



OUR MISSION IS TO CHANGE LIVES. ONE "HEMINGTON" AT A TIME.

# HEMINGTON NEWSLETTER

DECEMBER 2020

## After The Election: Planning Amidst Political Uncertainty

Election day is finally over; however, the balance of power remains unclear. Joe Biden is the President Elect while control of the Senate will not be decided until the January 5th runoff elections in Georgia. The outcome of the balance of power in Washington and its implications for significant tax law changes are top of mind for many.

Although the political landscape is unclear, there are four fundamental concepts that remain prudent elements of thoughtful portfolio management as we transition into 2021, as described below.

### GLOBAL DIVERSIFICATION

It is very difficult to predict which sectors, stocks, or countries will outperform under the Biden administration. Concentrated holdings create unnecessary risks that increase volatility and reduce the consistency of returns. True global diversification means owning every investable security across the world which means owning up to 13,000 individual companies. Maintaining a globally diversified portfolio and staying disciplined during market volatility is the best way to efficiently capture returns wherever they occur over the next four years.

### TAX DIVERSIFICATION

Like investment risk, there are risks associated with the tax status of your assets. Potentially negative exposure to future tax changes can be mitigated by saving across multiple account types. The three main "tax buckets" are taxable accounts, pre-tax accounts (e.g., Traditional IRA/401(k)), and after-tax accounts (e.g., Roth IRA/Roth 401(k)). Having multiple account types as sources of funds creates the flexibility to customize retirement withdrawals each year. No one can predict future tax rates, so diversifying across a mix of taxable, tax-deferred, and tax-free assets is prudent prior to retirement.

Please contact your Hemington advisor if you have specific questions about your situation.

### CHARITABLE GIVING

The charitable deduction is one of the few remaining tax deductions, so maximizing the value of gifts can be a powerful planning tool to reduce taxable income. Taxpayers who itemize deductions can gift appreciated assets (held for more than a year) to the charity instead of cash. This approach enables the donor to receive both an income tax deduction and avoid paying capital gains tax on the sale of the asset. Charitable contributions can be further magnified by using a Donor Advised Fund to lump the deduction into a single tax year.

Additionally, taxpayers over age 70 ½ can distribute funds directly from their IRA to a charity without being taxed on the distribution (up to \$100,000 per year). Gifting directly from an IRA makes the most sense for taxpayers who must take Required Minimum Distributions (RMDs) and claim the standard deduction.

### TAX LOSS HARVESTING

Hemington looks on a daily basis for positions in clients' taxable accounts that may be at a loss. If the loss is significant, we actively trade to "harvest losses." These strategic sales produce taxable losses that offset future capital gains and/or up to \$3,000 of taxable income each year, saving money at tax time without timing the market or changing your portfolio's asset allocation and expected return.



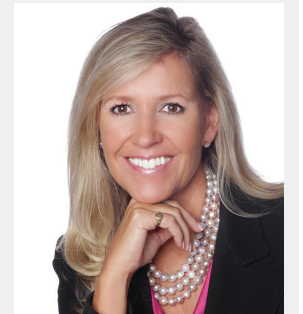
# WHAT'S NEW AT HEMINGTON?

## HEMINGTON'S VIRTUAL CLIENT EVENT: "THE ELECTION AND YOUR INVESTMENTS"

Hemington was delighted to host a virtual client event with Apollo Lupesco, PhD, VP with Dimensional Fund Advisors. With almost 100 attendees, **Eileen O'Connor** teed up clients' questions on the election and current events, and Apollo answered in his characteristic simple and straightforward manner. The main message: don't let nervousness about the political landscape inform your investment decisions.

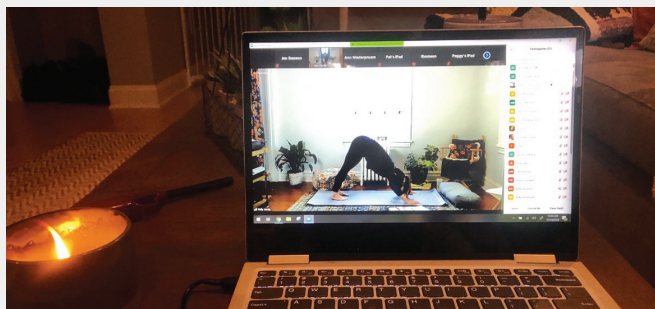
*"At Hemington, our job is to uncover the financial planning opportunities whenever rules change – in tax planning, estate planning, investing, or any other areas that may impact our clients."*

— Eileen O'Connor, CEO and Co-founder of Hemington Wealth Management



## WISDOM & WHIMSY VIRTUAL RETREAT

In a moment of time where many of us are missing connections and community, we were pleased to create space to support the women of Hemington. **Jen Dawson** led our at-home retreat which helped clients, team members, and friends build their meditation, journaling, and yoga practices via an exploration of the Six Capacities of authentic living. Thanks to those of you who courageously logged in and wholeheartedly participated in such engaging inter-generational conversations with our cohort of mindful women.



## OCTOBER SAVES GOALIE CHALLENGE DEFIES PANDEMIC!!!



**Travis Johnson** and the October Saves team successfully raised over \$400,000 during this year's Goalie Challenge – All Saves, One Goal Campaign. In their seventh season supporting breast and pediatric cancer research, October Saves called on ice hockey goalies to raise money through gathering pledges per save from their driveway, neighborhood rink, or favorite gaming device. This year a portion of the proceeds will provide financial support to patients who cannot work due to their compromised immune systems and risk of being exposed to the Coronavirus. Over the last ten years, Travis has helped raise over \$2 million for cancer research.

Hemington was a proud sponsor for the **Virginia Women Attorneys Association** event, "Finding Your Path to Professional Growth and Personal Joy," which raised \$1,120 for the Lorton Action Community Center. **Jen Dawson** moderated the panel discussion in which senior women lawyers shared their experiences and advice on managing the unique challenges that breadwinner women lawyers face.



## About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

### Hemington Wealth Management

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