

Subject: Greenleaf Newsletter: Smart Actions for New Parents, How Long to Keep Past Tax Returns, and Donation-Worthy Organizations in Ukraine

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From: Greenleaf Financial Group

To: info@greenleaf-fg.com

***Hello Greenleaf,
Welcome to Our Client Newsletter***

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- **Question: Where Can I Donate to Help the People of Ukraine?**
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**Smart Financial Actions
for New Parents**

New and expecting parents face many financial challenges. The costs of raising a child, for example, are typically much higher than parents expect. Pregnancy and delivery health costs can add to initial challenges, while changes to family income often occur as one parent switches to part-time work or becomes a full-time care provider.

The first priority for new parents, therefore, is to have a careful spending plan to manage income, expenses, and savings. This [article](#) provides pros and cons for six budgeting and expense-management apps to help time-strapped new parents.

Other key steps to take

**Question: My Tax
Returns are Completed
for 2021. Can I Shred My
2020 Return Now?**

Answer: The IRS has three years from your filing date to audit your return and you have the same three years to file an amended return. Therefore, it's best to keep your returns and each year's supporting documents for a minimum of three years.

One circumstance, however, is an exception. The IRS has six years from the date you file to audit you if you under-report your income by more than 25%.

How is it possible to overlook 25% of one's income? Freelancers who missed -- or perhaps did not receive -- a 1099 can find themselves in this category. Employees who exercise

**Market News:
Stocks Gain in March**

Stocks shifted course in March with notable gains coming from energy and natural resources as commodity prices soared. Gains also came from pharmaceutical companies and information technology stocks.

The energy sector has enjoyed a rise of more than 35% for the year, though the sector has a relatively small influence on the overall market. For the trailing month, the S&P 500 Index rose 4.7% and its year-to-date results now stand at just -3.7%.

International stocks have suffered more than US stocks thus far in 2022. Companies based in Europe are experiencing more

include the following:

Life Insurance

Although young people often feel they are statistically unlikely to die, life insurance is a must for both parents. A 20-year or 30-year level term life insurance policy is usually an affordable option. A working parent should have enough life insurance to cover 10 to 15 times of current pre-tax income.

A stay-at-home parent should have ample life insurance, too. Since child-care costs can easily exceed \$2,000 per month, the loss of an insured care-providing parent could lead to financial hardship.

College Savings

It can be tempting to put off both college savings and retirement savings. Delaying a few years, however, often turns into a savings delay of several years. Getting started as soon as possible is critical since college costs are substantial and retirements now last for decades.

Automated monthly investments into 529 accounts, as well as workplace retirement plans are both easy and effective.

Wills and Beneficiaries

Although young parents may not relate to the concept of

stock options often incorrectly report the income and tax consequences of stock options. Similarly, Roth conversions often trip up tax filers causing them to underreport their taxable income. In such cases, it's best to wait until year 7 before shredding your tax returns.

Although most people can purge their tax folders after four years, some documents should be kept indefinitely. Home purchase and home improvement receipts are important to save until four years *after* you've sold your home.

When you sell your primary residence, you are allowed to exclude \$250,000 *in profits* from taxes. A married filing jointly couple gets to exclude \$500,000 in profits. Your profit is your original purchase cost plus any improvements you made over the years.

Although home repairs and maintenance do not count, your roof replacement, upgraded garage door, or finished basement all fall under the category of home improvements and it's wise to have receipts so that you can limit any capital gains taxes upon the sale of your home.

supply-chain delays due to the massive disruptions in Ukraine and business confidence has dropped amid expectations of challenging economic conditions.

Bond investors have experienced an unusually difficult stretch. Expectations for larger and faster interest-rate increases in order to fight inflation -- which has been exacerbated by Russia's invasion in Ukraine - - have caused bond prices to fall sharply.

Although stocks took the brunt of the uncertain geopolitical climate initially, bonds are currently feeling the most pressure. These two main asset classes frequently have non-correlated returns (one zigs, the other zags) and although it is frustrating when one experiences a serious decline, their divergent paths are exactly why both are important components of an investment strategy.

As always, we are happy to discuss your investments, the economy, or the markets with you at any time. Please don't hesitate to contact us with your questions or concerns.

"estate planning," all new parents should have up-to-date wills and correct beneficiary designations on investment accounts.

Parents should name a guardian for their child in their wills. If desired, a second person can be named as a financial manager.

This decision can be difficult and it may be wise to consult with an estate planning attorney who can anticipate complications. Just don't put off making a will. Bad things do happen, alas. You can always update or change your decisions later with a new will.

Question: Where Can I Donate to Help the People of Ukraine?

Answer: While **Charity Navigator** and **Charity Watch** have both published lists of reliable nonprofits working to lessen the humanitarian crisis in Ukraine, I particularly liked the **list published by CBSNews**.

This well-researched list includes lesser-known (but highly effective) entities such as **Internews**, which supports independent media and at-risk journalists and first responder group **International Medical Corps**.

Although the need for help is urgent, take the time to verify that your dollars will reach the right hands. Among their many tricks, scammers often use organization names that are similar to legitimate charities.

Also, be especially careful when donating to individuals through social media or crowdfunding platforms. Appeals that work on your emotions but have few concrete details should be approached with extra caution.

California

Jennifer Hartman, CFP
jhartman@greenleaf-fg.com
323-395-8801
1239 S. Rimpau Blvd.
Los Angeles, CA 90019



GREENLEAF FINANCIAL GROUP
PRACTICAL SOLUTIONS | PERSONAL ADVICE | PROGRESSIVE IDEAS

www.greenleaf-fg.com

Indiana

Kathleen Hartman, CFP, CFA
khartman@greenleaf-fg.com
317-993-3384
13295 Illinois St., Suite 322
Carmel, IN 46032

Greenleaf Financial Group | 13295 Illinois Street, Suite 322, Carmel, IN 46032

[Unsubscribe info@greenleaf-fg.com](mailto:info@greenleaf-fg.com)

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