MP McShane Partners

November 2021 Insights

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

After having returned **+5.49%** through the first two months of the third quarter of 2021 (“3Q21”), the S&P 500® Index suffered its first near-term peak-to-trough pullback *in excess of* **-5.0%** in over **±220 trading days** during the final twenty trading days of the quarter, declining **-5.06%** from the record highs hit in early-September and ending the month down **-4.76%**: its first monthly decline since January 2021. This short-term cyclical sell-off was precipitated by the convergence of negative headline risks exposing the vulnerability of *pro-cyclical*, *recovery-related risk assets* at a particularly precarious point in the business and market cycles. Investor sentiment and broader confidence in the ongoing economic recovery noticeably deteriorated into quarter-end, as media pundits and market commentators incessantly expounded on the foreboding repercussions of *escalating political discord* (e.g., the debt ceiling stalemate), corroborating indications of *rising inflationary pressures*, and investment implications of an *alarmingly sharp backup in U.S. Treasury bond yields*.

Despite this dramatic dénouement, the S&P 500® Index managed to eke out a positive net return of **+0.58%** for 3Q21, benefiting from *outsized positive contribution* from the S&P 500® Growth Index (“Growth”), which returned **+1.87%** during 3Q21 and more than offset the *decremental impact* of the **-0.85%** return in the S&P 500® Value Index (“Value”). The momentum sustaining sector-/industry-level reflationary trades in Materials and recovery-related trades in economically sensitive Industrials stalled meaningfully in 3Q21, weighing on the relative performance of Value vs. Growth

Continued on next page

Wealth Advisory Overview

Tax Implications of Selling Your Home

Home Sales were off the charts in 2021! With record prices and low inventory, many people decided to sell their homes to lock in those big gains. Unfortunately, the gain on the sale of your home may be subject to income tax. The amount of gain realized has almost nothing to do with the amount of cash you receive at closing. Your gain is determined by subtracting your tax basis in the home from your net proceeds. The following is a non-exhaustive discussion of certain tax issues related to home sales.

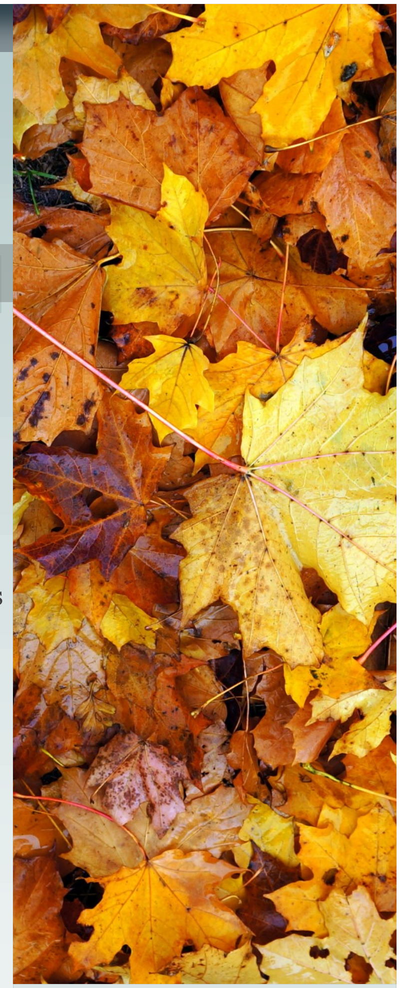
Net Proceeds

Your net proceeds are the sales price less expenses incurred in making the sale. The sales price is all money received through any means. Remember that this includes cash sent directly to your lender to pay off any mortgages on the property. If the buyer paid expenses on your behalf, you must include those items as proceeds. Your selling expenses will typically include sales commissions to real estate agents, any advertising fees, legal fees, and any other direct costs to sell your home.

Tax Basis

Your tax basis includes the costs associated with the purchase and improvement of your home while you own it. The direct costs of purchasing your home increase your basis, including transfer taxes, recording fees, legal fees, owner’s title insurance, and surveys.

Continued on page 5



Investment Team

Daniele Donahoe, CFA
CEO | Chief Investment Officer
Elliott Van Ness, CFA
Director of Research | Portfolio Manager
Abby Williams
Investment Associate

Wealth Advisory Team

Sandy Carlson, CFP®, CPA, CDFA®
President | Wealth Advisor
Rebecca Hoover, CFP®, CPA, CDFA®
Director of Tax | Wealth Advisor
Lorri Tomlin, FPQP™
Wealth Advisor
Ryan Vaudrin, CFP®,
Wealth Advisor
Daniel Hudspeth, CFP®
Wealth Associate
Corey Meyer
Wealth Associate

Points of Interest

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

throughout the quarter, as well as those investment strategies that quickly rotated into those sectors, industries, and individual stocks attracting outsized inflows over the past ±12-18 months, as can be seen in Table I, below. For example, the Invesco S&P 500® High-Dividend Low-Volatility ETF ("SPHD") lagged meaningfully in 3Q21 after outperforming year-to-date ("YTD") throughout most of 2021, primarily due to reversals in sector-level trends and

Continued on next page

Table I: MP Core Contrarian Strategy - Peer Group Comparison & Performance Analysis
USD Total Return - Data as of September 30th 2021

Name/Description	Symbol/ Ticker	2020	1Q21	2Q21	3Q21	2021 YTD
MP Core Contrarian Equity Portfolio Strategy*		**17.29%**	**6.86%**	**5.75%**	**0.79%**	**13.92%**
S&P 500® Index	SP50	18.40%	6.17%	8.55%	0.58%	15.92%
S&P 500® Value Index	SVXK	1.36%	10.77%	4.99%	**-0.85%**	15.31%
S&P 500® Growth Index	SGX	33.47%	2.12%	11.93%	1.87%	16.44%
S&P 500® Dividend Aristocrats Index	SP50DIV	8.68%	8.50%	5.80%	**-1.77%**	12.77%
Invesco S&P 500 High Dividend Low Volatility ETF	SPHD	**-10.47%**	**15.24%**	3.67%	**-3.13%**	**15.74%**
Invesco S&P 500 Quality ETF	SPHQ	**16.94%**	5.61%	**9.95%**	0.25%	**16.38%**
FlexShares US Quality Large Cap Index Fund	QLC	13.29%	6.18%	**9.13%**	0.39%	**16.30%**
iShares Core S&P 500 ETF	IVV	**17.96%**	6.32%	**8.38%**	**0.60%**	**15.89%**
iShares MSCI USA Quality Factor ETF	QUAL	**16.66%**	5.26%	**9.42%**	**-0.54%**	14.51%
Parnassus Core Equity Fund-Investor Shares	PRBLX	**20.77%**	**7.13%**	7.39%	0.12%	**15.18%**
ProShares S&P 500 Dividend Aristocrats ETF	NOBL	7.93%	**8.46%**	5.57%	**-1.86%**	12.36%
AMG Yacktman Fund - Class I	YACKX	15.04%	**8.84%**	4.80%	**-0.54%**	13.45%
iShares Core Dividend Growth ETF	DGRO	8.98%	**8.28%**	4.87%	0.26%	13.82%
MFS Low Volatility Equity Fund Cl A	MLVAX	11.15%	3.12%	**8.95%**	**2.19%**	14.79%
SPDR SSGA US Large Cap Low Volatility ETF	LGLV	7.11%	5.09%	6.71%	**0.60%**	12.77%
WisdomTree US Quality Dividend Growth ETF	DGRW	13.48%	6.42%	4.87%	**-0.90%**	10.58%
FlexShares US Quality Low Volatility Index ETF	QLV	9.43%	2.95%	7.84%	**1.11%**	12.22%
Vanguard Dividend Appreciation ETF	VIG	15.09%	4.55%	5.70%	**-0.32%**	10.14%
FMI Large Cap Fund Investor Class	FMIHX	10.09%	6.05%	4.11%	**-2.65%**	7.49%
BMO Low Volatility Equity Fund Class A	BLVAX	**-2.14%**	4.06%	5.52%	**-0.08%**	9.70%
Invesco S&P 500 Low Volatility ETF	SPLV	**-1.57%**	3.84%	5.17%	0.31%	9.52%
iShares MSCI USA Min Vol Factor ETF	USMV	5.35%	2.33%	6.70%	0.24%	9.42%
Fidelity U.S. Low Volatility Equity Fund	FULVX	3.81%	2.14%	6.62%	**-1.11%**	7.70%

* *For Additional Information, Please Refer to* Disclosures: The McShane Partners Core Contrarian Equity Portfolio Strategy

Source: McShane Partners - Envestnet | Tamarac, Inc. & FactSet Research Systems, Inc.

Monthly Index Review
USD Total Return

Data as of October 31st 2021	October 2021	2021 YTD	2020	2019
S&P 500® Index	+7.01%	**+24.04%**	+18.40%	**+31.49%**
Dow Jones Industrial Average	+5.93%	+18.77%	+9.72%	+25.34%
NASDAQ Composite	**+7.94%**	**+23.68%**	**+44.92%**	**+36.69%**
Russell 2000	+4.26%	+17.19%	**+19.96%**	+25.52%
MSCI Emerging Markets	**+0.99%**	-0.27%	+18.69%	+18.88%
MSCI EAFE	+2.46%	+11.01%	+8.28%	+22.66%
Bloomberg Barclays U.S. Aggregate Bond Index	-0.03%	-1.58%	+7.51%	+8.72%

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

shifts in momentum away from profitable trends/themes, which has also contributed to *above-average* levels of turnover in SPHD's top stock holdings/positions.

"I'm always thinking about losing money as opposed to making money. Don't focus on making money, focus on protecting what you have."

- Paul Tudor Jones

Portfolio Overview | Performance Review

The McShane Partners Core Contrarian Equity Portfolio Strategy ("the Strategy") outperformed the broader S&P 500® Index in 3Q21, returning **+0.79%** vs. the aforementioned **+0.58%**, and benefiting from the Strategy's overweight positioning in top-performing sectors throughout the quarter: Utilities (**+1.78%**) and Information Technology (**+1.34%**), which represented **±5.0%** and **±32.6%** of Strategy assets under management ("AUM"), respectively, as of quarter-end. The Strategy's Utilities' holdings were comprised of a single dedicated, long-term position in shares of American Water Works, Inc. ("AWK"), which returned **+10.09%** in 3Q21 and remains a high-conviction holding/position within the Strategy and across client investment portfolios.*

The *largest positive contributors* to portfolio-level performance on an *absolute basis* in 3Q21 were long-term positions in shares of Alphabet, Inc. Class A ("GOOGL"), Nucor Corp. ("NUE"), and Pfizer, Inc. ("PFE"), which returned **+9.53%**, **+3.50%**, and **+10.78%**, respectively, for the quarter and helped to offset *relative underperformance* in names such as Activision Blizzard, Inc. ("ATVI") and Daktronics, Inc. ("DAKT"), which corrected **-18.94%** and **-17.54%**, respectively, in 3Q21.* The Investment Team remains confident in the diverse positioning and sector-level exposures, but continues to evaluate risk-return potential across our opportunity sets to ensure prudent, high-conviction stock selection within the Strategy.

Table II: S&P 500® Index Sector Heat Map
USD Total Return - Data as of September 30th 2021

Sector-Level Index	2019	2020	1Q21	2Q21	3Q21	2021 YTD
Defensives						
Utilities	+26.35%	+0.48%	+2.80%	**-0.41%**	**+1.78%**	**+4.20%**
Communication Services	**+32.69%**	**+23.61%**	+8.08%	+10.72%	+1.60%	+21.59%
Health Care	**+20.82%**	+13.45%	+3.18%	+8.40%	+1.43%	+13.45%
Consumer Staples	+27.61%	+10.75%	**+1.15%**	**+3.83%**	-0.31%	**+4.69%**
Near Cyclicals						
Energy	**+11.81%**	**-33.68%**	**+30.85%**	+11.30%	-1.66%	**+43.22%**
Financials	**+32.13%**	**-1.69%**	**+15.99%**	+8.36%	**+2.74%**	**+29.14%**
Real Estate	+29.01%	**-2.17%**	+9.02%	**+13.09%**	+0.88%	+24.38%
Cyclicals						
Information Technology	**+50.29%**	**+43.89%**	**+1.97%**	**+11.56%**	+1.34%	+15.29%
Consumer Discretionary	+27.94%	**+33.30%**	+3.11%	+6.95%	+0.01%	+10.28%
Industrials	+29.37%	+11.06%	+11.41%	+4.48%	**-4.23%**	+11.48%
Materials	**+24.58%**	+20.73%	+9.08%	+4.97%	**-3.51%**	+10.49%
S&P 500® Index	**+31.49%**	**+18.40%**	**+6.17%**	**+8.55%**	**+0.58%**	**+15.92%**

Source: McShane Partners - FactSet Research Systems, Inc.

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

* *In accordance with Rule 206(4)-1(a)(2) of the Investment Adviser Act of 1940 (the "Advisers Act"), upon request by an individual or interested party, McShane Partners (the "Adviser") will make available a list of applicable discretionary investment recommendations made by the Adviser with respect to the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy") over the corresponding trailing 12-month period ended September 30th 2021.*

Disclosures: The McShane Partners Core Contrarian Equity Portfolio Strategy

Performance data for the McShane Partners Core Contrarian Equity Portfolio Strategy reflect aggregated, asset-weighted returns of underlying account-level performance and is unaudited.

Strategy Limitations The Investment Strategy (the "Strategy") performance shown reflects the asset-weighted performance of actual performance data and time-weighted returns for representative Investment Portfolios (the "Portfolios") over the respective time frames in accordance with the objectives of the McShane Partners Core Contrarian Equity Portfolio Strategy (the "MP Core Contrarian Strategy") managed by McShane Partners (the "Adviser"). While the performance of the Strategy is believed to have been calculated reliably and accurately, the Strategy performance data and returns have not been audited, and, as such, the results are subject to limitations inherent in the use of historical performance reporting and returns.

Fees & Expenses Strategy performance results shown are presented net of applicable management fees of and assumes the reinvestment of dividends and all other income. Because some investors may have different fee arrangements, and, depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

Net Strategy performance is presented gross of custodial fees but net of investment management fees and transaction costs. Net performance is calculated by using the actual fees charged to each Investment Portfolio throughout the Strategy for the performance period. Returns include the reinvestment of dividends and other earnings. Prospective investors should expect their rates of return to be reduced by investment management fees, along with other expenses incurred in the management of the account, which are fully described in the McShane Partners' Brochure (Form ADV Part 2A). Because some investors may have different fee arrangements and, depending on the timing of a specific investment, net performance for an individual investor may vary from the net performance as stated herein.

Other Information Past performance is not necessarily indicative of future results. All investments are subject to risk, and investing in accordance with the strategy, like all investments, may lose money. The performance shown is representative of investment strategies and styles used by the Adviser and such style may not be suitable for each potential investor. The Strategy is representative of an investment strategy and style used by the Adviser and such style may not be suitable for each potential investor. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be considered as an offer to buy or sell any financial instruments. Additional information regarding policies for calculating and reporting returns is available upon request.

Everything discussed in this presentation represents the opinions of McShane Partners and should not be construed as a suggestion to buy or sell any specific investment. Information provided in this presentation should not be considered or interpreted as advice for your particular financial situation. Please consult a financial professional before making any investment decisions to ensure they are appropriate or for advice regarding your specific financial needs.

All information contained is believed to be from reliable sources, but we make no representation as to its completeness or accuracy. All economic and performance data is historical and not indicative of future results. Past performance does not guarantee future returns. Circular 230 Notice: To comply with requirements imposed by the U.S. Treasury Department, any information regarding any U.S. Federal tax matters contained in this communication is not intended or written to be used, and cannot be used, as advice for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein

McShane Partners maintains strict confidentiality policies and have in place procedural, electronic, and physical safeguards to protect your personal, private information. We collect certain information about you and your financial situation, including names, addresses, social security numbers, assets, income, cash flow and investment objectives. In the course of our service to you, we also track transactions, basis, use of accounts and products preferred. We share client information that is necessary to effect, administer, document or enforce a transaction as you have directed or authorized us to do so. We do not disclose any information with any person or firm for marketing purposes.

This disclosure is made pursuant to the Gramm-Leach-Bliley Act and Regulation S-P (Privacy of Consumer Financial Information), as issued by the U.S. Securities & Exchange Commission. It is important to note that the relationship you have with the custodian where your assets are held is independent of that with McShane Partners. Each custodian has its own privacy disclosures and policies, as distributed to clients.

McShane Partners is a Registered Investment Advisor.

Information Regarding Benchmarks & Indexes

Information about indexes is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indexes. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indexes may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indexes.

Benchmark & Index Definitions The following benchmark and index definitions used by the Adviser for the Strategy have been sourced directly from the respective index provider's website, and the data are considered to be widely-known, publicly-available information.

Return Methodology S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices: Gross Total Return ("TR") versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.

S&P 500® Index

The S&P 500® Index ("S&P 500®") is widely regarded as the best single gauge of large-cap U.S. equities. There is over $11.2 trillion indexed or benchmarked to the index, with indexed assets comprising approximately $4.6 trillion of this total. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

S&P 500® Value Index | S&P 500® Growth Index

The S&P U.S. Style Indices measure the performance of U.S. equities fully or partially categorized as either growth or value stocks, as determined by Style Scores for each security. The Style series is weighted by float-adjusted market capitalization ("FMC"). The Style index series divides the complete market capitalization of each parent index approximately equally into growth and value indices based on three factors each used to measure growth and value.

S&P 500® Dividend Aristocrats Index

The S&P 500® Dividend Aristocrats Index measures the performance of S&P 500® companies that have increased dividends every year for the last 25 consecutive years. The Index treats each constituent as a distinct investment opportunity without regard to its size by equally weighting each company.

Wealth Advisory Overview

Tax Implications of Selling Your Home

You may also increase your basis for costs owed by the seller that you paid. These are less common, but costs might include real estate taxes owed through the day before the sale, back interest owed by the seller, charges for improvements or repairs that are the seller's responsibility, and any sales commissions you paid to the seller's real estate agent. You cannot include charges related to obtaining a mortgage.

If you had a house built, the basis includes the cost of the land plus the costs to complete the house, including all labor and materials, amounts paid to contractors, architect fees, building permits, utility connection charges, and legal fees directly connected with the home build. You cannot include any amount for your own labor or for unpaid labor (i.e., family member or friend who assists in the build).

Improvements add to basis if they substantially prolong the life or improve the value of your home. Additions to your home, including rooms, garages, porches, or decks will increase your basis. Permanent improvements to the lawn and grounds like hardscape, swimming pools, sprinkler systems, or driveways should also be included. Exterior items like a new roof or storm windows, as well as improvements to interior systems like new or enhanced insulation, pipes and duct work, central vacuum, wiring, or plumbing systems also qualify. Kitchen and bathroom updates can qualify, including built in appliances, flooring, etc. If you have lived in your home for a long time, make sure to remove the cost of items that are no longer part of the home. The new tile that you just put in replaces the cost of the tile you may have added 10 years ago.

The general rule is that costs for repairs or maintenance that are necessary to keep your home in good condition but don't add to its value or prolong its life are not added to basis. Maintenance costs would include painting, fixing leaks, repairing, or improvements with a life expectancy of less than a year. An exception to this rule would be for repair due to a casualty where your home is damaged. The cost of restoring the home to its pre-casualty condition is added to basis unless the amounts were paid for by insurance.

Reductions to basis include energy credits and subsidies if you included the cost of the project in your basis. You are also required to reduce the basis if you previously deducted depreciation expenses for the use of your home for business or rental purposes. Remember those really old rules where you would roll the gain on a home sale into a new property? If you used that provision to "postpone" gain recognition before May 7, 1997, you must reduce the basis in your home by the postponed gain.

When you receive a home as part of your property settlement in a divorce, your basis will be your half of the basis plus your ex-spouse's half of the basis. Generally, these will be the same, but not always. Unfortunately, you do not get the higher exemption for married couples if you sell the home in a year in which you are not married on the last day of the year.

Gain or Loss

If you have a gain (net proceeds minus tax basis is greater than zero) you must determine how much of the gain is taxable. There is no deduction for a loss on the sale of a home. The gain on a home sale is excluded from tax up to $250,000 ($500,000 for a married couple filing jointly) if you qualify for the exclusion. Any amounts in excess of the exclusion are subject to tax as a capital gain. Long term gains (on property held for longer than a year) are currently taxed at 0%, 15%, or a maximum of 20%, depending on your total taxable income. Short term capital gains are taxed at ordinary income rates. The following requirements must be met to qualify for the exclusion amounts above:

- You did not acquire the property through a like-kind exchange in the past 5 years.
- You aren't subject to the expatriate tax.
- You owned the home for 2 of the last 5 years and lived in the home for 2 of the last 5 years leading up to the date of the sale (1 if you become disabled). There are additional exceptions to this rule.
- For the 2 years before the date of the current sale, you did not sell another home on which you claimed the exclusion.

The sale of one of the largest single investments most people own can create a significant tax burden. As you can see, the information needed to calculate the gain on a home covers your entire period of ownership, which can be quite a long time. If you are a homeowner, make sure to retain documentation related to the purchase and improvements on your home. It may save you time and money in the future when you decide to sell.

Finance Corner: 2022 Contribution Limits

Sandy Carlson
CFP®, CPA, CDFA®
President & Partner | Wealth Advisor

Product	Maximum Annual Contribution Limit
Traditional IRA & Roth IRA	$6,000, plus $1,000 catch-up if 50 or older (Limit is for the total contributions to **all** traditional or Roth IRAs)
Traditional 401(k) & 403(b)	$20,500, plus $6,500 catch-up if 50 or older
Roth 401(k) & 403(b)	$20,500, plus $6,500 catch-up if 50 or older
HSA Contribution Limit	$3,650 Single; $7,300 Joint
HSA, age 55 catch-up	$1,000

The annual IRS contribution limits are increased periodically due to inflation, but they are not increased every year. In addition, the maximum contribution to a Roth IRA and the maximum deductible contribution to a traditional IRA may be reduced depending upon your income.

Senior Planning: The Will vs. Trusts

Lorri Tomlin, FPQP™
Partner | Wealth Advisor

Last month we reviewed the basic differences between a Will and designated beneficiaries, two estate planning tools used to distribute assets at death. Trusts are another option that can be used in your estate plan and like a Will, a trust can express your wishes regarding the distribution of property to family, friends, and charities.

Like assets that have designated beneficiaries, assets held in trust do not go through probate and therefore, are not subject to public record. Trusts allow you to control and distribute your assets during your lifetime, not just at your death. It is typical for individuals to have both a Will and a Trust. The Will names your executor and utilizes a pour-over provision to pick up any assets not already in your trust and deposit them within the trust for distribution to your heirs.

Trust assets do not go through probate because a trust is a separate entity. If a revocable trust is established and funded during one's lifetime, this trust is not considered a separate taxable entity for income tax purposes. A trust becomes active at the time it is created and assets can be distributed prior to your death. A Will does not become active until your death and only transfers assets at that time.

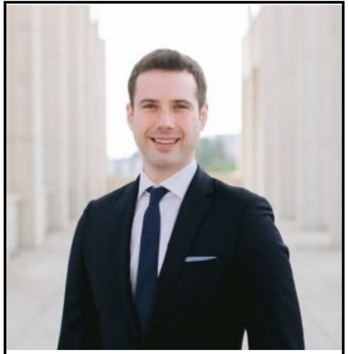
What happens if the provisions of a Will and a trust contradict each other? Because a trust becomes active at the time it is created, which is before the Will takes effect at death, the trust takes precedence. This also makes a trust more difficult to dispute or challenge than a Will.

Once a trust is created, it is very important to have your assets titled to the name of your trust. If you fail to place your assets (such as bank accounts, brokerage accounts, Certificates of Deposit, and real estate) in the trust, these assets remain outside the trust and the trust will be useless at the time of your death because it will be empty.

Setting up a trust can be more expensive than a Will, however it can prove to be less expensive in the long run by avoiding the time and expense of probate. Additionally, a trust is usually easier to administer than a Will.

Wills, designated beneficiaries, and trusts are some of the many ways to control how your estate assets will be distributed at your death. It is important to understand how each of these estate planning tools work, both as independent documents and in tandem with each other. At McShane Partners we help our clients review their estate planning documents to make sure their wishes are expressed accurately and consistently.

NextGen: Unique Ways to Save—Backdoor Roth IRA Conversions



Ryan Vaudrin, CFP®
Wealth Advisor

As a continuation of the unique ways to save series, let's look at back door Roth IRA conversions. A backdoor Roth IRA account is not a special type of account; it is a strategy that can allow high income earners to contribute to a Roth IRA.

The backdoor Roth IRA account can often be misunderstood and viewed as a loophole for high income earners. However, a backdoor Roth conversion does not escape taxation because individuals still pay income tax on their contributions. This strategy offers the opportunity to save for retirement within a tax-free retirement account.

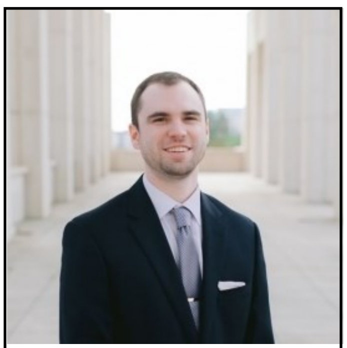
How it works: A backdoor Roth IRA contribution is technically a Roth IRA conversion. Due to income limits for Roth IRA contributions, an individual who employs this strategy is not eligible to contribute directly to a Roth IRA. First, a non-deductible IRA contribution must be made. This is also known as an after-tax contribution. After the non-deductible (after-tax) contribution is made to a traditional IRA account, the funds can be converted into a Roth IRA account where they will grow tax free.

This strategy can become complicated due to the Pro-Rata rule. The IRS views personal retirement accounts such as a Traditional IRA, SEP IRA, or Simple IRA as one large account. If an individual has a personal retirement account which has already been funded with pre-tax dollars and they make a non-deductible (after-tax) contribution, the IRS is unable to determine which funds have been taxed and which ones have not. Therefore, when the conversion is made the funds are distributed pro-rata or proportionally to the amount of pre-tax and post-tax funds.

For example, let's say that an individual has a current balance in their traditional IRA of $18,000 and they make a non-deductible contribution to their traditional IRA of $6,000 to complete a backdoor Roth Conversion. When the funds are converted from the Traditional IRA to the Roth IRA, $1,500 of the distribution will be tax free while $4,500 will be taxed as ordinary income. This tax treatment comes from the IRS's lack of ability to track which funds have been taxed and which funds have not.

Backdoor Roth IRA contributions can be a great way for high income earners to save additional funds tax-free. However, the pro-rata treatment by the IRS is something that is very important to understand and navigate. The McShane Partners team can help determine if this strategy is right for you in addition to other unique planning strategies.

NextGen: Young Couples & Life Insurance



Daniel Hudspeth, CFP®
Wealth Associate

As young adults transition from their early career years to more established roles, their goals and priorities may begin to shift as well. Whether that means purchasing a first home, getting married, or welcoming a child, protecting against unforeseen circumstances often takes a back seat. No one wants to consider their mortality, but accidents can disrupt even the most perfectly prepared plans.

Life insurance is one piece of the financial planning puzzle and can be custom tailored to fit almost any situation or budget. One major advantage for younger individuals who wish to obtain insurance is affordability. Generally, life insurance coverage is much cheaper for a young person versus an older one so acting early can provide additional savings. Once a policy is secured, the added protection can serve to mitigate the financial impact to a family if tragedy does strike.

Adequate life insurance coverage can serve to reduce added stress to an already hectic situation such as the loss of a spouse. Losing a spouse or loved one can be devastating emotionally, but also financially since approximately half of all households in the United States depend on two income sources. Without sufficient protection, a surviving spouse may be faced with the burden of funding existing liabilities alone. Alternatively, adequate protection could provide much needed funds during these trying times.

While we do not sell insurance products at McShane Partners, we can analyze each unique situation to determine individual needs and coverage amounts. Please feel free to reach out to a team member for more information regarding life insurance needs.

Around McShane Partners

Happy Halloween!

Managing Partner & Portfolio Manager Daniele Donahoe with her children.

Millie Hudspeth gets into the Haloween(ie) spirit.

Opera Bella Notte

Daniele Donahoe and husband Erik Rosenwood attended Belle Notte where McShane Partners was recognized for its inaugural sponsorship of the Pop Up Opera series which was a critical supplement for the Opera during the pressures created by Covid. McShane Partners continues to support the arts providing tickets to clients and additional sponsorship dollars.

McShane Partners

Wealth management is our only business; therefore, our attention is undivided, and our intentions are transparent.

338 S. Sharon Amity Road | #401
Charlotte, NC 28211
Phone: (980) 585-3390
Fax: (980) 265-1274
Email: mcshane@mcshanepartners.com