

TILIA



NEWS

INVESTMENT MANAGEMENT | FIDUCIARY ADVICE | RETIREMENT PLANNING

### Partnership Announcement!

We are extremely happy to announce that Ryan Casey is becoming a partner this year in the firm. Ryan joined Tilia in October of 2017, following nearly a decade of service in the Marine Corps. No stranger to hard work, Ryan hit the ground running and is quickly becoming one of the most well known & respected investment advisors in the Cape Fear Region.

When we started Tilia, we intentionally avoided using our last names in the firm branding. We've always envisioned the firm as a multi-generational business with a growing list of partners. We're excited to be taking a significant step in that direction with this announcement.

Ryan looks forward to helping steer the firm in its second decade of business and beyond. Please join us in congratulating Ryan!

### Biden Administration Proposed Tax Changes

This past Spring, the Biden administration published proposed changes to the tax code - The American Families Plan and The American Jobs Plan - to pay for new federal spending initiatives. While tax legislation is ultimately written and enacted by Congress, and thus subject to change, the proposals offer insight into possible near term impacts relevant to many of our clients:

1031 Like-Kind exchange limitations. This change impacts investment property owners. A 1031 like-kind exchange is frequently used by real estate investors to delay recognition of capital gains taxes while realizing profits. As there is no limit to how many times a gain can be deferred via this method, an investor could avoid paying taxes for years or even decades on their investment. The proposed change would limit deferred gains that could be rolled over to a new investment property, thus reducing a significant tax advantage offered by rental and commercial real estate. Of note, there is no equivalent proposed change to the way taxable securities (i.e. stocks and bonds) are taxed, as they are not eligible for 1031 treatment.

Increase in the Capital Gains Tax. This change impacts large portfolio balances, business owners and real property owners. Taxes on long term capital gains, which applies to assets held for at least one year, are currently taxed at a top rate of 23.8%. Under proposed legislation, that rate would nearly double for high earners to 43.4% for gains above \$1 million in a calendar year. While many taxpayers would not be impacted by the change, being taxed at the highest rate is feasible when a business owner sells their company prior to retirement or portfolio/investment property owner sells their investments for a large gain. Given the effect that the Alternative Minimum Tax

## Welcome Alexis Sotomayor



This spring, Tilia welcomed Alexis Sotomayor as our new Assistant Manager of Operations. Alexis will be supporting Tilia's investment advisors and clients by facilitating critical document completion, management of money flows & the initiation of new accounts, among other tasks.

Alexis was previously employed with a large money center bank, and holds a Bachelor's degree in Mathematics from UNCW. Alexis is thrilled to be living at the beach with her fiancé (Randall) & two dogs (Frank & Kodak).

Tilia has experienced significant growth over the last few years, so we're very happy to have Alexis to help us stay ahead of where we believe the firm is heading.

(AMT) already has on large capital gains, the probability of some sort of compromise, and the high threshold for gains impacted by the proposed rate, an increase will likely not be as severe as many headlines suggest.

Limitation of basis step-up upon death. This change impacts the heirs to an estate. Upon death under current estate tax law, property is "stepped-up" in basis as of the date of death. Beneficiaries are able to sell assets while only paying tax on any gain since the date of death. The proposed change would tax any unrealized gain above a certain amount, effectively eliminating basis step up and limiting intergeneration wealth pass down.

For clients impacted by these and other proposed changes, we look forward to advising you on the best path forward unique to your circumstances. At Tilia, we continue to remain aware of changes in the law and of industry best practices to better serve you.

## Tilia Fiduciary Partners Turns 10!

June 1st officially marked our firm's 10 year anniversary. 10 years ago, markets were grappling with a 9.1% unemployment rate, the first downgrade of U.S. sovereign debt since 1917, the aftermath of a lost decade with near zero returns for U.S. stock indexes & the first 20% decline in the S&P 500 index since 2009. There was a major earthquake & tsunami in Japan with nuclear fallout, the Iraq war was sputtering to an end, the Arab Spring came & went & the European debt crisis just wouldn't go away.

In many ways, it is easier to be an optimist today than it was back in 2011. As we move into our 2nd decade of business, we're as excited as we've ever been about the prospects for financial markets, the financial futures of our clients, and the long-term health of our firm. Thank you for being a part of Tilia Fiduciary Partners!