

Spring 2022

We hope this letter finds you and your family staying healthy and looking forward to a fresh New Year of possibilities.

Last year we wrote to you of the likely higher inflation ahead, and the steps the Federal Reserve may need to take to slow the increase of prices in our economy. They recently announced their plans to do so by increasing the federal funds rate by possibly 1.00% or more in 2022, along with further interest rate hikes in 2023 as needed.

The federal funds rate influences the interest rates that banks charge borrowers. As interest rates are increased, consumers tend to spend less. With less money being spent, the economy slows and inflation decreases.

To lower the risk exposure that an increase in rates has on your investments, we shifted the fixed income funds to shorter terms, which tend to have better value stability during periods of rising rates.

It is with this focus and responsibility, that we continually monitor your investments and make changes as needed, when major economic events occur which may influence your financial goals.

Three items of note for the new year:

- Traditional & Roth IRA contributions are **due by April 15, 2022** to count toward the tax year 2021.
  - Both have a contribution limit of \$6,000 for those under age 50, and up to \$7,000 for age 50 and over
- Retirement Plan Changes for 2022
  - Employer retirement plan contribution limit **increased by \$1,000** to an annual maximum of \$20,500
    - If age 50 and older, you can contribute an additional \$6,500 for the year
  - SIMPLE IRA contribution limit **increased by \$500** to an annual maximum of \$14,000.
    - If age 50 and older, you can contribute an additional \$3,000 for the year
  - SEP IRA contribution limit **increased by \$3,000** to an annual maximum of \$61,000.
- The annual gift tax exclusion amount has increased to \$16,000 per individual & \$32,000 for a married couple.

As licensed fiduciaries of your financial assets, we always place your interests first and make decisions based upon what will benefit you best. This is how we began our business in 1983, working with one client at a time, knowing that each has different goals and priorities. We treat your investments with great care, and develop portfolios that will best meet your long-term financial plans.

Thank you for your continued trust and confidence in us. Please call if you would like to review your financial plan or discuss any changes you may have in your situation or goals.

Sincerely,



Richard G. Clifford



Robert J. Clifford



Douglas C. Johnson



Brian C. Johnson



Joe Van Ausdle

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