AMPLIUS
WEALTH ADVISORS

The Inflation Reduction Act – What's the Deal?

The Inflation Reduction Act was signed into law on August 16, 2022. The law takes aim at healthcare and prescription drug costs, climate change, and tax changes for certain corporations. There are a few provisions that could have a direct effect on you. Here is a brief outline:

- **Healthcare and Drug Prices**
  - Medicare can now negotiate certain drug costs
    - Starting next year, Medicare can negotiate prices for 10 drugs, the results of which will go into effect in 2026
    - This list could expand to 20 drugs by 2029
  - Starting 2025, Medicare enrollees have a $2,000 cap on annual out-of-pocket prescription drug costs
  - Pharmaceutical companies raising drug prices faster than inflation must offer rebates
  - Insurers are required to hold annual premium growth to existing levels
  - A COVID-era Affordable Care Act subsidy, set to expire in 2022, was extended through 2025
- **Tax Credits for Green Incentives**
  - $1,200 annual tax credit for any "green" remodeling to homes starting next year through 2032
  - This is an increase from a previous *lifetime* tax credit of $500
  - $7,500 tax credit through 2032 for the purchase of an electric vehicle, though this will be hard to qualify for
  - To be eligible, U.S. car manufacturers will have production and material sourcing mandates that make hardly any current vehicles eligible for the credit (see more HERE)
- **Corporate Tax Changes**
  - Introduction of a 15% corporate minimum tax rate (like AMT but for corporations)
  - Stock buybacks by corporations will face a 1% excise tax
- **IRS Funding**
  - The bill will provide $80 billion in funding to the IRS to hire new workers, upgrade resources, and increase their enforcement

There's a lot to unpack so feel free to call us with any questions, as always.

Contact Us

Amplius in the Community

Last week, the Amplius team was proud to sponsor the Drexel University Men's Ice Hockey Team Annual Golf Outing for the second year in a row.

We wish the Dragons the best of luck this season!

In this section, which we call Liebman's Library, Matt Liebman and Sam Liebman will share 1-2 articles or charts per month that caught their attention related to the Investment Markets.

When Matt was in Elementary school, he would walk into his room and find newspaper or magazine articles about sports, politics, business, or markets that Sam had cut out for Matt to read. The tradition has continued for over 30 years. Now the article flow goes in both directions and the articles are usually sent via text.

Over the past few months, you have likely heard us use the term that we coined "Volatile Mediocrity" to describe our view of the current markets. Essentially, we think that we are in the midst of an extended period of instability where the markets swivel from strong period to weak period in the short term and there is a general absence of long-term direction. The reason for the existence of this period of "Volatile Mediocrity" - in our opinion – is that there are enough positive and negative factors in play right now that generally off-set each other.

To that end, we have highlighted two different views below: one article presents a more positive outlook from famed Wharton professor Jeremy Siegel and the other, from the Wall Street Journal, is a more negative take.

Five Not-Quite-Impossible Things the Market Believes

The two month rally in bonds and stocks—even putting the Nasdaq back into bull market territory—rests on a lot of people being wrong.

Read on WSJ

Wharton's Jeremy Siegel says the market bottom is in and a 'soft landing' is still possible

The U.S. economy can still avoid a recession and another big downturn in stocks.

Read on CNBC

Cash, Money Market and Treasury Yields on the Rise (Sort Of)

With interest rates on the rise, not all investment and cash instruments are seeing yields go higher. We have found that many traditional "brick and mortar" banks are still only paying between .01% and .05% on checking and savings accounts. Online banks have been offering substantially better yields, hovering around the 1.70% level.

In cases where you don't need immediate access to your cash, we have found that US Treasuries are offering attractive yields, while not having to tie your money up for too long. For example, a 6-month treasury currently yields right around 3%.

If you have cash on hand that you don't need in the very near term, please reach out to us to discuss appropriate alternatives.

Contact Us

Your Advisors in the News

6 Things to Know to Grow Your RIA Successfully

Recruiting at many registered investment advisors has ramped up in the past year, but building a successful practice requires more than simply adding warm bodies. According to Matt, the key to running a successful practice is keeping the client-to-advisor ratio low so that each advisor can provide a gold level of service.

Read on Barron's

AMPLIUS WEALTH ADVISORS

Visit our Website

awa@ampliuswealth.com
215-310-7770

Amplius Wealth Advisors | 1787 Sentry Parkway West, VEVA 16, Suite 100, Blue Bell, PA 19422