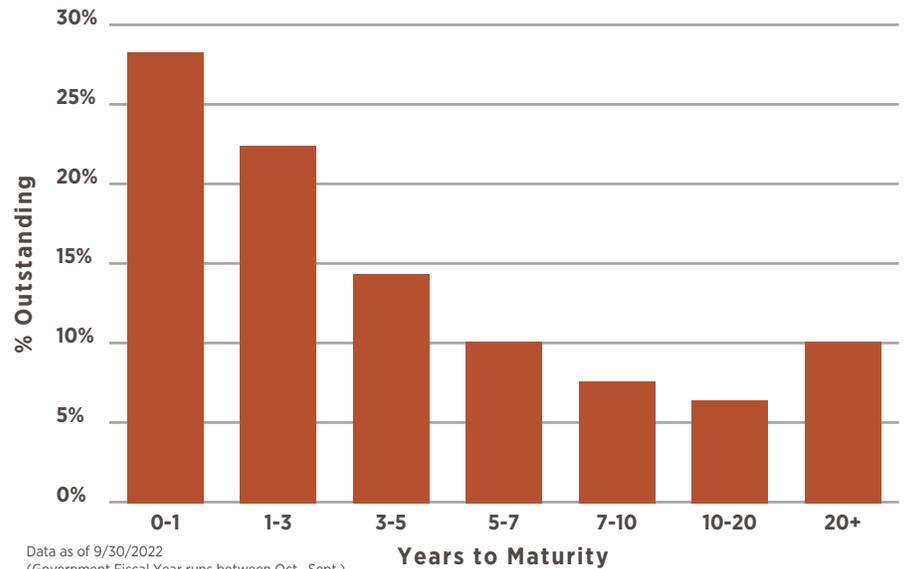


### Chart of the Month

It is no secret that the US has a continuously growing debt balance – increasing at an annualized rate of 8.5% the last 15-years and even faster over the last 3-years at 11%. In response to high inflation readings, the Fed has been hiking interest rates rapidly and the yield on Treasury securities are at levels not seen since 2007. Approximately 50% of all marketable US debt (\$23 trillion) will mature in the next three years and will have to be refinanced at higher rates than what the US had been paying on the debt that matures. The US has an additional \$7 trillion in non-marketable debt (non-transferable), creating a total debt balance of \$30 trillion. The interest expense on US Debt Outstanding was \$719B for the fiscal year ending September 2022. This is the highest amount of annual interest expense ever (2nd highest was \$575B in 2019). As debt matures and is refinanced and the current deficits are financed with new borrowings, the US will see its annual interest expense go up significantly. On the positive side, this will result in higher earnings for US households and institutions that are owners of Treasury debt.

### US Marketable Debt Outstanding by Maturity



### 2022 Year-End Tax Planning Opportunities

#### Income Tax Planning

**Review your payroll tax withholding:** Evaluate your 2022 withholding elections to ensure you will have enough federal and state taxes taken from your paycheck in 2023. **Harvest tax losses:** Consider harvesting losses in your taxable accounts – selling investments trading at a loss, replacing them with similar assets, and then offsetting gains with those losses. **Monitor the Alternative Minimum Tax:** If you expect to be subject to the AMT, consider shifting income and deductions from one year to another. **Evaluate whether you meet the threshold for the 3.8% net investment income tax:** Consider whether there are strategies to defer and/or reduce your modified adjusted income. **Fully fund health savings accounts (HSAs):** If you participate in a high-deductible health insurance plan, you are eligible for an HSA to help offset out-of-pocket medical expenses. **Spend flexible spending account (FSA) money:** Confirm that you have spent the entire balance in your FSA by the plan deadline. **Fund 529 accounts:** Many states offer state income tax deductions or credits for contributions.

#### Retirement tax planning

**Maximize your retirement plan contributions:** Confirm that you have contributed the maximum amounts allowed under current tax law to retirement accounts. **Strategically take your required minimum distribution (RMD):** If you are 72 or older, or the beneficiary of inherited IRA assets subject to mandatory withdrawals, make sure to take your RMD before year-end. **Consider converting your traditional IRA to a Roth IRA:** Owners of traditional IRAs may convert them into Roth IRAs, which involves taking an immediate income tax hit in exchange for future tax-free withdrawals.

#### Gift and Estate Tax Planning

**Gift to family members:** If you plan to transfer assets to loved ones, consider taking advantage of the annual gift tax exclusion. **Transfer wealth to your family ahead of lower exemption amounts and higher valuations:** If you plan on transferring significant wealth to your loved ones, consider taking advantage of increased exemption amounts. **Use one spouse's exemption first:** If you are married, consider exhausting one spouse's full exemption instead of using part of each of yours. **For more planning ideas, visit [6meridian.com/category/resources](https://6meridian.com/category/resources).**

	Source: Bloomberg 2022	October	YTD	2021	Benchmark
<b>Stocks</b>	United States	8.1%	-17.7%	28.7%	S&P 500
	Intl Developed	5.4%	-23.2%	11.3%	MSCI EAFE
	Emerging Markets	-3.1%	-29.4%	-2.5%	MSCI Emerging Markets
<b>Bonds</b>	US Investment Grade	-1.3%	-15.7%	-1.5%	Barclays US Aggregate
	US Municipals	-0.8%	-14.6%	1.9%	Barclays Municipal Bond 15y
	Intl Investment Grade	-0.1%	-24.0%	-7.0%	Barclays Global Aggregate xUSD
	Global High Yield	2.1%	-17.4%	1.0%	Barclays Global High Yield
	Emerging Markets \$	-0.9%	-21.2%	-1.7%	Barclays Emerging Markets USD Aggregate
<b>Other</b>	Commodities	2.0%	15.8%	27.1%	Bloomberg Commodity
	Gold	-1.6%	-10.7%	-3.6%	Gold New York Spot (\$/oz)
	Oil	8.9%	15.1%	55.0%	Crude Oil WTI/Global Spot NYMEX

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