MP McShane Partners

August 2020 Insights

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

Quarterly Update & Strategy Review

While the accelerated bull-to-bear-to-bull equity market cycle endured over the past six months has kept us on our toes, it has also provided an opportunity to objectively assess several critical policies and procedures, core principles, and fundamental facets of the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy"), all of which have contributed positively to the Strategy's strong performance through the compressed correction-to-recovery cycle year-to-date ("YTD") through the end of the second quarter of 2020 ("2Q20"). When consistently applied, we believe the Strategy's focus on *reducing downside capture* through *effective cash allocation policies* and, more importantly, an emphasis on *active individual security selection* should *increase* the potential for *positive risk-adjusted returns* (i.e., *alpha*) over a full peak-to-trough market cycle. The Strategy's *contrarian overlay* is intended for long-term investors focused on *stable capital appreciation*, *lower volatility*, *lower internal turnover*, and *enhanced tax efficiency*.

Performance Dispersion & Comparative Analysis

Given the stark juxtaposition of financial market performance in 2Q20 vs. the first quarter of 2020 ("1Q20"), it is incrementally beneficial to analyze cumulative total returns YTD in 2020 through the end of 2Q20 (i.e., June 30th 2020) to highlight the net impact of relative performance and prevailing trends in both bull and bear equity markets. As can be seen in Table I on the following page, there has been significant performance dispersion across domestic equity markets and indexes through the first half of 2020 ("1H20"), with only U.S. large-cap growth equities having generated positive net total returns through the end of 2Q20 (i.e., June 30th 2020). The majority of this relative outperformance can be attributed to outsized positive *Continued on next page*

Wealth Advisory Overview

College Funding Issues in a Divorce

College costs continue to rise every year at a faster pace than inflation. The average cost of four years of in-state tuition, room, and board at a public institution currently costs close to $100,000.

We frequently see new clients who have underestimated the cost of funding a college education and are unprepared to pay these substantial expenses out of current cash flow. For divorced parties, the challenge can be even greater to coordinate who pays and how much.

Several states, such as North Carolina, consider college funding the student's obligation and will not require this expense to be addressed in a Consent Order for support. If you are in the process of divorce, addressing these issues in a legal setting might be easier than trying to agree with your ex-spouse or enforcing a non-binding agreement in the future.

The following is a non-exhaustive list of issues divorced or divorcing parties should consider for college funding:

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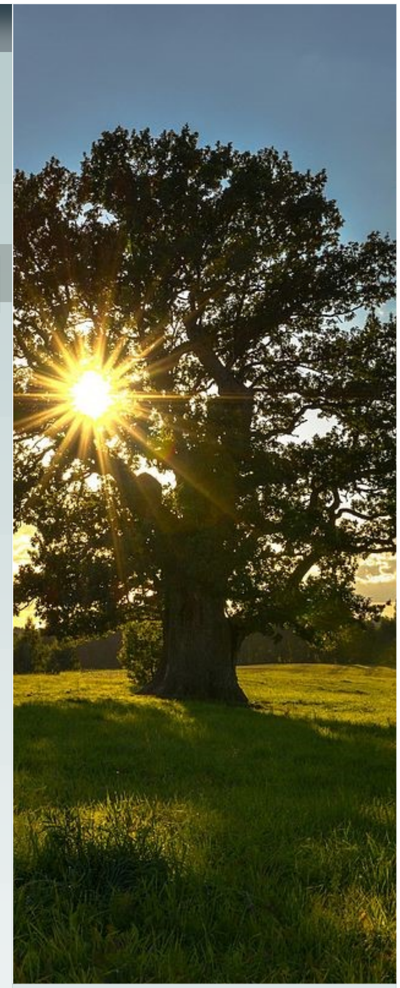

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Points of Interest

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The McShane Partners Core Contrarian Equity Portfolio Strategy

contribution from a handful of mega-cap stocks within the Information Technology and Consumer Discretionary sectors, including Apple, Inc. (“AAPL”), Microsoft Corp. (“MSFT”), and Amazon.com, Inc. (“AMZN”). As can be seen in the comparative performance analysis included in Table I, below, the S&P 500® Growth Index benefited from *higher* relative weightings in and positive contribution from the aforementioned names YTD through 2Q20, returning **+7.93%** vs. a comparable return of **-3.08%** for the broader S&P 500® Index (“S&P 500®”)

Table I also highlights the performance of the Strategy vs. a peer group of several popular, comparable *quality-oriented*, *low-volatility* investment strategies, including both *active* and *passive* (i.e., index-tracking) strategies. The Strategy outperformed both the S&P 500® and a majority of its peers on a YTD-basis through 2Q20, *Continued on next page*

Table I: MP Core Contrarian Strategy - Peer Group Comparison & Performance Analysis
USD Total Return - Data as of June 30th 2020

Name/Description	Symbol/ Ticker	1Q20	2Q20	2020 YTD
MP Core Contrarian Equity Portfolio Strategy*		**-12.32%**	**11.41%**	**-2.23%**
S&P 500® Index	SP50	-19.60%	**20.54%**	**-3.08%**
S&P 500® Value Index	SVXK	-25.34%	13.15%	-15.52%
S&P 500® Growth Index	SGX	**-14.50%**	**26.23%**	**7.93%**
S&P 500® Dividend Aristocrats Index	SP50DIV	-23.29%	17.74%	-9.68%
iShares Core S&P 500 ETF	IVV	-19.59%	**20.34%**	**-3.33%**
iShares Edge MSCI USA Quality Factor ETF	QUAL	-19.36%	**18.80%**	-4.27%
Parnassus Core Equity Fund-Investor Shares	PRBLX	**-16.91%**	**17.86%**	**-2.10%**
WisdomTree US Quality Dividend Growth Fund	DGRW	-19.26%	17.63%	-5.11%
ProShares S&P 500 Dividend Aristocrats ETF	NOBL	-23.25%	17.50%	-9.90%
iShares Core Dividend Growth ETF	DGRO	-21.95%	16.14%	-9.45%
FlexShares US Quality Low Volatility Index Fund	QLV	-18.37%	16.13%	-5.25%
AMG Yacktman Fund - Class I	YACKX	-21.68%	15.96%	-9.18%
FMI Large Cap Fund Investor Class	FMIHX	-23.43%	15.47%	-11.59%
Fidelity U.S. Low Volatility Equity Fund	FULVX	-19.04%	14.88%	-6.99%
MFS Low Volatility Equity Fund Cl A	MLVAX	-18.26%	14.57%	-6.39%
Vanguard Dividend Appreciation ETF	VIG	**-16.68%**	13.92%	-5.14%
iShares Edge MSCI Min Vol USA ETF	USMV	**-17.19%**	12.82%	-6.64%
Invesco S&P 500 High Dividend Low Volatility ETF	SPHD	-30.77%	11.24%	-23.11%
BMO Low Volatility Equity Fund Class A	BLVAX	-18.11%	10.00%	-9.95%
Invesco S&P 500 Low Volatility ETF	SPLV	-18.98%	6.61%	-13.66%

* *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 July 31st 2020	July 2020	2020 YTD	2019	2018
S&P 500® Index	+5.64%	+2.38%	**+31.49%**	-4.38%
Dow Jones Industrial Average	+2.51%	-6.14%	+25.34%	-3.48%
NASDAQ Composite	**+6.85%**	**+20.40%**	**+36.69%**	-2.84%
Russell 2000	+2.77%	-10.57%	+25.52%	-11.01%
MSCI Emerging Markets	**+9.03%**	-1.52%	+18.88%	**-14.24%**
MSCI EAFE	+2.35%	-8.97%	+22.66%	-13.36%
Bloomberg Barclays U.S. Aggregate Bond Index	+1.49%	**+7.72%**	+8.72%	**+0.01%**

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The McShane Partners Core Contrarian Equity Portfolio Strategy

declining **-2.23%** vs. the S&P 500®'s aforementioned decline of **-3.08%** and an unweighted, peer group average of **-8.25%**. After outperforming the S&P 500® by **+728 basis points** ("bps") in 1Q20, the Strategy ended up lagging/underperforming the broader market index by **-913 bps** during the "risk-on" rally and market recovery throughout 2Q20, partially eroding the Strategy's marginal lead vs. the S&P 500® to just **+85 bps** in relative outperformance for the 1H20 performance period.

The degree of performance dispersion across equity markets YTD in 2020 has been astonishing, as *dividend-/ income-oriented*, *quality*, and *value* factor-based investment strategies have significantly underperformed *growth*, as evidenced by the considerable underperformance of both the S&P 500® Dividend Aristocrats Index and the S&P 500® Value Index, which have returned **-9.68%** and **-15.52%**, respectively, YTD through 2Q20. The severity of this performance dispersion has been driven by underlying sector-level exposures and compositions across these benchmarks and indexes; for instance, the two worst-performing sectors YTD in 2020 in the S&P 500®, Energy and Financials, are heavily weighted within the S&P 500® Value Index. While the Strategy was not completely immune from the indirect effects of quality and value underperformance, we have maintained a relative *underweight* allocation to both sectors in the Strategy given the results of detailed sector-level research and analysis performed over the past 12-24 months.

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Stock & Strategy Spotlight

Name	Ticker	July 2020	2020 YTD
Pfizer, Inc.	PFE	+18.84%	+1.12%

Description & Investment Thesis

On Monday, July 20th, Pfizer, Inc. ("PFE") and BioNTech SE ("BNTX") announced positive preliminary data and initial results from their joint, ongoing German Phase 1/2 drug trial for a vaccine program against *severe acute respiratory syndrome coronavirus 2* ("SARS-CoV-2"): the current virus strain causing the *2019 novel coronavirus disease* ("COVID-19"). The data published by PFE and BNTX were viewed as particularly encouraging given the "robust specific antibody and T cell responses" elicited by their vaccine candidate during the clinical trials, both of which are considered by medical experts to be critical in the ability of a vaccine to successfully ensure protection against a virus, such as SARS-CoV-2. Furthermore, on Wednesday, July 22nd, PFE and BNTX announced that they had entered into an initial purchase agreement with the U.S. government for up to 600 million doses of their vaccine candidate: per the terms of the agreement, the U.S. government will pay PFE and BNTX $1.95 billion upon receipt of the first 100 million doses, following requisite approval and authorization by the U.S. Food & Drug Administration ("FDA"), with the option to purchase an additional 500 million doses thereafter. Following this second announcement, shares of PFE and BNTX traded sharply higher throughout the trading session and closed the day higher by **+5.10%** and **+13.72%**, respectively.

In and of itself, the announcement of the positive trial data was desperately needed good news for everyone following several difficult weeks of disheartening headlines detailing the emergence of new COVID-19 "hotspots" and the mounting personal and public health, safety, and socioeconomic toll being exacted by the disease on the United States. As long-term shareholders and investors in PFE, we have been encouraged by the dedication and expertise shown by the company's management team and dedicated employees and the progress they continue to make in the fight against SARS-CoV-2.

To that end, we hope that we will be able to feature shares of PFE again soon in another installment of our monthly **Stock & Strategy Spotlight** to update you with even better, more encouraging news regarding their ongoing progress and achievements in developing a successful vaccine.

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

Portfolio Positioning: Sector-Level Exposures & Stock-Specific Analysis*

After exhibiting considerable downside protection in 1Q20, we looked for tactical opportunities to *increase* the Strategy's *equity market risk* (i.e., *beta*) exposure and relative positioning in *secular growth* sectors (e.g., Information Technology) during the depths of the correction, while also harvesting attractive tax losses, where appropriate. The Strategy's attractive positioning at the onset of the sell-off afforded us the necessary flexibility to add incremental beta on a fundamental stock-specific basis. As can be seen in Table II, below, the Information Technology sector experienced a relatively muted price-level drawdown in 1Q20, making it necessary for price-/valuation-sensitive investors to look *beyond* index-level valuations and conduct additional due diligence in order to identify attractive discounts and depressed valuations on an individual, stock-specific basis.

For example, in May 2018, the Investment Team added the Vanguard Consumer Staples ETF ("VDC") to firm-wide buy lists and initiated positions in shares of VDC within the Strategy to increase sector-level exposure to Consumer Staples stocks at extremely discounted valuations amid persistently negative investor sentiment: for additional information, please refer to MP June 2018 INSIGHTS. Throughout 1Q20, the Strategy's deliberate positioning in VDC provided vital volatility mitigation and demonstrable downside protection, as shares of VDC outperformed the S&P 500® by **±361 bps** during the first week of the market sell-off (i.e., February 19th-27th), creating an opportunity for us to rotate out of protective positions in VDC and redeploy capital into shares of a high-quality growth stock: ANSYS, Inc. ("ANSS"). Following this period of short-term outperformance, shares of VDC failed to keep up with the record-setting rebound in risk assets through the end of 2Q20, underperforming the broader S&P 500® by **-4.52%**, while shares of ANSS returned **+19.49%** and outperformed the S&P 500® by **±1,541 bps** over that same timeframe.*

Throughout 1Q20 and 2Q20, we also took advantage of opportunities to initiate or increase positions in shares of Accenture PLC ("ACN") and Badger Meter, Inc. ("BMI"), which have since outperformed the

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Table II: S&P 500® Index Sector Heat Map
USD Total Return - Data as of July 31st 2020

Sector-Level Index	2018	2019	1Q20	2Q20	2020 YTD
Defensives					
Utilities	**+4.11%**	+26.35%	-13.50%	+2.73%	-4.20%
Communication Services	-12.53%	**+32.69%**	-16.95%	+20.04%	+6.47%
Health Care	**+6.47%**	+20.82%	-12.67%	+13.59%	+4.54%
Consumer Staples	-8.38%	+27.61%	-12.74%	+8.12%	+0.91%
Near Cyclicals					
Energy	**-18.10%**	+11.81%	**-50.45%**	+30.51%	**-38.65%**
Financials	-13.03%	+32.13%	**-31.92%**	+12.20%	**-20.74%**
Real Estate	-2.22%	+29.01%	-19.21%	+13.22%	-4.88%
Cyclicals					
Information Technology	-0.29%	**+50.29%**	-11.93%	**+30.53%**	**+21.41%**
Consumer Discretionary	+0.83%	+27.94%	-19.29%	**+32.86%**	**+16.88%**
Industrials	-13.29%	+29.37%	-27.05%	+17.01%	-10.93%
Materials	**-14.70%**	+24.58%	-26.14%	+26.01%	-0.34%
S&P 500® Index	**-4.38%**	**+31.49%**	**-19.60%**	**+20.54%**	**+2.38%**

Source: McShane Partners - FactSet Research Systems, Inc.

* *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 corresponding discretionary investment recommendations made by the Adviser with respect to the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy") over the trailing 12-month period ended July 31st 2020.*

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

S&P 500® by **+9.84%** and **+6.78%**, respectively, since their initial trade dates and over their respective investment timeframes through the end of 2Q20.*

Strategy Summary & Fundamental Outlook

After almost five years of managing the Strategy, we believe that we have been consistent in our track record of delivering relative downside protection, which is in-line with and supportive of our stated objective of achieving superior *relative risk-adjusted returns* vs. the S&P 500® with lower turnover compared with other actively managed investment strategies. Over the next few months, we will look to continue positioning the Strategy for value-additive *mean reversion* in certain sectors and industries, while also increasing *high-conviction* positioning in and exposures to *long-term*, *secular investment themes*, such as water infrastructure, deteriorating demographics, socioeconomic diversity, and environmental changes. With growth increasingly scarce in a global economy plagued with suffocating debt and leverage, diminishing natural resources, and an aging population, the Strategy's fundamental approach should become increasingly valuable in identifying and investing in high-quality companies with attractive fundamentals capable of achieving consistent, above-trend growth in excess of inflation over the next decade.

"You are a light. You are the light. Never let anyone - any person or any force - dampen, dim or diminish your light. Study the path of others to make your way easier and more abundant."

- Rep. John Lewis

The exaggerated, unilateral outperformance of the Information Technology sector, as well as selective industry-level outperformance within the Consumer Discretionary sector, appears excessive but may not be unwarranted from a fundamental, secular growth perspective. Markets and investors appear to be sending a clear message regarding concurrent *changing of the guard* and shifting expectations for the new paradigm ahead, which we generally believe to be accurate and reflective of current realities; that being said, however, the onslaught of excessive liquidity and unsophisticated herding behavior and investor crowding into a concentrated number of companies will not end well, as these stocks appear expensive and over-owned. At this time, our primary concern as *fiduciaries* - for the Strategy and all client investment portfolios - is achieving a delicate balance between strategic positioning in compelling investment trends, secular themes, and tactical exposure to short-term mania, all while navigating through incremental volatility and delivering on stated investment mandates and long-term objectives.

Please refer to Disclosures for information regarding historical performance data and returns for the McShane Partners Core Contrarian Equity Portfolio Strategy, as well as past performance data and historical returns for representative investment Portfolios located on the [next page.]

* *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 corresponding discretionary investment recommendations made by the Adviser with respect to the McShane Partners Core Contrarian Equity Portfolio Strategy (the "Strategy") over the trailing 12-month period ended July 31st 2020.*

Investment Overview

The McShane Partners Core Contrarian Equity Portfolio Strategy

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.

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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

College Funding Issues in a Divorce

Education Clause of Divorce Settlements

You may be able to address college funding by including an "education clause" in a divorce settlement. This clause could require one or both parties to contribute a certain amount of money to the children's cost of college, or to fund a trust for the benefit of the children.

If your agreements are already finalized, you may still want to discuss such an arrangement as far in advance of college as possible so that you can include any agreed upon funding in your own financial plan. Be specific and put it in writing.

Consider Timing and Taxes

Some assets create a large tax liability if liquidated for college costs. In addition, invested assets or cash flow need to be available during the years of attendance. Ensure that the anticipated funding will be sufficient, net of the tax liability due on liquidation, and at the appropriate time.

Investment Vehicles

Roth IRAs and 529 Plans are investment options that allow your money to grow tax-free to fund education expenses, significantly enhancing the value of money put aside for college. While both types of investments defer or eliminate taxation, they have differing rules regarding the contribution and withdrawal of funds. In general, 529 Plans offer more advantages than Roth IRAs when using the funds for higher education. Don't give up the tax benefits for a "foot fault".

Alimony

Depending on when your divorce agreement was executed, alimony may or may not be taxable income to the recipient. That distinction could be important for purposes of funding a Roth IRA for college funding, or for purposes of applying for financial aid.

Prenuptial Agreements

If you intend to remarry after a divorce or the death of a spouse, the use of a prenuptial agreement should be considered. A prenup (or a trust) can be used to preserve the funds established for future college costs for children from a prior marriage. Absent a prenuptial agreement, the ownership and disposition of property may be subject to future divorce proceedings or by a surviving spouse. The result may be contrary to the original intent of using the assets to fund the future college costs of the children or stepchildren.

Financial Aid Qualification

If you are divorced or separated, it is important to know whose income and assets will be counted in financial aid formulas. The income and asset information of the custodial parent must be reported for a dependent student. The custodial parent is the one with whom the student lived the most in the previous twelve months. In this context, a "separation" need not be a legal separation. The student's parents may consider themselves separated when one of the parents has left the household for an indefinite period of time and no longer makes a substantial contribution to the finances of the household.

If the student did not live with one parent more than with the other (as in the cases of joint custody or a married couple who divorced or separated immediately before the financial aid application was signed), the income and asset information of the parent who provided the majority of financial support during the previous twelve months should be used. However, this may not be the parent who claimed the student on a tax return, or the parent who was awarded custody by a court order.

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Wealth Advisory Overview

College Funding Issues in a Divorce

Only the custodial parent's income and assets will be reported on the financial aid application unless that parent has remarried. If your child is in high school and heading toward college, you may want to consider how getting remarried may impact financial aid and taxes.

The ownership and type of assets will matter in the determination of financial aid. Assets are not included at the same rate as income in the determination of expected student contribution. Assets owned by a parent are included at a lower percentage than assets owned by the student.

Summary

Paying for college can be one of the largest expenses you will incur to raise children and should not be overlooked when considering the future finances of divorced parents. Working with a knowledgeable financial planner early in the process can ensure that you are prepared and able to help your children fulfill their college dreams without debt.

Catching Up with: Ryan Vaudrin, CFP® — Wealth Advisor

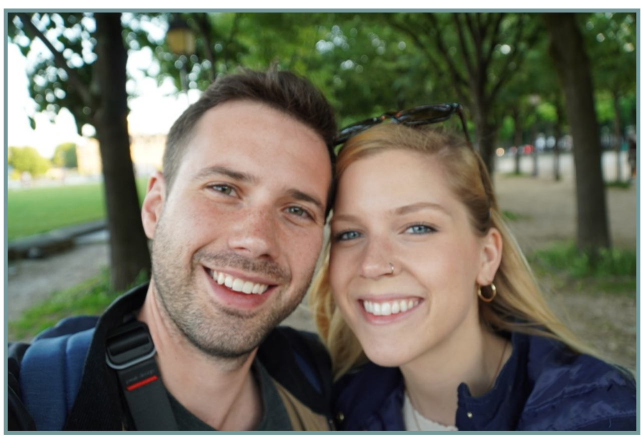
Ryan Vaudrin, CFP®
Wealth Advisor

For the August employee spotlight, we invite you to meet Ryan Vaudrin. Ryan joined McShane Partners as a Wealth Associate in December 2016. In 2018, Ryan was promoted to a Wealth Advisor. In his role as a Wealth Advisor, he works with clients on all aspects of the financial planning process to help clients meet their long-term planning goals. In addition to assisting his existing clients, Ryan heads up our "Next Gen" initiative which focuses on educating the next generation of clients on the investment and financial planning process.

Ryan is a graduate of the University of North Carolina in Wilmington, NC, where he double majored in Finance and Economics. He is a Certified Financial Planner (CFP®) and is a current member of the Financial Planning Association of Charlotte. He is currently working on obtaining his Certified Divorce Financial Analyst (CDFA™) designation in order to be able to advise to clients going through the divorce process.

Prior to joining McShane Partners, Ryan worked for The Vanguard Group as an Account Representative in the Flagship high net worth department. In his role at Vanguard, Ryan was responsible for maintaining client relationships with over 600 household groups. While working with clients at Vanguard, Ryan helped to educate them on tax efficient asset allocation with long term passive investment options. He provided situational guidance and leveraged relationships with senior financial advisors to successfully attain their personal financial goals.

Ryan has lived in Charlotte for the past 8 years, but he is a native of Wilmington, NC where his family still resides today. In his spare time, he enjoys playing golf, spending time with his friends, family, and his dog Meila.



Estate Planning: The Importance of Beneficiary Designations

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

Understanding which documents control the ultimate disposition of your assets is important to ensure that they will pass to your heirs as intended. Unfortunately, most people do not realize that their Will does not control where all of their assets are directed and therefore, jeopardize the effectiveness of their estate plan by forgetting to create or regularly update their beneficiary designations.

Assets are Generally Transferred in the Following Ways:

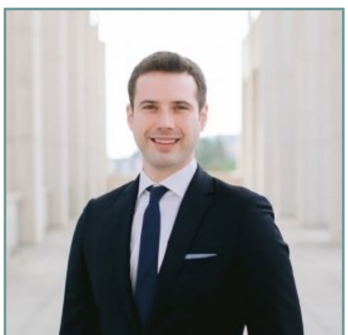
- *Ownership* - Certain assets that are held jointly automatically go to the surviving owner.
- *Beneficiary Designation* - Assets pass to the people or entities designated as beneficiaries on certain accounts or contracts, such as your IRA, retirement plan assets, life insurance policies, and annuity contracts.
- *Trust* - Assets transfer according to the terms of a trust.
- *Will* - Assets that are not transferred by ownership, beneficiary designation, or trust are distributed according to the terms of a will. If you do not have a will, assets transfer according to the laws of the state.

Do I Need to Designate Beneficiaries?

If you own assets that include a beneficiary designation, it is important that you name your own beneficiaries; otherwise, your assets will transfer according to the default beneficiary provisions in the application or contract provided by the custodian where your assets are held. In addition, it is important that you name a primary beneficiary, as well as a contingent beneficiary. Contingent beneficiaries receive the assets if your primary beneficiaries die before you. If you do not name a contingent beneficiary, your assets will pass to your estate which may lead to adverse tax consequences.

It is important to review your beneficiaries periodically to ensure that your assets transfer according to your wishes. Each year we include an Estate Planning Summary in your annual meeting materials that summarizes your current estate documents, as well as your beneficiary designations. This summary is designed to simplify the estate review process and allow you to determine if any changes need to be made.

NextGen: Are You Ready to Purchase a Home? – Part I



Ryan Vaudrin, CFP®
Wealth Advisor

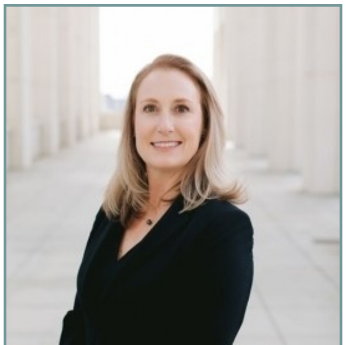
While we are all spending a lot of time at home these days, it is not hard to imagine how nice it would be to own your own home, rather than continuing to rent. With interest rates at an all-time low, now may be the best time to explore buying a first home. This can be a fun but daunting endeavor. Therefore, this is the first of a two-part series to help you navigate the process and help you make the right decision for your situation.

Are you ready to buy a home? Buying a home is a big financial commitment. Along with your annual income, a typical lender will want to see the history of your income, your liquid assets, as well as your credit history.

How much can you afford? A good place to start is by looking at your debt to income ratio (“DTI”). The debt to income ratio measures the amount of income that is allocated to repay debt each month. For example, having a 20% DTI means that 20% of your income is used to pay towards your monthly debt payments. This ratio is an important starting point because mortgage underwriters typically do not want housing expenses to be more than 28% of the buyer’s gross income. In addition, lenders typically want your total DTI to be at or below 36%, including your new mortgage. Given the additional expenses that you will incur when owning a home as compared to renting, these ratios are helpful guidelines that can help buyers not become overextended.

After you figure out how much you can afford, it is time to start saving for a down payment and closing costs. Next month, we will review how much you need to save, the different types of mortgage loans available, as well as the closing process. In the meantime, please contact anyone at McShane Partners for a more in-depth conversation about preparing for this exciting adventure!

Tax Update: IRS Scams Are on the Rise



Becky Hoover
CFP®, CPA, CDFA®
Director of Tax | Wealth Advisor

Thousands of people have lost millions of dollars as well as their personal information to tax scams. Scammers may use multiple channels of communication including the postal service, telephone, or email to take advantage of individuals, businesses, payroll, and tax professionals. With many tax preparers working remotely and an overall increase in virtual communications, we would like to remind you to treat any "IRS correspondence" with an abundance of caution.

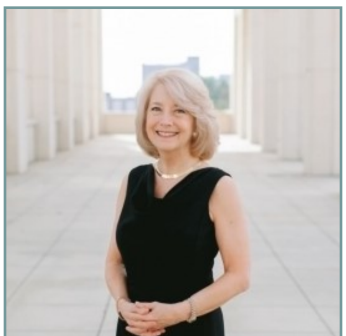
Thieves use a variety of scams including "phishing" emails. These emails can download malicious software, such as keystroke software, which collects keyboard inputs. The malware will eventually enable the scammer to steal passwords and other sensitive data. As a precaution, do not click on links, open attachments, or respond to unsolicited emails from the "IRS".

The IRS does not initiate contact with taxpayers by email, text messages or social media channels to request personal or financial information.

Recent scams have included those related to natural disasters, such as soliciting donations to assist disaster victims. They have also included a new version of a Social Security number scam. In the latest ploy, the victim receives a call threatening to suspend or cancel a Social Security Number due to suspected abusive transactions or overdue taxes.

If you are ever suspicious of contact related to your taxes or personal information, call your tax preparer or your friends at McShane Partners to discuss the request in question. Keep your money safe from scammers!

Senior Planning: Medicare & Your Health Savings Account



Lorri Tomlin, FPQP™
Wealth Advisor

Many people are confused as they approach age 65 regarding how their enrollment in Medicare will affect their Health Savings Account ("HSA"). When you turn 65, you are eligible to enroll in Medicare. However, you do not lose your HSA eligibility because you turn 65, you lose your HSA eligibility when you actually **enroll** in Medicare.

At age 65, you are not automatically enrolled in Medicare unless you are receiving SS benefits at that time. Therefore, you have the option to delay enrolling in Medicare and continue to contribute to an HSA. Once you enroll in Medicare, you can contribute to your HSA for the months you were eligible before enrolling in Medicare. For example, if you turn 65 on June 10th and enroll in Medicare, you can contribute for the months of January through May. In this case you would be able to contribute 5/12 of the maximum IRS annual contribution limit, plus the catch up if applicable. In addition, contributions can be made up to the date you file your tax return for the year the contributions apply.

Another way you can continue to contribute to an HSA is if you and your spouse are enrolled in an employer's HSA qualified health plan and your spouse in not enrolled in Medicare. Your spouse can have an HSA, to which either one of you may make contributions. This is a good way for couples to continue to contribute to an HSA after the older spouse enrolls in Medicare.

While enrollment in Medicare makes you ineligible to contribute to an HSA, it does not affect your ability to make income tax-free distributions from your HSA for qualified medical expenses. These qualified medical expenses can include reimbursement for certain insurance premiums, including premiums for Medicare Part B and D, Medicare Advantage and some Medicare supplemental plans. However, you cannot pay Medicare Premiums for yourself or for your spouse income tax -free unless the account owner is 65.

Around McShane Partners

National Association of Divorce Professionals

Becky Hoover , Wealth Advisor & Director of Tax, has been accepted into the National Association of Divorce Professionals. This association is the first of its kind and unifies highly vetted professionals who assist clients during all stages of the divorce process. The mission of this association is to make a positive impact on the divorce process, one professional at a time.

Fashion & Compassion's Evening of Dignity

Evening of Dignity is Fashion & Compassion's signature event directly supporting women locally in Charlotte and around the world. This year, the event will be held in various locations to allow for smaller, social distanced gatherings with virtual connectivity, as well as drive-by options on October 15th from 6:30 – 8:30. McShane Partners is proud to sponsor an organization that provides a healthy, healing community where vulnerable women envision a different future through mentoring, goal setting, sharing of social capital and personal development.

Labor Day Holiday

Labor Day – September 7th: Please note that the office will be closed on Monday, September 7th .

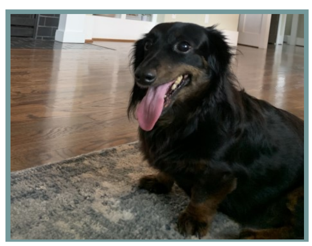
"Who Wore it Best?" Competition Results

Congratulations to Sandy Carlson, the winner of our "Who Wore it Best?" mask competition from last month's newsletter. Sandy received a quarter of all votes, which helped to secure her runaway victory. Thank you to everyone who participated!

Outside of the Office

Daniel Hudspeth, Wealth Associate, won the first round qualifier for the South Carolina State BMX Championship. The next race will be held August 23rd, with the championship final taking place October 10th!

Dog Days of Summer



Millie Hudspeth trying to beat the heat!

We hope that everyone had a wonderful, event-filled 4th of July and continue to make the most of the season as we enter the "dog days" of summer.

McShane Partners

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

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