

# My Atlantic Wealth

FALL EDITION 2020

## From Our Corner

From our families to yours, here are a few things that have been going on these last six months.

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## Charitable Gifting Strategies

Whether giving to a family member or a charity this holiday season, these tips can help you choose the right strategy.

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## Reflecting on 2020

By Greg Patterson

For most of us and our nation, 2020 has been one of the most challenging years in recent memory. We've dealt with COVID-19 and its fallout, economic upheaval and shutdowns, wildfires, hurricanes, a presidential election, and a polarized electorate. Many of us have had plans canceled and could not have imagined this year would unfold as it has. I hope you have been able to reflect on what is truly most important during this time, learn new skills, and discover beauty to appreciate around you.

Despite this year's difficulties, a strong economic recovery, record low interest rates, and an aggressive stance by the Federal Reserve have all helped the major market indexes rebound from March's steep sell-off. In fact, the markets have been very resilient in the face of uncertainty, with the Dow Jones Industrial average, a leading barometer of the overall stock market, closing at 28,323 today, up from 23,719 in April at the time of our last newsletter. This is up 19 percent and underscores the need for patience during these times.

But where do we go from here? What's in store over the next four years? If we view the future through the lens of public or tax policy, visibility is extremely limited. We think there are some common themes that emerge as it relates to investors – primarily around innovation in the technology and healthcare sectors as well as record low interest rates and signs of inflation. The recent unemployment rate beat expectations with a decline below 7% and continues to show improvement. Jobless claims are continuing to drop, and the US ISM manufacturing survey that measures manufacturing growth and expansion is at a healthy level. While uncertainty does remain, the overall economic picture remains cautiously optimistic.

We do know that consistently timing the market is nearly impossible. In fact, this year alone has provided enough examples to know that you don't make major changes to your financial plans just because a negative news story makes the headlines or some uncertain event has emerged. Rather, long term investing has had its rewards by those who have kept their eye on the end goals and not become distracted by the daily news cycle. Historically, over a longer period, we recognize that stocks have had an upward bias. This has benefited investors who own a diversified portfolio of securities and match their risk tolerance and time horizon with their objectives.

We continue to be humbled by your trust and confidence in us and by your inspiring stories of resilience in the face of adversity. We value your friendship and the opportunity to be stewards of your hard-earned wealth. The plans we have put in place to help you are well-thought-out and time-tested for such a time as this. We are here at the office and on standby to help with anything you may need. As always, we consider it a privilege to serve you and your family. ■

*"And my God will meet all your needs according to the riches of his glory in Christ Jesus." - Philippians 4:19*

## ***In the Life of Our Firm and Our Families***

### ***From Greg***

Fall is here, and it has been an amazing time to be on the Crystal Coast. Since my last update, we have welcomed home our youngest son, Tyler, from his deployment with the NC National Guard. He came home from Saudi Arabia and Kuwait at the beginning of October and is scheduled to go back to Charlotte after the holidays. Melissa and I also visited our daughters recently and enjoyed a dinner all together eating at The Angus Barn. Caitlin and her husband, Tyler, are preparing for an adoption. They have completed all the steps and are now waiting expectantly to hear they have been chosen for a baby. I am sure when that time comes, we will be traveling there more frequently. Over the last several weekends, Melissa and I have been helping families through the furniture ministry at our church, which first began years ago after a major hurricane. This past month we had the opportunity to be a blessing to a young mother of three who had just relocated and didn't have anything. With the help of a few friends, we were able to completely furnish her small apartment. It is rewarding to see furniture that people donate go to meet others' needs. Our annual family trip is scheduled for the week before Christmas and you will find all of the Pattersons in the NC mountains enjoying a winter getaway. I am looking forward to getting a fire going and roasting marshmallows, and spending time with our kids. We hope that you and your loved ones are able to be together over the holidays as well. We look forward to hearing your stories when we see you again.

### ***From Matt***

Hello! What an eventful season. I pray everyone has found things to keep busy during this time and maybe learned a few new skills along the way. For me, I spent quite a bit of time on the water and time with family and friends. I am really looking forward to this holiday season, beginning with Thanksgiving, my favorite holiday of the year. There are no gifts, no stress, just simply spending time with loved ones, enjoying the company and giving thanks. There is an abundance of things we can be thankful for even during the most troubling times. I am thankful for the non-stop support I have received from my family and also

from the team here at Atlantic Wealth. As for my family, I still often enjoy visits to see my niece, who is almost two years old now. It is amazing to watch her grow up and learn to do all kinds of new things. I even had a blast taking her trick-or-treating for Halloween. I hope all of you and your families enjoyed the summer and are ready for the holidays! Let us enjoy every moment and soak it in as we go. I look forward to seeing everyone soon!



### ***From Mackenzie***

Hello, everyone! I am so excited to have joined the Atlantic Wealth family, and I am looking forward to meeting all of you! I am joining the team as your Client Service Associate and am eager to support you. My husband, Michael, and I moved to Morehead City in August and are loving the Crystal Coast. Michael is a Marine Corps officer currently stationed at Cherry Point. We are both originally from Kentucky, but Michael's flight training has taken us to Virginia, Florida, and Mississippi. We are very happy to finally settle down in one place, and we could not imagine a better place to do so! We love exploring the local community and have been spending a lot of time outdoors. When we are not on the boat attempting to catch fish, we are either studying at a coffee shop or finding a new running trail to explore. We are hoping to buy a house in Morehead City and are excited to get involved serving at church and volunteering. Most of our family still live in Kentucky, so we are looking forward to traveling home for Christmas. My sister recently had her first child, the family's first grandchild, and I cannot wait to spoil him with an excessive amount of snuggles and baby onesies. I hope that you have a happy Thanksgiving and very merry Christmas, and if I have not already, I look forward to meeting you soon!

### ***From JA***

I always enjoy looking back and trying to capture the important things to include in this update. I'll start with Jac. Six months ago we were still calling him a baby, but he is definitely not a baby anymore! With him walking and starting to talk, he is clearly a toddler now. He is happy and handsome, and while he usually has a smile on his face, he knows what he wants and how to let you know when he doesn't get it. Our "triplet" girls are all doing well. Rosa turned four in July, and both Nellie and Eliza have four year birthdays soon. That will make three four-year-old little girls! Each of them is growing up and becoming their own person, and their mom and I are trying to keep them all on track. All three go to St. James in Newport two days a week, and Nellie and Eliza are doing gymnastics. Reese and Sadie are growing up way too fast, too. Reese turned eight in June, and they both really enjoyed playing soccer this fall. Sadie has been preparing for 2021 gymnastics competitions, and Reese is looking forward to lacrosse in the spring. Both of them have been going to Camp Albemarle for Nature School and STEM programs each week. They enjoy learning, and we are continuing homeschooling. With 2020 being a year no one expected, it's fitting for me to share something unexpected that's happened in our family. For the last four months, we have had a seventh child in our home. We are fostering a one-year-old little boy. He is only about four months younger than Jac, so this has given Jac a buddy to pal around with. He is the brother of one of our adopted daughters so we are committed to keeping them together, either on a temporary basis or a more permanent one if the situation arises. Recently, the whole family was able to take a trip to the mountains where we enjoyed quality time. Elizabeth and I continue to be amazed at God's grace, love, provision, and peace. Our life each day is comprised of challenges, but greater than the challenges are the blessings. As we read in James 1:2-4, "Count it all joy, my brothers, when you meet trials of various kinds, for you know that the testing of your faith produces steadfastness. And let steadfastness have its full effect, that you may be perfect and complete, lacking in nothing."



## Charitable Gifting Strategies for the Season of Giving

Presented by Greg Patterson and James Allen Canady

For many, the holidays are a time for giving back—whether by donating to a favorite charity or helping out a family member. Before you make a donation or gift, however, it's important to choose the right strategy, paying close attention to potential tax and legal implications.

### Charitable Giving

If there's a charitable organization you'd like to donate to, be sure to take the time to consider the charitable giving vehicle you'll use to make your gift. Let's look briefly at some of the options.

**Outright gifts.** Outright gifts of cash or property provide charities with immediate resources. Be sure to keep your receipts or bank records to validate any income tax deductions you wish to claim. Keep in mind that you may need a professional appraisal to qualify for a tax deduction on certain noncash contributions.

**Donor-advised funds.** A donor-advised fund is a charitable giving vehicle managed by a public charity for the purpose of distributing funds to other charities. When you contribute to a donor-advised fund, you can advise the charity on the grants it makes, as well as take advantage of possible tax deductions. Be aware, however, that there may be a minimum donation amount, and administrative fees may cut into the funds available for grants.

**Charitable remainder trusts.** With this type of trust, the donor receives income from the trust for his or her lifetime, the lifetime of another person, or a period of up to 20 years. At the end of the specified term, the remaining trust assets are distributed to a charitable beneficiary. The greatest benefit of a charitable remainder trust is that you can take advantage of immediate tax benefits while continuing to utilize the assets, as you may deduct the present value of the charitable remainder interest.

On the downside, charitable trusts tend to be complex to set up and usually require legal and administrative support.

**Charitable gift annuities.** A charitable gift annuity is a split-interest gift made directly to a charity that provides you, your spouse, or a family member with fixed income payments for life. The charity typically ends up with about half of your donation, while you get an immediate tax deduction and some guaranteed income. Keep in mind that an annuity is a contract between you and the charity, and your return isn't guaranteed by the government.

**Private foundations.** A private foundation is a charity established by an individual, family, or corporation. Although it offers donors a great deal of control over their gifts, a private foundation can be costly to administer, and it must adhere to a strict set of rules designed to ensure that it carries out its charitable purpose.

**Bequests.** If you wish to give to charity posthumously, you may make bequests by way of your will, trust provisions, or beneficiary designations. Although bequests offer simplicity and are easy to set up, they are not income tax deductible during your life.

### Gifts to Family Members

Giving back doesn't always mean giving to charity. Gifting to family members can be just as rewarding, and it can be an effective way to transfer wealth while reducing or avoiding taxes. Here are several common strategies for gifting to family members:

**Making an outright cash gift.** For tax year 2019, you may gift up to \$15,000 to any individual without tax consequences. (This amount increases to \$30,000 for married couples). This limit will remain the same for tax year 2020. If you're sharing gifts with your spouse, or you'd like to gift more than this amount to one person, you'll need to file a gift tax return using IRS Form 709.

**Paying college tuition or medical bills directly.** If you'd like to pay a family member's expenses directly to a school or health care provider, the \$15,000 limit does not apply. Plus, you're still free to give the individual a separate tax-free gift of up to \$15,000.

**Contributing to a 529 plan.** With this strategy, you can contribute to a relative's qualified education expenses while paring down your own estate. Contributions to 529 plans grow tax deferred, and withdrawals for the beneficiary's education are tax free at the federal level (and usually at the state level, too). Additionally, 529 plans are eligible for a special exemption that allows you to gift up to five years' worth of annual exclusion contributions (i.e., up to five times \$15,000, or \$75,000, per person per year) without using any estate and gift tax exemption. You will need to file IRS Form 709 to document the transaction.

With all the options available, choosing the best way to give to charity or family members can seem overwhelming. Don't hesitate to reach out to us to discuss various strategies and select an option that makes sense for you, your family, and your financial situation. ■

*Greg Patterson and James Allen Canady are financial advisors located at Atlantic Wealth Management, 712 Bridges Street, Morehead City, NC 28557. They offer securities and advisory services as Registered Representatives and Investment Adviser Representatives of Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. They can be reached at 252-515-7800 or at [greg@myatlanticwealth.com](mailto:greg@myatlanticwealth.com).*

## Welcome Mackenzie Sherrard!



As part of our commitment to providing you with the highest level of personal service, we are pleased to announce our newest team member, Mackenzie Sherrard. Mackenzie has joined our team as our Client Service Associate and Director of First Impressions and will help provide support to you as it relates to delivering a quality client

experience, including any account service or requests you may have. Mackenzie and her husband Michael, a Marine Corps officer, are glad to be on the Crystal Coast where they enjoy offshore fishing and exploring the local area. Originally from Louisville, KY, she enjoys reading and staying active. Mackenzie is looking forward to meeting you and becoming active in all that our community has to offer. Mackenzie shares our work ethic, values, faith, and passion for helping others and will assist our office in providing exceptional service to you.

## Atlantic Wealth Kids



Left to right: Eliza (4), Sadie (6), Nellie (4), Reese (8), Jac (1), Rosa (4) and B (1).

## Congratulations to JA!

We are pleased to announce JA as a newly registered CERTIFIED FINANCIAL PLANNER™. JA successfully passed the six-hour exam in September after diligently studying and preparing for several months. The exam, in addition to his work experience, qualifies JA now as a CFP® and adds additional knowledge and expertise to the Atlantic Wealth team.



## Event Updates

One of the highlights of our holiday season is hosting our annual Christmas Social. This year, however, out of an abundance of caution, we will not be holding this event, originally scheduled for Thursday, December 3rd.

We recently hosted “A Taste of Generosity” webinar event. If you were not able to participate, stay tuned for a recorded version of the event that we will post to our website.

## Offer to Help

We are honored to be the advisors you’ve chosen to help manage your financial life. In our experience, our clients who value the comprehensive services we offer often have a family member or friend who shares those values.

If someone you know could benefit from financial guidance, or a fresh perspective on their retirement, we would be honored to help. We are pleased to offer anyone you refer a no-obligation, complimentary financial review. Your continued trust in us is worth more than we can say. To refer someone, just call our office at (252) 515-7800.



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## Our Mission

Our advice and counsel is built on a foundation of faith, shared values, open communication and the highest integrity. With world-class service, we grow and protect our clients’ hard-earned wealth so that they are free to live inspired.

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