



Liberty National Wealth Management Newsletter

Debate Starts on Capital Gains Tax

What to expect and why.

Provided by Liberty National Wealth Management

Now and again, the price action on Wall Street can surprise even the most seasoned investors.

Look no further than when President Biden in late April proposed an increase in the tax on capital gains to 39.6% from 20% for those Americans who earn more than \$1 million.¹

Stocks dropped on the news, with the Standard & Poor's 500 index down nearly 1% for the day.²

The "sell first, analyze later" reaction was curious since both Main Street and Wall Street largely expected the proposal. Several times on the campaign trail Biden said he wanted America's wealthiest households to contribute more as a percentage of their income.³

It's critical to remember that any capital gains tax proposal will likely face a long, uphill battle before becoming law. One prominent investment bank already has said it projects a more modest increase in the rate, which may land at around 28%.⁴

So at this point, it's uncertain what type of legislation will be taken up by Congress but challenging yourself to be patient during this period of debate and uncertainty may be helpful.

Remember, this article is for informational purposes only. It is not a replacement for real-life advice. Any portfolio changes may require input from your tax or accounting professionals.



If you are interested in learning more about the services Liberty National Bank can provide please contact us for a free consultation at our wealth management locations in Downtown Sioux Falls or Dakota Dunes.



L to R: Jordan Hermanson; Jerus Campbell, JD; Leon Rozeboom.

133 S. Main Avenue
Sioux Falls, SD 57104
Phone: 605-782-4505

324 Dakota Dunes Blvd.
Dakota Dunes, SD 57049
Phone: 605-217-4425

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS – INVESTMENTS NOT FDIC INSURED – MAY LOSE VALUE – NO BANK GUARANTEE

The S&P 500 Composite Index is an unmanaged index that is considered representative of the overall U.S. stock market. Past performance does not guarantee future results. Individuals cannot invest directly in an index.

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations

1. Bloomberg.com, April 22, 2021
2. FoxBusiness.com, April 22, 2021
3. CNBC.com, April 22, 2021
4. Markets.BusinessInsider.com, April 23, 2021