



HEMINGTON UPDATES

NOVEMBER, 2018

'TIS THE GIVING SEASON!

Because of the recent tax law changes, the charitable deduction has now become more important than ever before. It is one of few itemized deductions to remain unchanged and can be used as a powerful planning tool for many taxpayers. Below are three tax planning strategies to help you maximize the effectiveness of your charitable donations.

Gifting Appreciated Assets: For taxpayers who itemize deductions, gifting appreciated assets (that are held for more than a year) instead of cash is often the most tax-efficient way to support charitable causes. Contributing appreciated assets allows the charity to receive the same economic benefit as a cash gift while enabling the donor to receive both an income tax deduction and avoid capital gains tax on the sale of the asset.

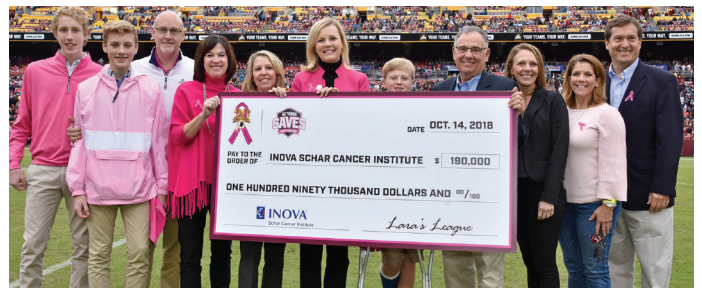
Qualified Charitable Distributions: Taxpayers over age 70 ½ can distribute funds directly from their IRA to charity without being taxed on the distribution. Qualified Charitable Distributions offset the account owner's Required Minimum Distribution (RMD) up to \$100,000 per year. Gifting directly from a traditional IRA makes the most sense for taxpayers who must take RMDs and will either claim the standard deduction or pay relatively low capital gains taxes.

Donor Advised Fund: Taxpayers who would otherwise claim the standard deduction can lump their charitable contributions into a single tax year by establishing a Donor Advised Fund. A Donor Advised Fund allows donors to gift cash or appreciated securities and receive a current year charitable deduction without having to immediately make any charitable grants. Assets held in a Donor Advised Fund can be invested across a variety of investment options and distributions can be processed in the future to any eligible charitable institution.

For some, it may make sense to have your accountant run tax projections to ensure you are not missing any charitable tax planning opportunities. **Please contact your Hemington advisor if you have specific questions about your situation.**

Charitable Strategy	Tax Benefits	Ideal Taxpayer
Gifting Appreciated Assets	<ul style="list-style-type: none"> » Income tax deduction » Avoids capital gains tax 	<ul style="list-style-type: none"> » Itemizes deductions » Pays capital gains taxes
Qualified Charitable Distributions	<ul style="list-style-type: none"> » Does not increase income » Offsets Required Minimum Distributions (RMDs) 	<ul style="list-style-type: none"> » Must take RMDs » Claims the standard deduction or » Pays no capital gains taxes
Donor Advised Fund	<ul style="list-style-type: none"> » Immediate deduction » Distributions processed in the future 	<ul style="list-style-type: none"> » Would otherwise claim the standard deduction » Under age 70 ½ or Projected to pay lower future tax rates

Hemington is Proud to Give Back to Our Communities



Hemington's Director of Financial Planning, Travis Johnson (5th from left), has helped raise over \$1M for cancer research in the past seven years with October Saves Goalie Challenge.



The Hemington team volunteered at Children's National Hospital for our Annual Charity Day on October 5, 2018.



BEHIND THE SCENES

Recent stock market turbulence has made headlines. If you have been a client of Hemington for some time, you know by now that the best thing for you to do during a market downturn is... nothing. Taking action in response to short-term market conditions may feel good in the moment, but this is almost never a good choice for a long-term investor. While we recommend that you keep a steady course, we are working on your behalf behind the scenes to improve your financial outcome.

- » **Laying a strong foundation.** The Hemington team prides itself on the extensive advanced financial planning we do for our clients. We develop deep understanding of your unique financial circumstances, needs, and risk tolerance, and then invest with an appropriate asset allocation – that is, how much of your portfolio is in stocks and bonds. Unless your financial situation has changed, there is rarely a reason to adjust your asset allocation.
- » **Conservative return assumptions.** We use conservative assumptions for your long-term retirement projections and incorporate expected negative return years.
- » **Rebalancing.** Hemington rebalances client portfolios on a regular basis to ensure that we are buying more assets that have decreased in value (and are on sale) and fewer assets that have increased in value (and are more expensive). It's another way to say we buy low and sell high.
- » **Tax loss harvesting.** Hemington actively trades to “harvest losses” in many non-retirement accounts. These strategic sales of holdings at a loss produce taxable losses that offset future capital gains and/or up to \$3,000 of taxable income each year, saving you money at tax time without timing the market or changing your portfolio's asset allocation.
- » **Ongoing advice.** In addition to regular check ins, we are here to help keep you on course through the good markets and down markets. We provide advice, feedback and guidance about financial decisions (and beyond) that incorporate all aspects of your big-picture plan, to give you peace of mind no matter the current market.

WHAT'S NEW AT HEMINGTON?



Amy Mitchell, CFA, joins the Hemington team

Hemington is delighted to welcome Amy Mitchell! Amy brings decades of experience and a diverse financial background to the team and serves clients in both the Virginia and Chicago offices.

Amy is a Chartered Financial Analyst® charterholder, one of the most prestigious designations in the financial industry. Fewer than 20% of the candidates who begin the 3-level exam program receive the CFA charter.

Outside of work, Amy enjoys spending time with her husband and three children, playing games and enjoying the great outdoors.



Eileen O'Connor recently received the Women's Choice Award® for Financial Advisors, the premier recognition for advisors who provide quality service to clients who are women. Eileen was selected for this award based on rigorous research, 17 objective criteria and additional points of reference including evaluating clients' customer service experience, knowledge and overall satisfaction. Women's Choice Award® Financial Advisors and Firms represent less than 1% of financial advisors in the United States.



Jen Dawson was recognized as a four-time winner of the Five Star Wealth Manager Award, as featured by Chicago Magazine.

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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