

# thrive

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## MARKET JITTERS

In mid-to-late January, investors experienced one of those common but utterly nerve-wracking pullbacks in the stock market. An accumulation of factors — inflationary pressure, potential adjustments to monetary policy, geopolitical concerns — combined to put the stock market into a tailspin. If there is one reminder that might provide investors comfort, it's that none of this was wholly unexpected and that a periodic market reset can often lead to stronger performance.



It's important to remember that the reason a buy-and-hold long-term strategy generally works is because it is based on stock-picking fundamentals, customized asset allocation and meeting specific goals. A person whose objective is to make "X" amount of money in less than a year makes them more of a trader than investor. We help our clients meet specific financial goals, so we adopt and encourage a long-term outlook. These periodic market setbacks are not that concerning and can often position a portfolio for higher growth in the future. We would worry more if one stock were faltering due to fundamental issues, but a whole sector or asset category is indicative of other factors that we, as investors and advisors, cannot control. All we can do is wait it out. With that said, if you're struggling with today's market volatility and would like to position your assets for better security, we're happy to discuss ideas with you.

## SPRING IS COMING!

Winter is nearly over, and spring is just around the corner. Warmer weather, wildflowers and a plethora of activities await. Can't decide what to do?

Do some spring cleaning! Everyone has a junk drawer they've meant to clean out. Now is the perfect time to embrace your inner Marie Kondo and start clearing out the clutter. Be sure to donate any clothes books or other materials to your local Goodwill or other discount shops!

# WHERE DO MY STATE TAXES GO?

WRITTEN BY *ERIK SCHUSTER CFP®*, FINANCIAL PLANNER

We have all asked the question, “Where does my tax money go?” While I am not going to unravel that very complicated and most likely unfortunate scenario, I am going to introduce a way you can direct your Pennsylvania state taxes.

Pennsylvania sponsors two programs that allow taxpayers to direct most of their state tax to a school, scholarship organization, or Pre-K program. The best part, you can choose what school or program receives your money.

The programs, Pennsylvania Educational Improvement Tax Credit (PA EITC) and the Pennsylvania Opportunity Scholarship Tax Credit (PA OSTC), have been available to individuals since 2014. They allow individuals to make gifts to educational, scholarship organizations, or Pre-K programs in lieu of PA taxes.

## UPCOMING EVENTS

At Thrive, we want to help you and your loved ones experience greater financial freedom and leave a legacy.

3/29 – Central Bucks Senior Center

3/30 & 4/7 – West Whiteland Township Building

4/19 & 4/26 – William Penn Inn

4/19 & 4/20 – Kimberton Inn

4/14 & 4/20 – Spring Mill Country Club

Attend one of our events and learn how to empower yourself.

The money will be used to fund scholarships for underprivileged children in the community who wish to attend your beneficiary school or program. This can be a great way to give back to your local community, alma mater, or children’s school.

**What Donors are Eligible to Give:** Individuals who pay \$3,500 or more in PA state tax are eligible. If they make a 2-year commitment, they will receive a credit of 90% towards their PA State income tax. The remaining 10% can be used as a charitable deduction towards Federal Taxes. Pennsylvania does have a yearly cap to the program.

**What Schools or Programs Are Eligible to Receive Benefit:** Any private or religious school within Pennsylvania, scholarship organizations, pre-K programs, and other educational enrichment initiatives. Most schools will have a dedicated financial institution or bank that gathers contributions and helps with the application process. Schools must register for the program with the PA Department of Education. Almost all eligible schools are registered.

**How Do Students Qualify:** Children are eligible for scholarships if their household incomes are not more than \$96,676 plus \$17,017 for each child in the family. For example, a family with one child must have an income below \$113,693. Those figures adjust every year for inflation.

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EXAMPLE OF HOW THIS AFFECTS PA TAXES DUE:

Pennsylvania Taxes		Federal Tax Benefits	
PA State Tax Due:	\$10,000	Charitable Donation Credit	\$1,000
EITC/OSTC Donation:	\$10,000		
PA State Tax Deduction:	(\$9,000)		
<hr/>			
PA Tax Owed:	\$1,000		

This program can be a great way for you to direct your PA taxes to the local students and allow them to attend the schools that mean something to you.

Always ask your advisor if this program fits your financial plan. It is a great way to give back!

## UPCOMING HOLIDAYS

- 3/14 PI Day
- 3/17 St. Patrick's Day
- 3/20 First Day of Spring
- 3/22 World Water Day
- 3/26 Earth Hour
- 4/1 April Fools Day
- 4/7 World Health Day
- 4/18 Tax Day



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# HOW COULD INFLATION AFFECT YOUR RETIREMENT?

In recent months, Procter & Gamble has raised prices for its Tide, Gain, Downy and Bounce product portfolio. It recently announced that this spring, consumers also will start paying more for many of its personal health care brands. The company is hardly alone. Nestle, Danone, Unilever and other consumers goods giants say their prices will continue to rise due to high inflation.

Inflation is a two-faced beast. On one side, a healthy increase in prices indicates a growing economy. However, when prices increase substantially over a short period of time, it can signal other problems. The obvious problem is the world is still in the throes of a pandemic, and periodic flare-ups cause supply chain disruptions and inventory shortages. Also, the Federal Reserve has altered its monetary policy to allow higher levels of inflation in order for slow-growing areas of the economy to benefit. The sum total of these factors is that, right now, we are seeing greater inflation than we have in more than 20 years.

The thing that makes inflation more controversial than other economic factors is that it has an immediate impact on household budgets in a way that global trade agreements and adjusted interest rates typically do not. While, in time, fiscal and monetary intervention will set in to curb short-term price hikes, today's environment is a great reminder of just how harmful rising prices can be on a household budget.

For example, the value of a pension declines when inflation climbs at an annual rate that exceeds the pension yearly increase.



Let us know if you'd like to find new ways to supplement your household income as inflation rises during retirement.



**READ MORE ON OUR WEBSITE**

# WHATS GOING ON AT THRIVE



## INTRODUCING THE NEWEST MEMBER OF THE TEAM!

Jake Weiner joined our team at Thrive in February of 2022 as a Financial Planning Associate. He has previous experience in retirement plan operations where he worked with plan participants regarding retirement questions and goals. Jake graduated from Temple University in 2021 with a bachelor's in finance and financial planning. He is now thrilled to be a part of the Thrive team so he can continue his passion of helping others achieve financial security.

## MARCH BIRTHDAYS

Happy Birthday to our very own Audrey Teague! She was born on  $\pi$  day! She's been an essential part of our team and in charge of all of our creatives. Thank you for all you do and we are so happy to have you!



# TEAM TRIP!

Our team has worked so hard over the past 2 years we felt like it was time for a break!



Stay connected with us on social media to find out the latest news!