stock continued from page 1

	Donate Appreciated Securities	Donate \$10,000 Cash	Sell Securities and Donate Cash
Charitable Deduction	\$10,000	\$10,000	\$10,000
Income Tax Savings (35% tax rate)	\$3,500	\$3,500	\$3,500
Capital Gains Tax Paid (15% tax rate on \$8,000 gain)	\$1,200 saved	N/A	\$1,200 paid
<b>Net Tax Savings</b>	<b>\$4,700</b>	<b>\$3,500</b>	<b>\$2,300</b>

The chart above shows the tax savings of donating \$10,000 of an appreciated security, \$10,000 in cash, or selling an appreciated security then donating cash. This assumes the security was originally purchased for \$2,000 and is now worth \$10,000.

Don't have a particular non-profit in mind? Don't worry: you can still take advantage of this tax-saving strategy by donating your appreciated stock to a Donor Advised Fund. This will allow you to realize the tax savings and you remain in control of how those funds are donated in the future.

There are some nuances to be aware of when considering this strategy. For example, if your donations along with other allowable deductions don't put you over the standard deduction (for 2021: 12,550 for single filers; 25,100 for married filing jointly) this may not carry the same advantages. As in most financial decisions, this choice should be made while considering how it fits into your complete financial plan. Please contact us if we can help you decide if this is right for you.



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# W&H Team News

By Jordan Kvochick

This April, our newest Investment Advisor Representative, **Matthew Lefelhoc**, passed the FINRA Series 65 exam.

By successfully completing this exam, Matthew is now officially licensed and qualified to act as an Investment Advisor Representative with the firm. He also graduated from The Ohio State University in May. Congratulations, Matthew!



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In June, we sharpened our skills and had some fun at our annual **Team Retreat**. AU Women's Basketball Head Coach Kari Pickens spoke to us about how culture, good people, and adaptability are the keys to a great team. A strategic-planning and teamwork exercise took us outside for some sunshine. And we played a game of Jeopardy based on our Core Values, Firm Philosophies, and focus on Client Service.



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- **How will the financing be structured for the purchase of your shares?** Will you finance the purchase as the seller, or will the buyer have to obtain their own financing?
- **Should you obtain key-man life insurance to help with the financial transition of the business?**

Please be sure to consult with both an attorney and CPA that are experienced in working with business transitions and Buy-Sell Agreements as you begin developing, or updating, your succession plan. There is no better gift to give those you love than to provide them with a well-thought-out and documented plan to guide them through a challenging business transition. Please reach out to our team if we can assist you in this vital planning.



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