IT'S ASCENTIAL TO KNOW

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ASCENTIAL WEALTH ADVISORS

DOCUMENT RETENTION:

What Should I Do With All of My Old Account Documents?

Tax time is a great opportunity to also get your documents organized, determining what to keep from the previous year and what can be shredded or recycled. If you still receive paper documents for your investments, the volume can be overwhelming at times. Here are some tips for sorting through it.

STATEMENTS- Keeping all of your monthly statements is typically not necessary, especially with the easy access technology offers. In most circumstances, statements could be shredded after you have reviewed them. Some people will keep monthly statements throughout the year until year-end, but then retain the year-end statement only and shred the rest. Accessing historical statements is easy, with monthly statements archived by Raymond James going back up to 14 years. If you have online access, you can view historical statements on the "Documents" tab, which also dates back 14 years or since the inception date for your account(s), whichever is longer. If you don't have online access, and ever need a historical statement, we would be happy to provide a copy to you.

TIP: Keep only as needed- historical statements are available for up to 14 years online or by calling us!

TRADE CONFIRMATIONS- Trade confirmations are a notification that a transaction has occurred in your account. Once you have reviewed a trade confirmation, it does not need to be retained, and can be shredded. Raymond James retains trade confirmations for 6 years, and these can also be accessed via your online access if desired. Prior to digitalized recordkeeping, many people retained trade confirmations as evidence of the cost basis for securities, but now this information is automatically added to your account. If you have very old trade confirmations for securities you still own (i.e., prior to the securities being held at Raymond James), make sure the cost basis for those securities is in our system before destroying old trade confirmations.

TIP: Review and shred- only retain for old securities without cost basis until updated.

TAX REPORTS- Most people retain tax documents such as 1099s with their historical tax returns. The recommended retention timeline for tax returns is 6 years, which is the current statute of limitations for an Internal Revenue Service audit. Raymond James retains tax documents for 14 years, well past the recommended retention timeline for tax returns. Historical tax documents are available under the "Documents" tab and then "Tax Reporting" in client access, or by contacting us if you do not have online access.

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TIP: Retain with tax returns based on IRS guidelines.

CORRESPONDENCE- This category encompasses a variety of account notifications sent by Raymond James. One example is the “Account Information Verification” notices which are mailed periodically to recap the personal client information Raymond James has on file. Generally speaking, notices such as these should be reviewed and if there are no changes needed and you have no questions, they can be shredded. There is no need to retain these documents. They are also archived with Raymond James for 6 years and available in the “Documents” section under “Other Correspondence.”

TIP: Review for questions or updates and shred.

SHAREHOLDER COMMUNICATIONS-
Documents such as prospectuses, annual reports, and proxies are required to be sent to all shareholders. They are updated periodically per regulations and there is not a need to retain them. Historical documents are available in Raymond James online access, and the most current version of this information is always available online at each investment’s website. This is the most common category that our clients choose to receive electronically, especially because of the volume of paper it generates.

TIP: Review and recycle- consider electronic delivery if you want to reduce paper.

Any and all of the document categories above can be changed to electronic delivery if desired. If you are interested in reducing paper, please let us know and we can discuss what might work best for your unique situation. It is still important to know what is going on with your accounts, so we will help to figure out the right solution for you!

ESG INVESTING

If you watch the news or browse an investment related website you have likely seen the term ESG Investing. The acronym “ESG” stands for Environmental, Social, and Governance standards. In its simplest form, ESG investors apply non-traditional standards when evaluating an investment opportunity.

Each of the ESG standards breaks out specific criteria by which companies are evaluated. These criteria address specific risks and issues facing a company and their industry. Companies are rated based on the degree to which these issues impact them, how management responds to these risks, and how they compare to their peers. Companies are scored in all categories and rated relative to their peers within their industry. The ESG standards include:

ENVIRONMENTAL STANDARDS: The Environmental Standard focuses on the impact a company has on the natural world and how it addresses these risks and opportunities. Some of the criteria within the Environmental Standards includes Carbon Emissions, Raw Materials Sourcing, Packaging Materials and Waste, and Water Stress.

A coalition of the world’s largest financial institutions collectively have $130 trillion of capital to use towards net zero emissions investments… that’s a lot of dough!
(New York Times)

SOCIAL STANDARDS: The Social Standard is the impact a company has on their community, customers, relationships, and employees. The social standard is the broadest category, it includes a range of issues including Privacy and Data Security, Community Relations, Human Capital Development, Product Safety and Quality, and Labor Management.

Happy customers, employees, business partners, and communities make for healthy companies!

GOVERNANCE STANDARDS: The Governance Standard reflects the impact of a company’s ethics, internal controls, leadership, and transparency with investors and stakeholders. The governance standard reflects how well a company is ran. The standard has a range of criteria including Board Structure, Executive Compensation, Accounting Practices, Business Ethics, Corporate Governance Practices, and Tax Transparency.

Remember Enron? They had terrible business ethics and accounting practices which led to their demise.

As you can imagine, it’s not uncommon for a company to score well in one area and poorly in another. Having information on how a company scores in each category allows investors to make decisions whether to own or not own certain companies. ESG ratings provide information that investors can use to express their personal values through their investment choices.

Often ESG standards are confused with specific investment strategies such as Sustainable Investing, Socially Responsible Investing, or Green Investing. All of these strategies may rely on data from the ESG ratings but are separate and unique in their approaches. ESG investing takes a broader view of companies and does not focus solely on single issues such as climate change or socially responsible investing.

If ESG investing doesn’t focus on a general theme, then why does it matter? From the standpoint of investment management, “Companies that fail to manage ESG risks have historically experienced higher costs of capital, more volatility, and accounting irregularities” (MSCI). Further, “ESG ratings helps investors identify companies that are leading or lagging within their industry, which may flag opportunities or risks not captured by conventional financial analysis.” (MSCI).

ESG standards are becoming more integrated into many investment managers’ processes, with this data offering additional, potentially valuable criteria to help guide decisions. With more investors also interested in reflecting these standards in their portfolios, we expect this to become more common across the investment industry in the future.

To view ESG Industry Criteria, visit bit.ly/3HNlaef

NEW FINANCIAL AID RULES BENEFIT GRANDPARENT-OWNED 529s

Parents and grandparents of young children will often consider opening a 529 account to save for their future college expenses. These accounts offer many great tax incentives but can have some disadvantages when filling out the Free Application for Federal Student Aid (FAFSA). The Consolidated Appropriations Act of 2021 included an update to how needs-based financial aid is calculated. One of the major changes is to grandparent-owned 529 accounts.

Currently, if a grandparent contributes to a grandparent-owned 529 account, the asset would not be included in the child’s or parent’s FAFSA calculation. However, qualified distributions from a grandparent-owned 529 account would show as income to the student. As you can see in the FAFSA calculation below, up to 50% of the student’s income would be added to their expected contribution, in turn lowering their financial need and effectively reducing potential financial aid. Upcoming changes for the 2024-2025 academic year will no longer require a student to disclose these proceeds as income. FAFSA income is based off prior-prior year income, meaning 2022 is the actual year or “base year” these rules take effect.

Grandparents can now give the gift of education without worrying about any impacts on needs-based financial aid. This change, coupled with the tax and estate benefits of 529 plans provide for increased savings opportunities. Please reach out to our office if you would like any further information.

The Financial Aid Formula	Expected Family Contribution			
	Parents		Student	
School’s cost of attendance - Expected family contribution = Financial need	**Income**	22% - 47% of available income	50% of adjusted gross income over $6,840	
	Assets	0% to 5.64% of assets • Mutual funds • Securities • Bank accounts, CDs • 529 Plans	20% of assets held in student’s name • UGMA/UTMA accounts not held in a 529 plan • Minor trusts not held in 529 plan • Savings bonds • Any other savings	

Raymond James – The Financial Aid Formula, 21-GWS-0781AB 8/21

2022 CONTRIBUTION LIMITS

Retirement Contribution Limits		
	2021	2022
IRA/Roth IRA	$6,000	$6,000
Over 50 Catch-Up	$1,000	$1,000
SIMPLE IRA	$13,500	$14,000
Over 50 Catch-Up	$3,000	$3,000
401(k)	$19,500	$20,500
Over 50 Catch-Up	$6,500	$6,500

Health Savings Plan Contributions		
	2021	2022
Individual	$3,600	$3,650
Family	$7,200	$7,300
Over 55 Catch-up	$1,000	$1,000
Min. Annual Deductible		
Individual	$1,400	$1,400
Family	$2,800	$2,800
Max. Out-of-Pocket		
Individual	$7,000	$7,050
Family	$14,000	$14,100

GET THERE FROM HERE

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