CMR
FINANCIAL ADVISORS
Wealth With Simplicity®

Cliff's Notes

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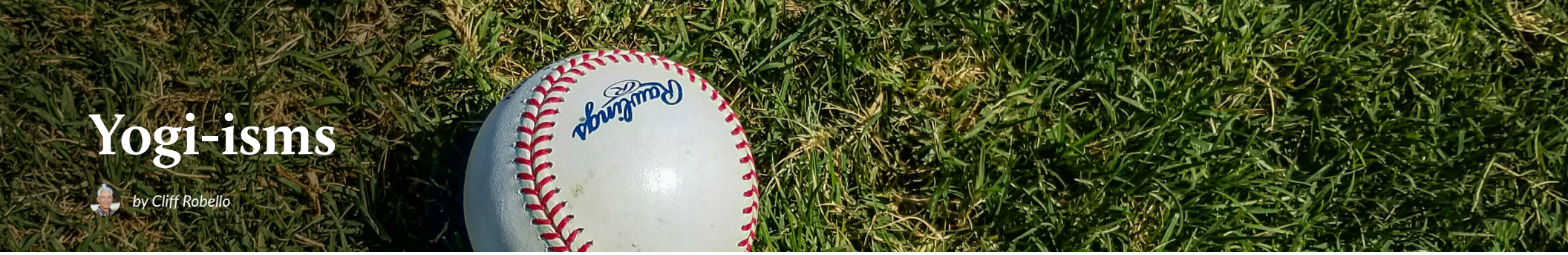


Yogi-isms

by Cliff Robello

Last year, the US Postal Service announced that Yogi Berra, the legendary Yankees catcher, would be given his own postage stamp.[1] It's a tremendous honor, as Yogi is only the thirtieth baseball player in history to have his face on a stamp… and the USPS receives approximately 30,000 proposals with new stamp ideas each year.[2]

Besides being a Hall of Famer, Yogi was also an American hero, serving courageously as a Navy gunner during the Normandy landings. But these days, he's probably best remembered for his "Yogi-isms". His pithy, off-the-cuff sayings combined wisdom with humor, delivered in the form of irony, malapropisms, and oxymorons.

But Yogi-isms aren't just funny. They contain genuine insights – and they often illustrate the core principles of sound investment planning surprisingly well!

So, in honor of Yogi Berra and his stamp, I thought it would be fun to show you a few famous Yogi-isms and how they apply to your investments. Let's start off with…

"A nickel ain't worth a dime anymore."

This is very timely. I don't know what Yogi was lamenting when he said this, but it serves as a useful reminder of the hard reality of inflation. What costs a nickel at the beginning of retirement will likely cost a dime near the end. Many retirees make the mistake of forgetting to calculate for inflation when they plan for retirement, but it's something you must consider. It's also why you can't just stick your money into a savings account or rely solely on ultra-conservative investments your whole life. The most successful retirees invest to have the money they need for every single inning. Some innings are better, some are worse, but it's the scoreboard at the end of 9 that matters.

"Ninety percent of this game is half mental."

Yogi was talking about baseball, but this equally applies to investing. You don't need to already have millions to be a successful investor. You just need to have mental discipline. The discipline required to not abandon your long-term plan by chasing short-term wants. The discipline to not let greed lead you into overly risky investments. The discipline to not let fear stop you from investing at all. The discipline to not blindly follow the herd and make decisions just because "everyone else is doing it" or because some guru on TV says so.

Speaking of following the crowd…

"Nobody goes there anymore. It's too crowded."

Yogi was referring to why he never went to a popular restaurant in St. Louis, but boy if this doesn't ever refer to the stock market, too!

Too many investors are always chasing after the latest "hot stock" or investment trend. But here's a funny thing about investing: By the time an investment becomes popular, the opportunity is often already gone. The "smart money" has already moved on to the "next big thing", leaving the rest to keep playing catch-up. This is why too many investors sell low and buy high, when they want to be doing the opposite.

Instead of chasing after unicorns and rainbows, it's better to simply identify a long-term investment strategy that fits your needs and goals… and then stick to it!

"It ain't over till it's over."

People don't stop changing, learning, and growing when they retire. Neither should your money.

Many people invest as if retirement is the finish line. It isn't. With life expectancies longer than ever, it's critical that you don't invest just to have enough money for retirement. You must have enough money in retirement. The possibility of outliving their money is a very real concern for many retirees. That's why your retirement plan should factor in how to keep growing your money long after you've stopped working.

"If you don't know where you're going, you'll end up somewhere else."

This Yogi-ism is probably the simplest, and most powerful, of all.

As both a player and a manager, Yogi always had a gameplan. If you have financial goals you want to achieve, you must have a gameplan, too. Investing without a plan is like running the bases with a blindfold on. You'll be hoping to arrive at home base… only to run smack into the outfield wall instead. A proper plan, meanwhile, will help you know how much you need to meet expenses and reach your goals. It will help you know where that money can and should come from. It will help you choose investments that are right for you, not someone else. It will help you know what to do when the markets are up, and when they're down. It will help you know when it's time to swing for the fences and when it's time to simply get on base.

It will help you know exactly where you're going… and how to get there!

But before I put the last period on this message, I'll leave you with a final one:

"When you come to a fork in the road…take it!"

1. "Postal Service Honors Yankees Legend Yogi Berra With Forever Stamp," USPS, June 24, 2021. https://about.usps.com/newsroom/national-releases/2021/0624-usps-honors-yankees-legend-yogi-berra-with-forever-stamp.htm

2. Rob Neyer, "With Baseball Stamps, It Ain't Over Until the Rights Issues Clear," The NY Times, July 2, 2021. https://www.nytimes.com/2021/07/02/sports/baseball/yogi-berra-stamp.html

A Brief History of Estate Taxes

by Cliff Robello

Federal estate taxes have been a source of funding for the federal government almost since the U.S. was founded.

In 1797, Congress instituted a system of federal stamps that were required on all wills offered for probate when property (land, homes) was transferred from one generation to the next. The revenue from these stamps was used to build the navy for an undeclared war with France, which had begun in 1794. When the crisis ended in 1802, the tax was repealed.[1]

Estate taxes returned during the build up to the Civil War. The Revenue Act of 1862 included an inheritance tax, which applied to transfers of personal assets. In 1864, Congress amended the Revenue Act, added a tax on transfers of real estate, and increased the rates for inheritance taxes. As before, once the war ended, the Act was repealed.[1]

In 1898, a federal legacy tax was proposed to raise revenue for the Spanish-American War. This served as a precursor to modern estate taxes. It instituted tax rates that were graduated by the size of the estate. The end of the war came in 1902, and the legacy tax was repealed later that same year.[1]

In 1913, however, the 16th Amendment to the Constitution was ratified – the one that gives Congress the right to "lay and collect taxes on incomes, from whatever source derived." This amendment paved the way for the Revenue Act of 1916, which established an estate tax that in one way or another, has been part of U.S. history since then.[1]

In 2010, the estate tax expired – briefly. But in December 2010, Congress passed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The new law retroactively imposed tax legislation on all estates settled in 2010.[2]

In 2012, the American Tax Relief Act made the estate tax a permanent part of the tax code.[2]

As part of the 2017 Tax Cuts and Jobs Act, estate tax rules were adjusted again. The estate tax exemption was raised to $11.2 million, a doubling of the $5.6 million that previously existed. Married couples may be able to pass as much as $22.4 million to their heirs. As of 2019, that rate has risen to $11.4 million per individual (and $22.8 million for married couples). The Act is set to expire in 2025

One thing is for sure…CHANGE. Change makes estate planning crucial. If you're uncertain about your estate strategy, it may be a good time to review the approach you currently have in place.[2,3]

Chart Source: Internal Revenue Service, 2019

1. Internal Revenue Service, Statistics of Income Bulletin, 2007
2. Internal Revenue Service, 2019
3. Tax Policy Center's Briefing Book, History of the Tax Code, 2019

Continue: A Brief History of Estate Taxes

by Cliff Robello

Exemption through the Years

Federal estate taxes exempt a share of estates from federal estate taxes. For the 2019 tax year, if an estate's worth less than $11.4 million, no federal estate taxes may apply.[1]

Year	Exclusion Amount	Highest Tax Rate
1916	$50,000	10.0%
1917	$50,000	25.0%
1918-1923	$50,000	25.0%
1924-1925	$50,000	40.0%
1926-1931	$100,000	20.0%
1932-1933	$50,000	45.0%
1934	$50,000	60.0%
1935-1939	$40,000	70.0%
1940	$40,000	70.0%
1941	$40,000	77.0%
1942-1976	$60,000	77.0%
1977	$120,000	70.0%
1978	$134,000	70.0%
1979	$147,000	70.0%
1980	$161,000	70.0%
1981	$175,000	70.0%
1982	$225,000	65.0%
1983	$275,000	60.0%
1984	$325,000	55.0%
1985	$400,000	55.0%
1986	$500,000	55.0%
1987-1997	$600,000	55.0%

Year	Exclusion Amount	Highest Tax Rate
1998	$625,000	55.0%
1999	$650,000	55.0%
2000-2001	$675,000	55.0%
2002	$1,000,000	50.0%
2003	$1,000,000	49.0%
2004	$1,500,000	48.0%
2005	$1,500,000	47.0%
2006	$2,000,000	46.0%
2007	$2,000,000	45.0%
2008	$2,000,000	45.0%
2009	$3,500,000	45.0%
2010	$0 or $5,000,000	0% or 35%
2011	$5,000,000	35.0%
2012	$5,120,000	35.0%
2013	$5,250,000	39.6%
2014	$5,340,000	39.6%
2015	$5,430,000	39.6%
2016	$5,450,000	39.6%
2017	$5,490,000	39.6%
2018	$11,180,000	37%
2019	$11,400,000	37%

Chart Source: Center on Budget and Policy Priorities, 2019

What's Happening at CMR...

Cliff...

Spring break at Waikaloa. When our kids were kids, we brought them to Waikaloa on several occasions. Well, life comes full circle. We enjoyed a great time together, mostly spending time at the pools. We are making memories; I'm taking the advice I provide to you.

Margaret...

Wow, I can't believe it's April already!

I want to introduce to you our new granddaughter, Ms. Jordyn-Rae! She was born on March 3rd, 2022 (Girls Day). We are so excited, as well as her Big Sister, Ms. Haidyn-Marie. 😄

Whitney...

Happy Spring, everyone! My family and I went camping with our soccer team friends. It was our first experience camping in tents. Usually, we Glamp, which is in a beach house with clean sheets and hot showers. They loved it and want to go again this Summer. I also got lucky and caught two O'ios. Take care, everyone!

Roxanne...

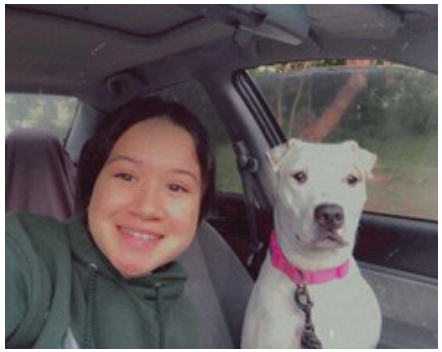
I am blessed with 2 beautiful granddaughters who were both born on the exact same day, March 30th! I'm so excited to be able to celebrate with them this year.

Zane and Sheri...

It's amazing how time flies. The kids are doing well. Zeke is playing basketball and soccer, and Zaia is playing soccer. They both truly enjoy playing sports. Zade loves all the time we spend at the park in the fresh air.

Ka'i...

Please help us welcome Ka'ikena (Ka'i) to our team. She joined our team in October of 2021. Ka'i is a 2020 graduate of Kalaheo High School. She is attending college and majoring in business. She was interested in finance, so CMR decided to bring her on as an intern to learn what we do. She has been learning and growing every day. Ka'i is Sheri and Zane's niece, making her 3rd generation working in the business.



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