

# Wealth Management Trends and Investor Considerations



Presented by

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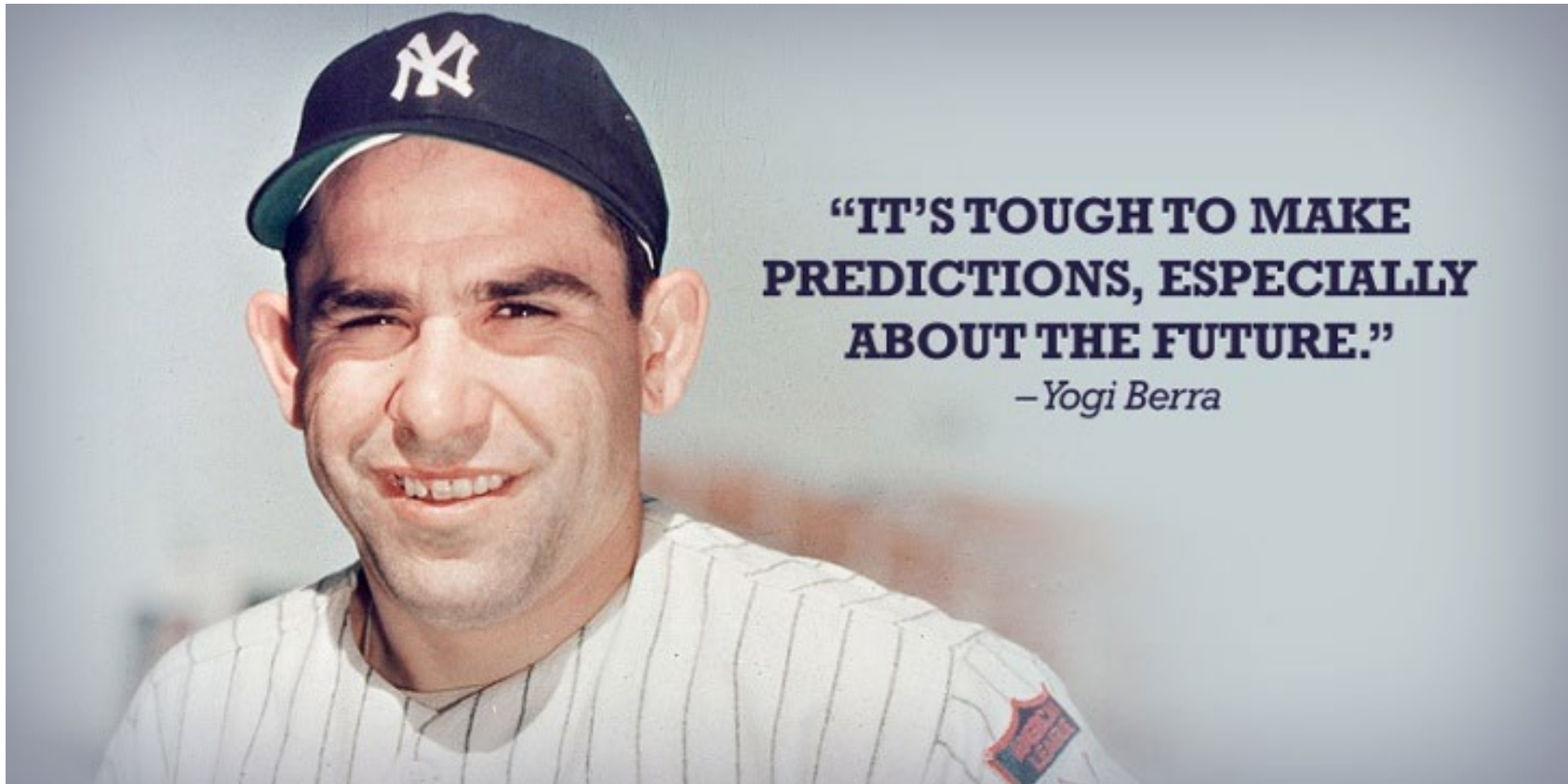
Chief Investment Officer

INTRUST Bank



Will the stock market  
reach new highs in 2022?







# Seven predictions and their implications for investors

The background is a dark blue field with several large, overlapping geometric shapes in lighter shades of blue. These shapes include triangles and polygons that create a sense of depth and movement. The overall effect is a modern, minimalist design.

1. Taxes will rise



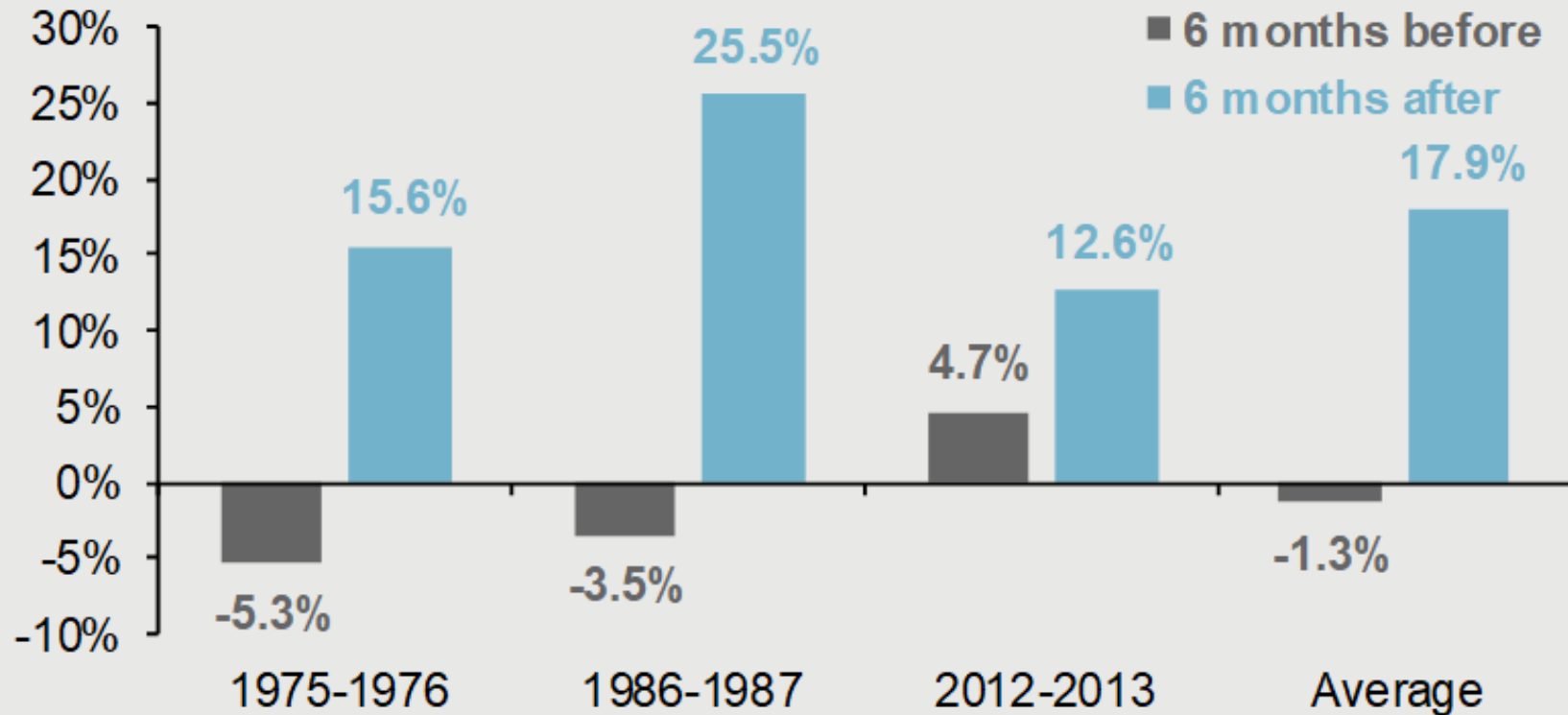
# Proposed Tax Changes

	Current	Proposed
Top Income Tax Rate	37%	39.6%
Top Capital Gains Rate	20%	25%
Corporate Tax Rates	21%	26.5%
Estate Tax Exemption	\$11.7M	~\$6M
Estate Tax Rate	40%	45-65%



# S&P 500 performance and capital gains tax increases

Price return, 6 months before/after tax increase





# Tax-smart strategies for investors



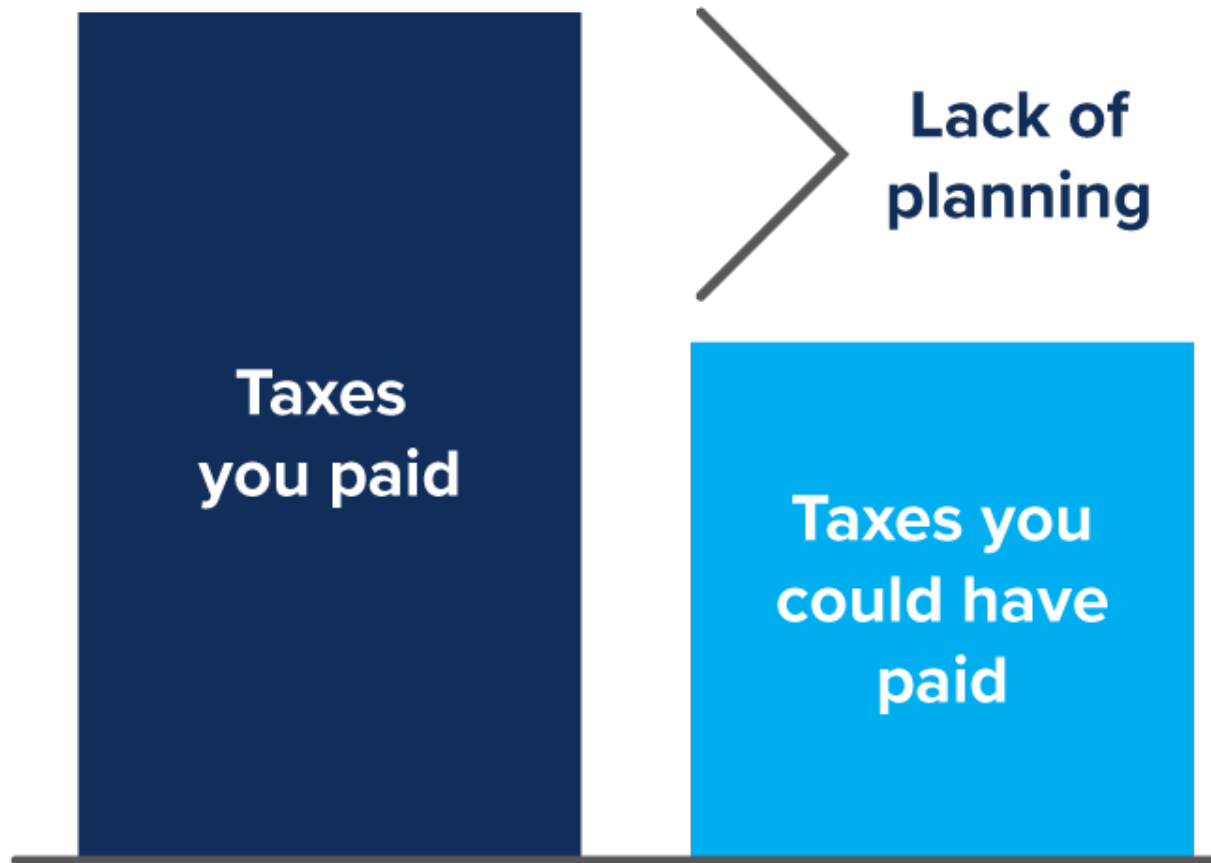
Tax-smart investing can add 1% - 2% of extra return on an after-tax basis

2. More money will transfer  
to the next generation than  
ever before



# The Great Wealth Transfer

Over the next few decades, baby boomers will pass over \$60 trillion to millennials and Generation X.





3. Social Security/Medicare  
Trusts will be strained



# The 2021 Trustees Reports make clear that essential programs are on an unsustainable path:

**Medicare** – 2026 Hospital insurance trust fund depleted

- **9% shortfall** in payments for medical services affecting **71 million** enrollees

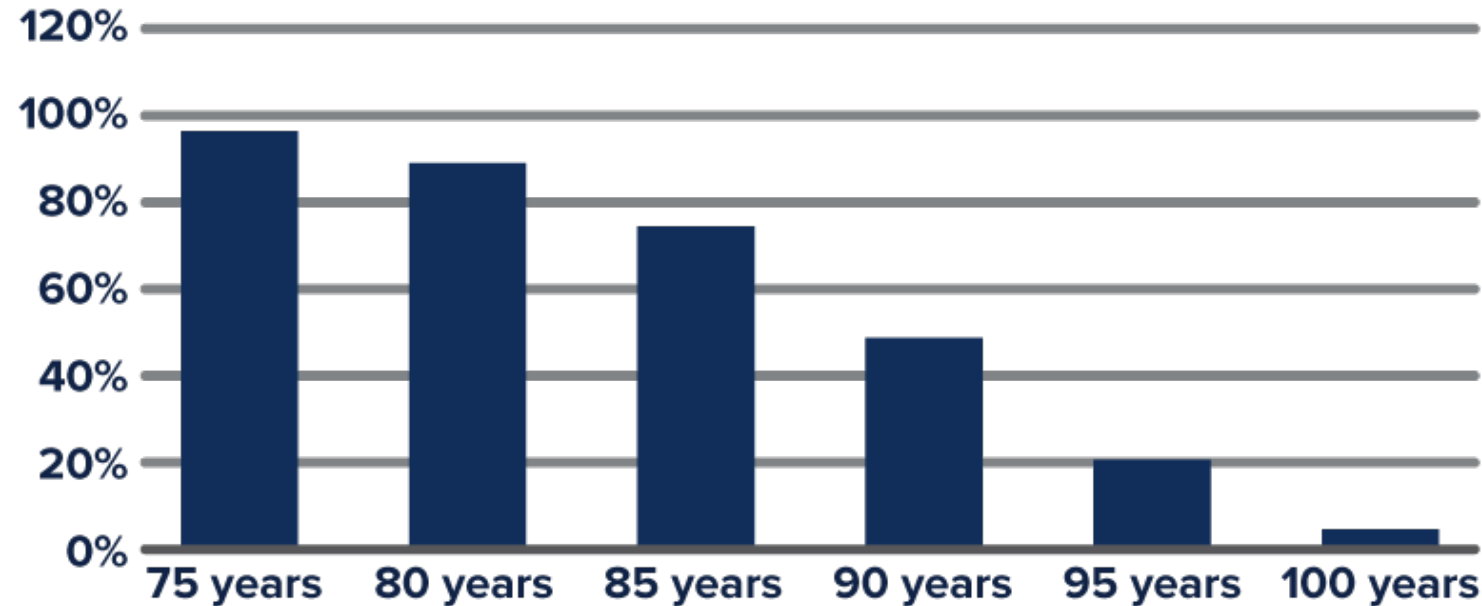
**Social Security** – 2033 Old-age and survivors insurance trust fund depleted

- **24% cut** in benefits affecting **70 million** beneficiaries



# Retiring earlier and living longer

## Longevity probability



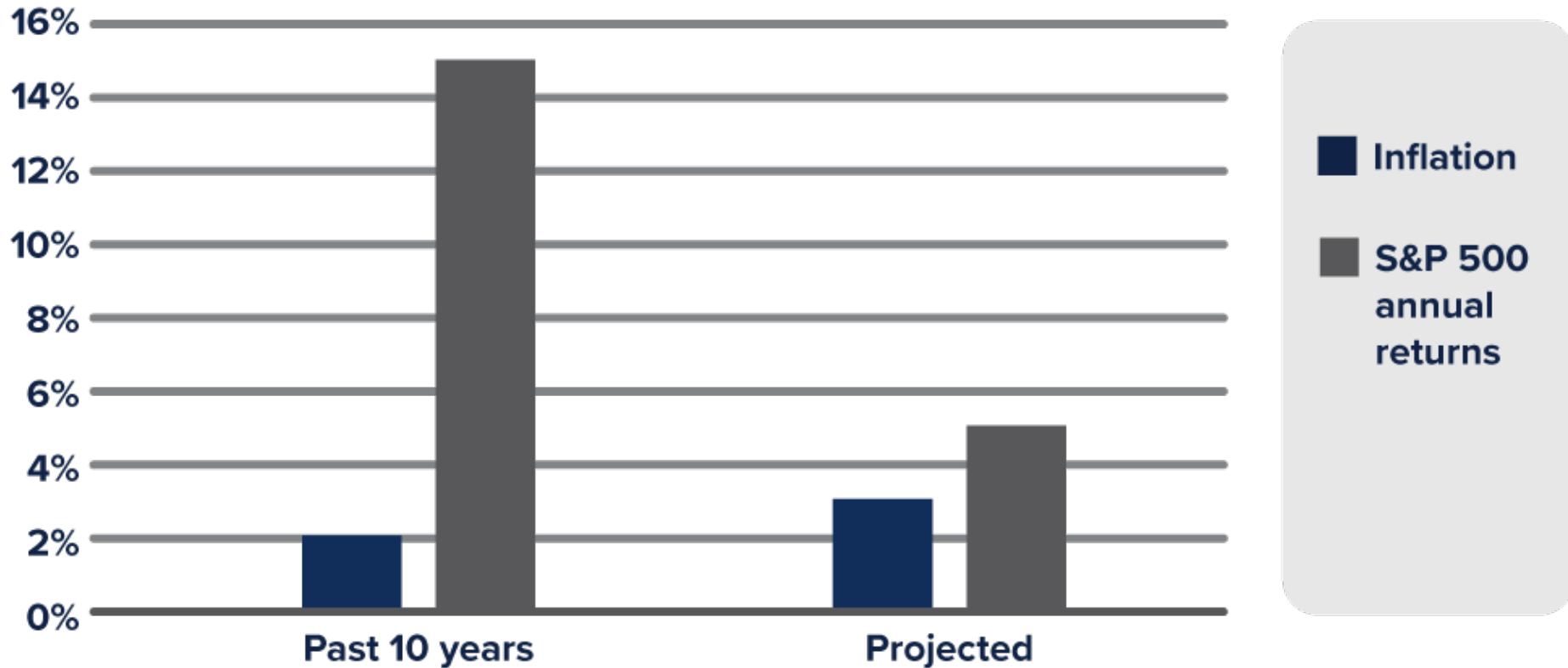
**Median  
retirement age**

Expected: 65  
Actual: 62

4. Real returns will be lower

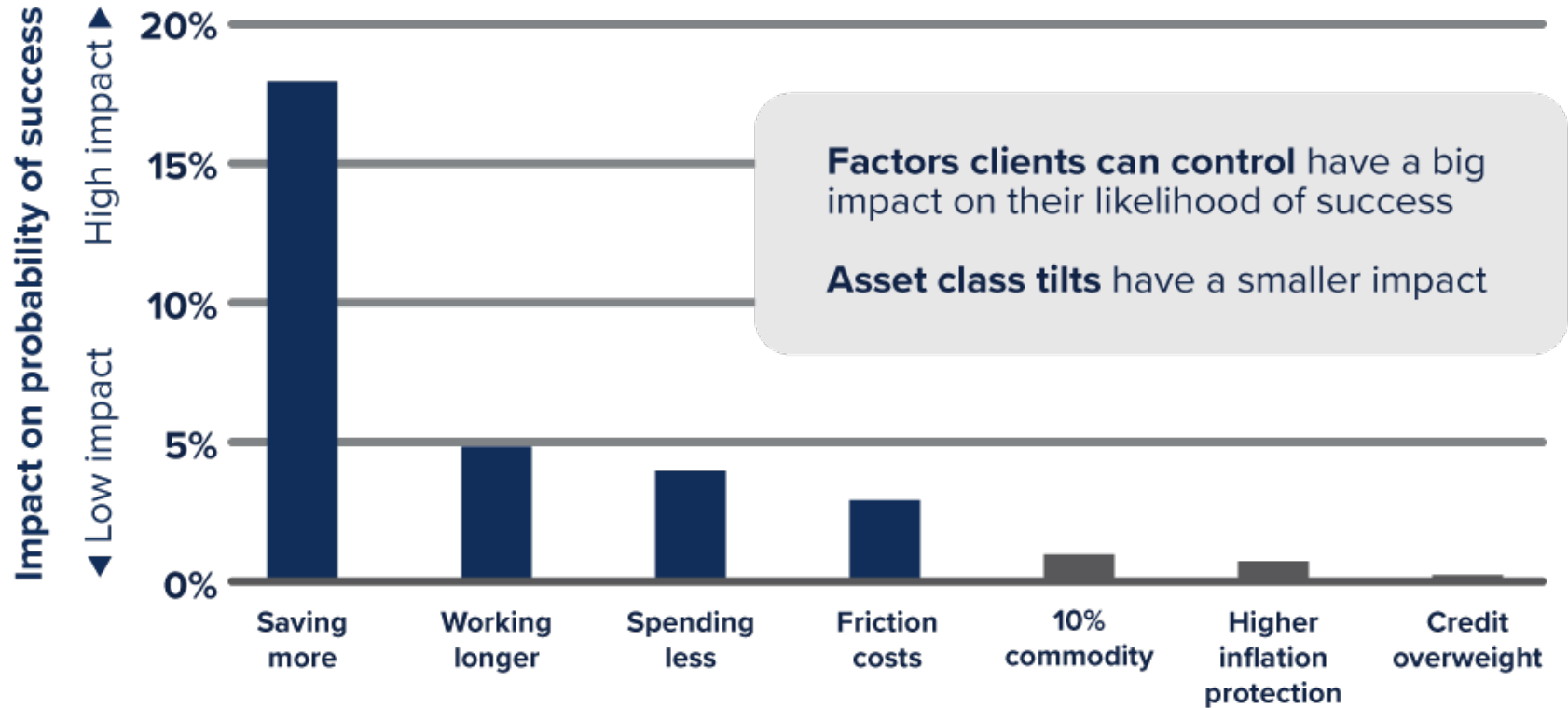


# Inflation and market returns





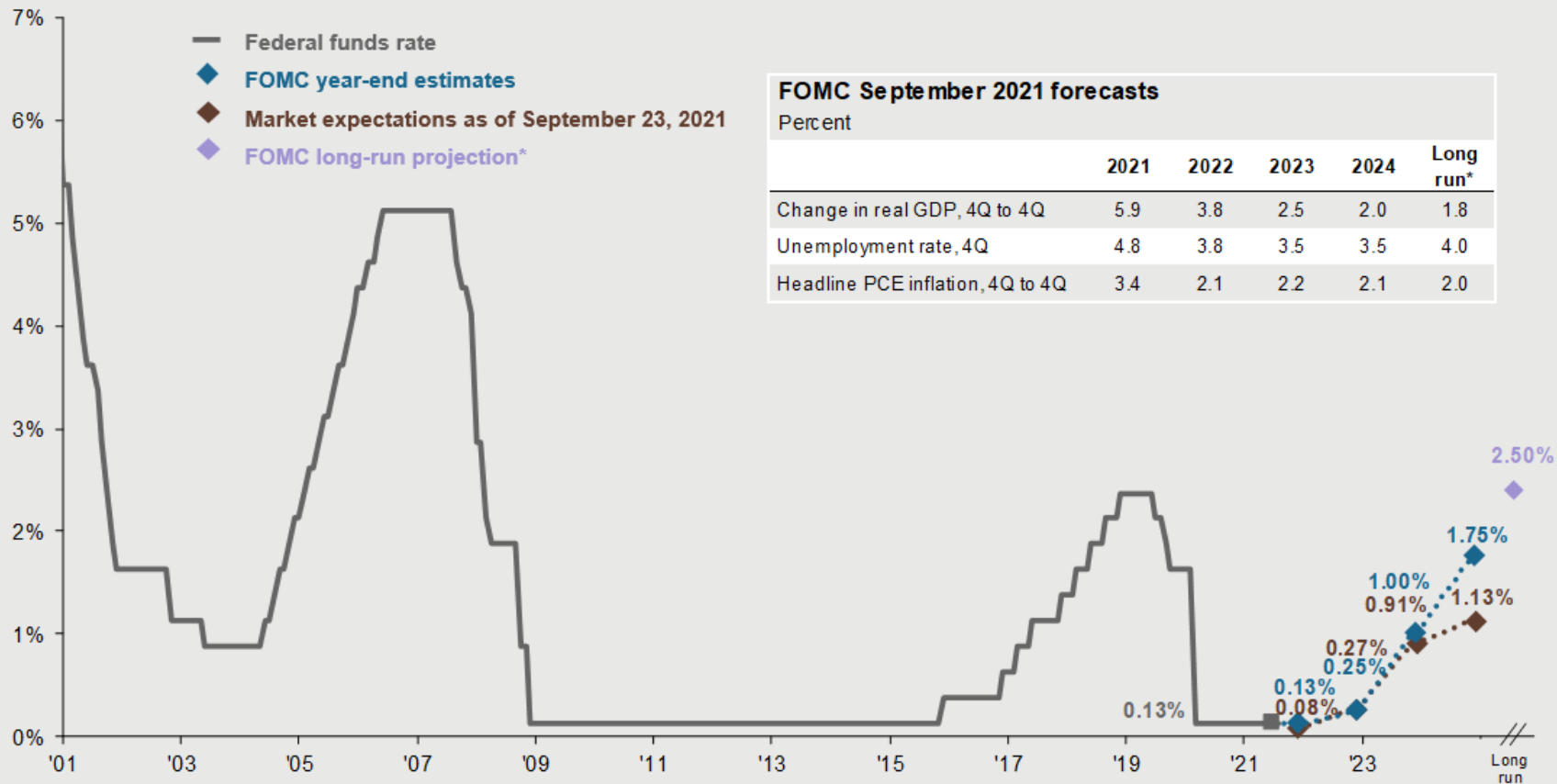
# Factors influencing probability of success



5. Monetary and fiscal policies  
will remain accommodative

## Federal funds rate expectations

FOMC and market expectations for the federal funds rate



### FOMC September 2021 forecasts

Percent

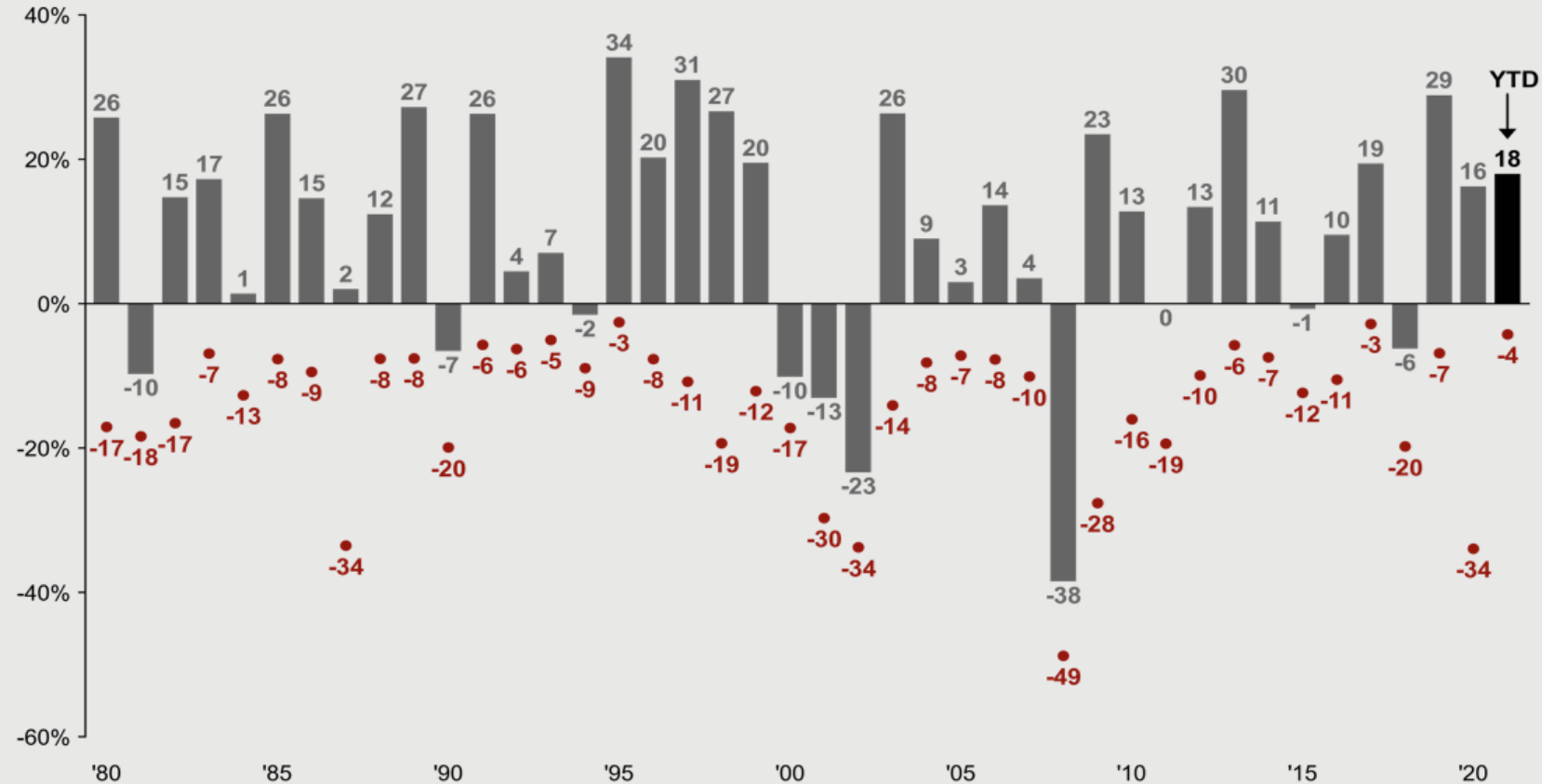
	2021	2022	2023	2024	Long run*
Change in real GDP, 4Q to 4Q	5.9	3.8	2.5	2.0	1.8
Unemployment rate, 4Q	4.8	3.8	3.5	3.5	4.0
Headline PCE inflation, 4Q to 4Q	3.4	2.1	2.2	2.1	2.0





## S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.3%, annual returns were positive in 31 of 41 years



Sources: FactSet, Standard & Poor's, J.P. Morgan Asset Management; As of September 23, 2021

6. More dollars will flow into  
ESG investments



# Primary tenants of ESG investing



## Environmental

- Circular economy
- Natural resources
- Pollution and waste management
- Water use
- Climate change
- Product lifestyle

## Social

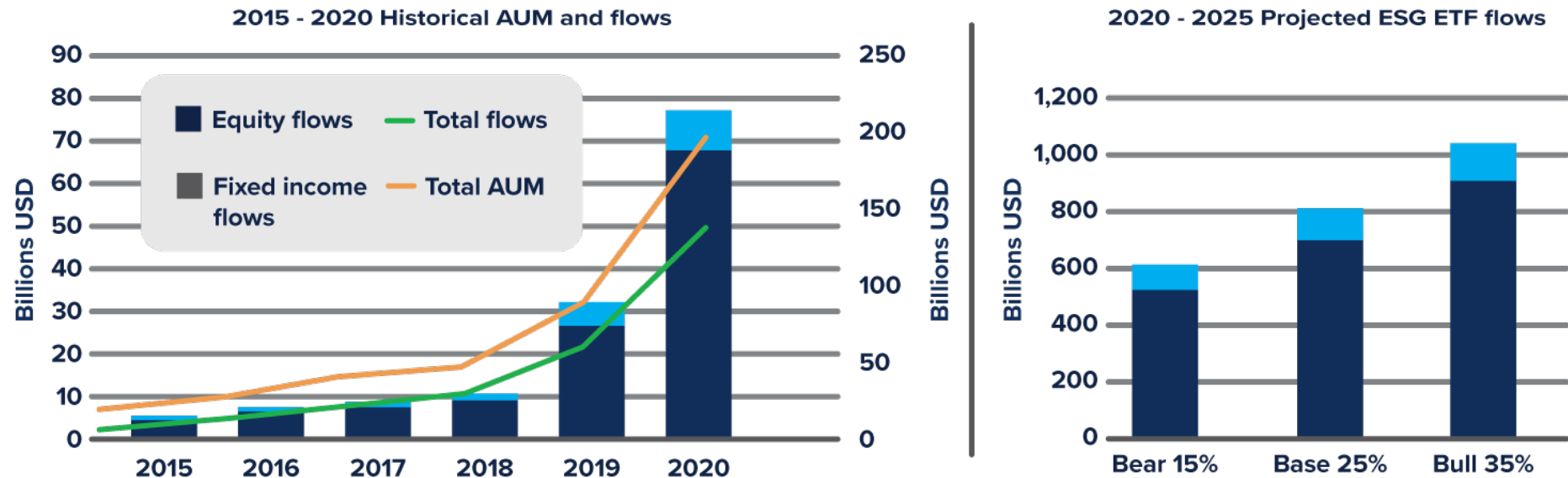
- Human capital management
- Health and safety
- Customer responsibility
- Diversity
- Human rights and community
- Stakeholder relationships

## Governance

- Corporate governance
- Corporate behavior
- Cyber security
- Executive remuneration
- Shareholders protection and rights
- Risk management
- Capital and board structure
- Regulation
- Business purpose
- Corporate reporting

# Growth of ESG

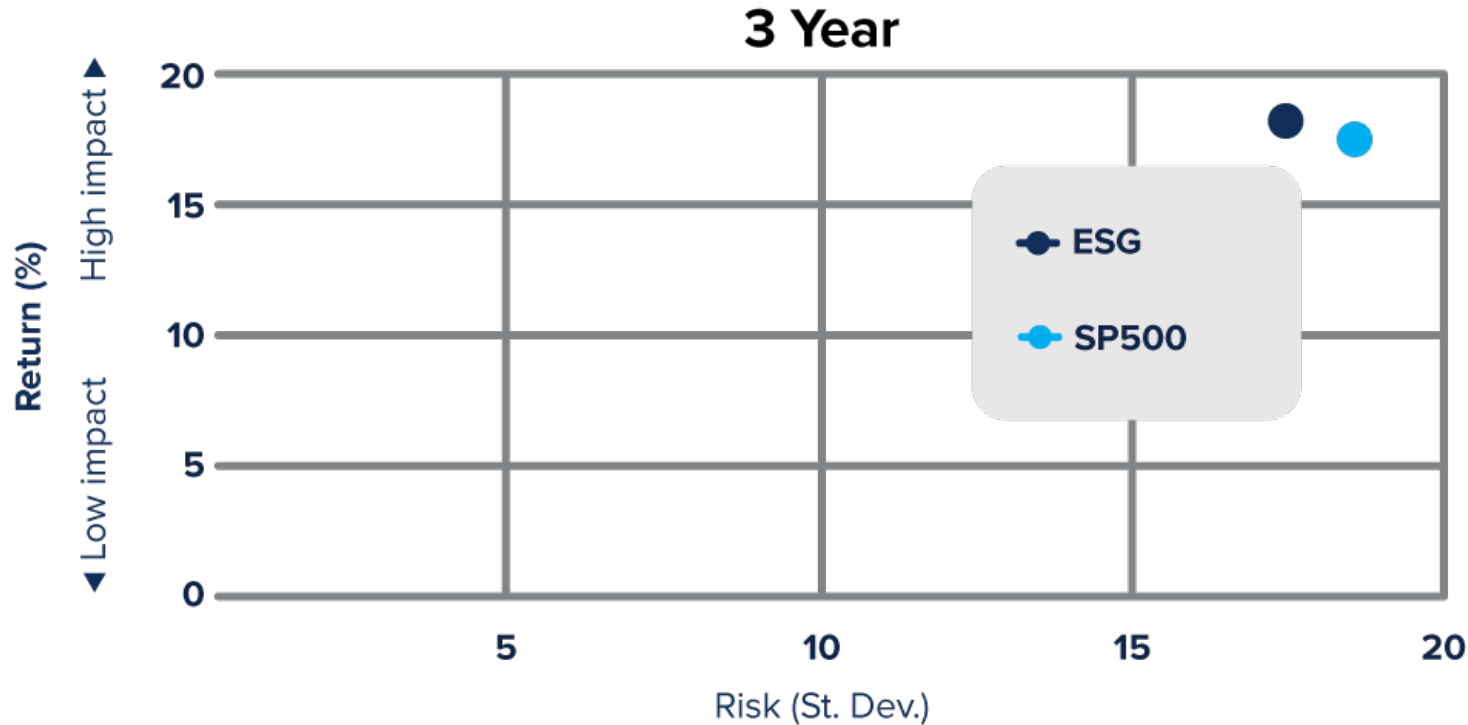
## Historical vs. Projected Global ESG ETF Flows







# ESG funds vs S&P500 Index

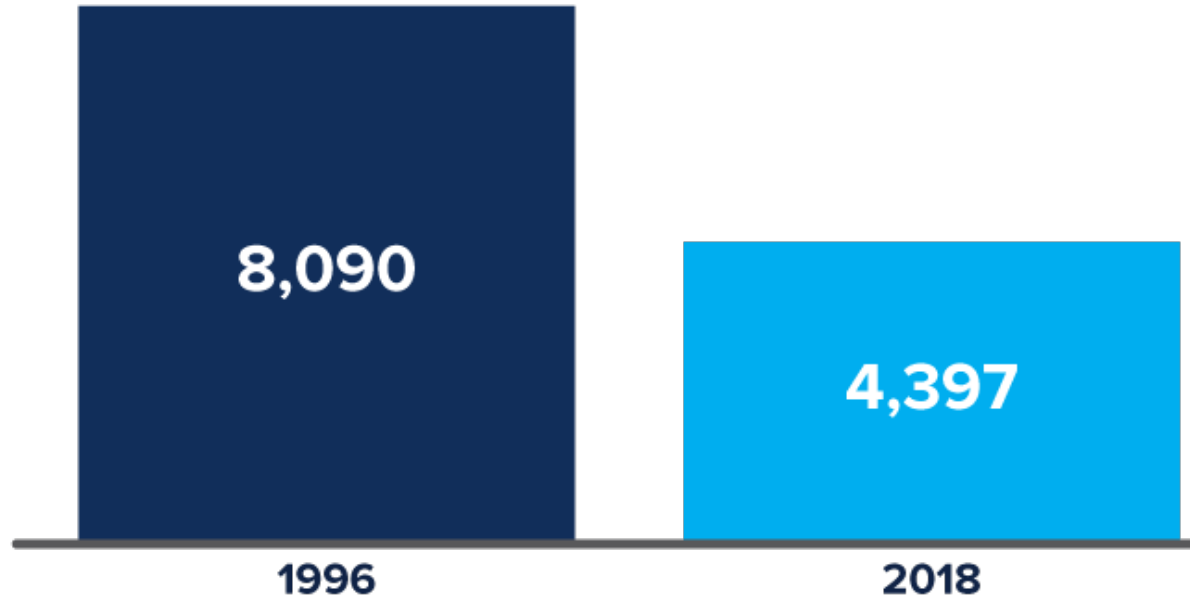


Source: Morningstar. Data as of 06/30/2021. ESG risk-return calculated by finding the weighted average standard deviation and total return respectively for the top 28 large cap blend ESG mutual funds and ETFs.

7. Fewer companies will be  
publicly traded

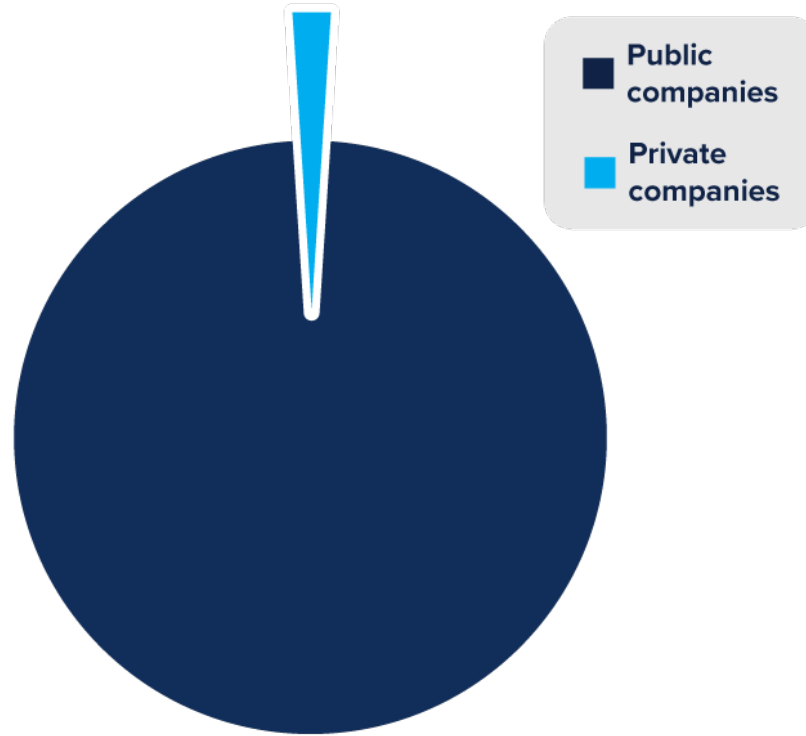


# Listed companies in the U.S. stock market





# Largest 185,000 companies in the U.S.



# Summary:

1. Taxes will rise
2. More money will transfer to the next generation than ever before
3. Social Security/Medicare Trusts will be strained
4. Real returns will be lower
5. Monetary and fiscal policies will remain accommodative
6. More dollars will flow into ESG investments
7. Fewer companies will be publicly traded

**Smart investors won't ignore these trends!**





**THANK YOU**