CURRENTS

SPRING 2021

O'BRIEN WEALTH PARTNERS DID YOU KNOW?

Important reminders about Required Minimum Distributions (RMDs)

- In 2020 the RMD Age was changed from 70.5 to **72**
- Individuals had the option to skip or reverse their 2020 RMDs, which is **not the case for 2021**
- **Roth IRAs** are not subject to RMDs
- RMDs can be **tax free** if the funds are sent directly to a **qualifying charity**

A NOTE FROM JILL

Dear Friends and Clients,

Having passed the date that marked the one year milestone of our offices moving to remote work, I have spent a lot of time reflecting on the past year and the lessons, both good and bad, learned along the way. I could not be more thankful for or prouder of my team. They have stepped up individually and collectively to ensure that the assets you entrust us with have been managed with as much care, and the advice we provide you with is as timely and relevant as if we were all working together in our offices every day. While the lines between work and home have blurred, and we often need to remind ourselves to step away from our screens, seeing our clients and each other in our home environments has led us to create even more personal relationships than we had before.

In some ways 2020 seemed like a year that was suspended in time, yet time marches on and seasons change nonetheless. For our team, those changes were bittersweet. We had some talented people join us, and at the same time one of our most treasured Senior Advisors, Cindy Kuppens, decided that she would retire in the first half of 2021. Cindy will be sorely missed by our team, her clients, and by me personally. But we wish her the best of luck on her next chapter as she eases into spending more time with family and friends and pursuing some of her passions like painting, travel, and books.

Those of you that have followed our regular communications throughout 2020 may recall that we marked economic progress through the year via a series of milestones or signposts. We are busy now thinking about what a return to the new normal might look like with vaccines becoming more widespread and a hopeful end in sight to the pandemic. As we plan for that future, I can't help but look back at the personal and professional milestones we conquered during the past year with gratitude and respect. I hope you and your families are all healthy and safe and we look forward to seeing you in person soon!

Jill

Jill Fopiano, CFA, CFP®
President, CEO, and CIO

ESG – CHOICES FOR SUSTAINABLE INVESTING

By Lauren Higgins

1) What is O'Brien's Mission Statement regarding ESG Investing? Our mission is to provide a Sustainable Portfolio that aligns with our clients' values by factoring positive environmental, social and governance (ESG) components into our investment process, engaging with our portfolio managers in advocacy, and promoting education and impact to advance a more sustainable global economy.

2) What does the O'Brien Investment Team look for in an ESG investment? Our investment team starts its process with an analysis of quantitative performance metrics of an asset class to identify funds that have consistently added value to their investors. For those value-adding funds we then examine the firm's ESG policies, their framework for sourcing and analyzing material ESG information and how that data influences fund investment decisions. We talk with the Portfolio Management team to understand the firm culture and their efforts to advance best practices within their own firm and in the firms in which they invest. Our goal is to ensure that each fund in our portfolio is an expression of our clients desire to incorporate E, S and G information in making investment decisions.

3) Why is O'Brien well positioned to help clients integrate ESG investments into their portfolios? As an independent RIA firm we have the ability to invest in a wide range of sustainable investment options, including innovative new options in this rapidly evolving market. For example, O'Brien recently partnered with a separately managed account (SMA) provider named Ethic that allows us to create tailored stock portfolios that reflect the sustainability goals of individual clients. These types of partnerships allow us the opportunity to maximize the ability of clients to express their sustainability views and goals in their portfolios, while giving us the ability to replicate index-like returns.

4) How does O'Brien work with clients to "lean-in" on specific values? Let's take our Ethic partnership as an example. Over the past year, we sat down with the team at Ethic to develop the O'Brien Sustainability Strategy. This Strategy reflects sustainability goals that we feel are important to ourselves and our clients: Climate Change, Corporate Governance, Human Rights, Diversity and Inclusion and Women's Rights. Ethic not only builds customized portfolios based on our sustainability guidelines, they also quantify investors' personal impact on those issues so they can see the link between public company behavior and the values that matter most to them. Moreover, if your goals are different than these, Ethic works with us to build custom portfolios that reflect the issues most important to you.

5) What do you mean by measuring impact? We believe that impact can be measured in two ways. The first is by understanding how an investment supports or advances a specific environmental, social or governance goal. For example, does an investment have less exposure to carbon or fossil fuel than its peers? Another way to measure impact is through advocacy efforts made on behalf of the investor by the fund company. Many of the funds we invest with demonstrate efforts to engage directly with businesses through proxy voting, filing shareholder resolutions and/or direct conversations. These efforts are contributing to positive change in a number ways.

> **"…quantify investors' personal impact on those issues so they can see the link between public company behavior and the values that matter to them."**

If you are interested in hearing a few advocacy stories, or learning more about ESG investing with O'Brien, please reach out to your advisor. We welcome the opportunity to learn more about what matters most to you and your family.

Lauren Higgins, CFP®, CIMA®
Senior Advisor
Principal

WHEN LIFE GIVES YOU CORONA, WE BRING LIMES

By Jill Fopiano

FARTHER APART YET CLOSER THAN EVER.

When we shut O'Brien's doors on March 13, 2020, little did we know what was to come. Two weeks, maybe a month. That's how long we thought it might be until we were back in our office. Flash forward and it has been a year. Our offices remain mostly empty, and we're still working remotely. Fortunately, our clients and our team are healthy and safe. But here's the biggest surprise: these many months of socially distant contact have strengthened—not diminished—our relationships. It turns out that endless hours of Zooming have us feeling closer than ever before. How can that be true? How could a lack of physical contact actually boost connection?

In many ways, O'Brien was well prepared to operate remotely. Some of us already worked from home occasionally as family and other commitments required. Strict IT, cyber security, and other back office protocols eased our transition procedurally. But asking our clients to stop seeing their advisors face-to-face for an indefinite period of time? Losing in-person contact just as a pandemic threw global economies into a tailspin, shut down whole industries, spooked financial markets, sickened thousands of people, and threw millions of Americans out of work? Unchartered territory.

AMID CHAOS, CONNECTION.

Ours is a high-touch business. In creating the integrated, customized financial roadmaps we provide, our advisors get to know our clients really well—their challenges, achievements, dreams, and goals. Where they've been and where they want to go. It's a lot of information, and it gives advisors deep insight into their clients' lives. At least that's what we thought.

Before Corona virus safety protocols kicked in, O'Brien advisors and clients had a fair number of regular face-to-face meetings—in addition to telephone check-ins. Established clients and advisors usually met at least two to three times a year. New clients and advisors often saw each other more frequently in the early months of their relationship before settling into that rhythm. These days, many advisors and clients are Zooming just as often – and everyone is seeing—and saying--even more.

COMMUNICATING ON A WHOLE NEW LEVEL.

More is more. It's also different. Besides dialing up the volume of communication, Corona also altered the nature of our communication. Initially, client conversations focused less on portfolios and more on the general Covid-19 pandemonium unfolding. Advisors reassured clients that amid this crisis, their financial affairs were in order. They shared aspects of how the pandemic was affecting their own lives, too. This situation was unprecedented. Perhaps experiencing it together is what expanded our already close connection.

Zoom gave clients and advisors a new visual perspective on each other as well. As Lis Zimmerman, O'Brien Principal and Chief Financial Planning Strategist said, "I've heard years and years of life stories from many of my clients. With Zoom calls, I'm getting to see some of these things in person, from their home renovations to beloved pieces of art and even their pets."

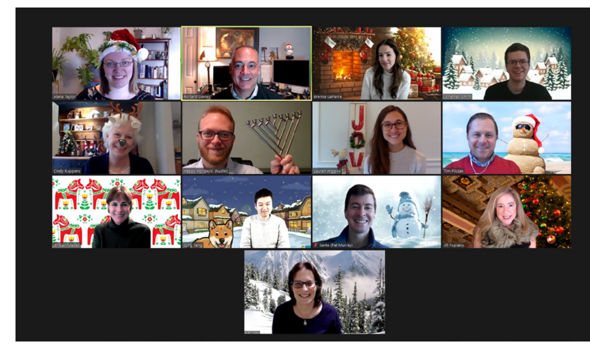
The new revelations go both ways. Again, Lis gave a perfect example: "Sometimes, my clients ask me to move the camera so they can get a better view of my loyal home officemate, my dog Sam."

> "With Zoom calls, I'm getting to see [life stories] in person, from clients home renovations to beloved pieces of art and even their pets."

MAKING COVID NECESSITIES THE MOTHER OF OTHER INVENTIONS.

Of course, working remotely also posed internal operational challenges. Our integrated, team-based approach made for a lot of daily, in-person communication. Gone were the impromptu pop-ins to each other's offices and lunchtime kitchen gatherings. Regularly scheduled meetings for the entire staff, management committee, and the financial and investment committees all vanished, too. In their place, we have daily Zoom catch-up calls, and the occasional Zoom lunch to share personal and professional news. Like our client Zoom calls, this shift has generated a new level of closeness between us.

Covid-19 also disrupted—and improved—other longstanding office traditions, like our annual holiday celebrations. We kept the holiday spirit alive. We just found new ways to do it. This year we partnered with the secret Santa service Elfster to randomly assign a secret Santa for each employee. Employees also provided a list of local businesses and restaurants in their towns, and gift givers chose among them or researched on their own. Not only did we support local businesses, we also learned more about each other and the places we live. One example was an employee whose father-in-law had been visiting and doing most of the cooking. Due to the pandemic, he had to return to his native country. For that employee, one gift option was virtual cooking lessons from a neighborhood chef or restaurant. And just like that, a new O'Brien holiday tradition was born.



WHICH WAY FORWARD?

Taking stock of 2020, I was pleased at how smoothly our team adapted in the face of unprecedented uncertainty and change. Managing market volatility and risk is a fact of life in the investment world, and it's something we are quite comfortable with and well prepared for. But dealing with a fast-spreading global pandemic presented our clients and us with a whole new level of challenge.

And the result is? So far, so good. In a very volatile investment environment, we have continued to grow along with our clients. If anything, this whole experience has reinforced our bedrock assumption that connection and communication lie at the heart of our time-tested, winning formula.

Once Covid-related restrictions disappear, many businesses plan to reduce their real estate footprints. Some are considering a permanent shift to remote work. At this point we are not. We are genuinely delighted with how well clients, advisors, and colleagues have connected and communicated in the "Zoom world" and how it gives us more options for working together. But we are all looking forward to the day we can shake your hand, give you a hug, or sit down with you at our conference room table and look you in the eye. In person.

Jill Fopiano, CFA, CFP®

President, CEO, and CIO

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DOES DEBT STILL MATTER?

By Austin Litvak

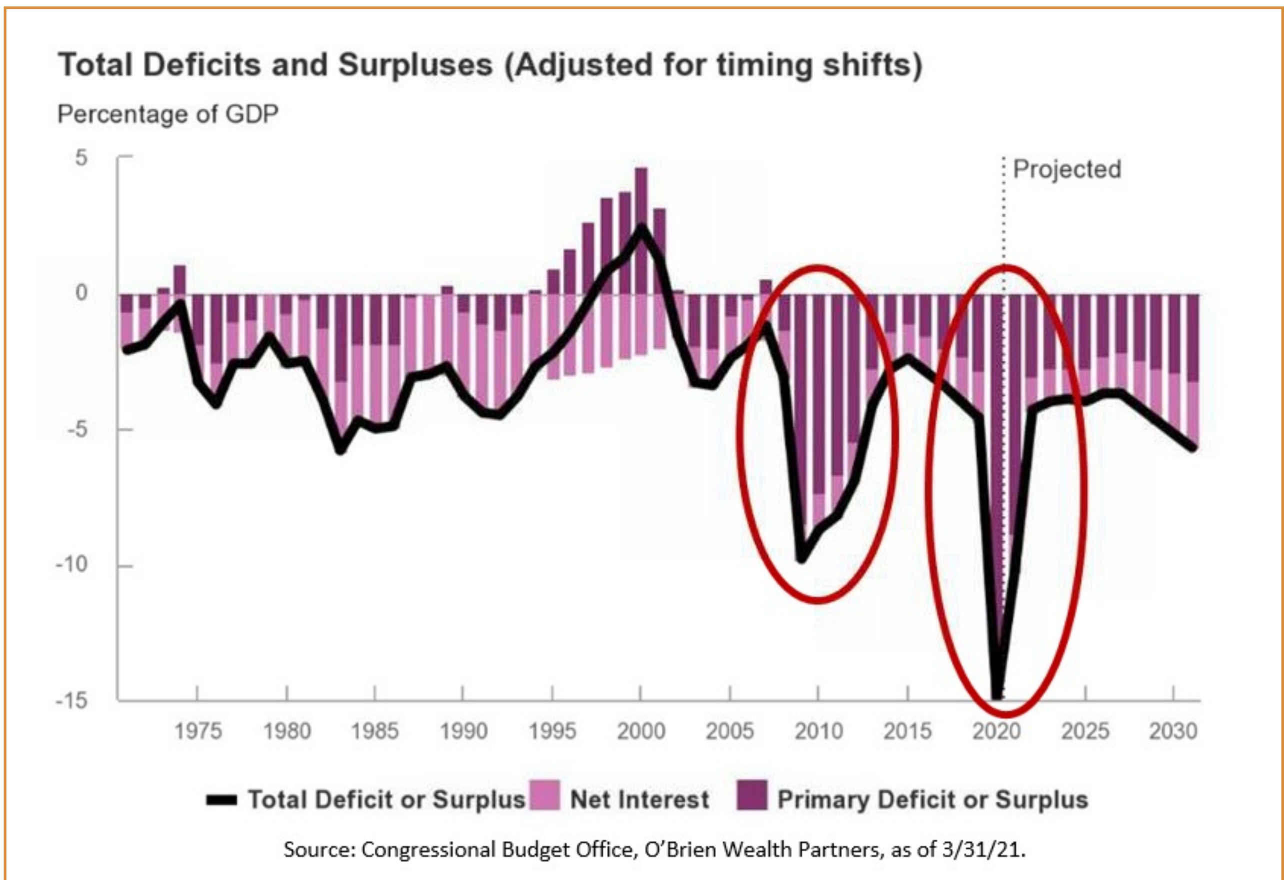
Successive trillion dollar stimulus packages over the past year have driven a surge in federal debt issuance unprecedented outside of wartime. Total debt held by the public now exceeds the size of the economy – and that was before the latest trillion-dollar-plus stimulus package was passed.

So has the federal government lost its mind? Clearly, none of us would run our personal finances this way, so why is the government doing this – and what might happen if and when the chickens inevitably come home to roost?

combination of the three. One of those sure seems easier to accomplish than the others.

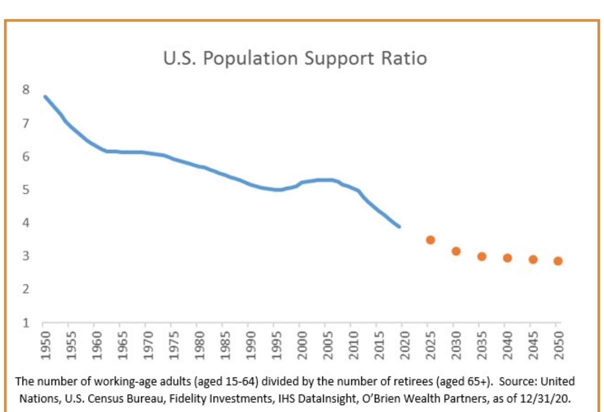
In addition, the U.S. economy has now experienced two global crises over the past dozen years against this secular trend that led to further increases in government spending (see the red circles in the chart below). As a result, federal debt relative to the size of the economy is the highest it has been since World War II.

So, where do we go from here? Debt levels are high, but they can go higher. In Japan, for example,



Source: Congressional Budget Office, O'Brien Wealth Partners, as of 3/31/21.

While increased debt issuance and deficit spending are front-and-center news, both dynamics have been occurring for decades. The impetus for this trend is our aging population. As the chart below shows, the ratio of working-age adults to retirees in the U.S. has fallen dramatically over the past several decades. Aging demographics weigh down economic growth and increase social welfare spending – Social Security and Medicare – a double whammy for federal balance sheets that has been addressed via more debt.



The number of working-age adults (aged 15-64) divided by the number of retirees (aged 65+). Source: United Nations, U.S. Census Bureau, Fidelity Investments, IHS DataInsight, O'Brien Wealth Partners, as of 12/31/20.

Aging demographics are not unique to the U.S., nor are they going to change anytime soon. National governments have not sufficiently prepared for these future social welfare costs, which suggests their borrowings are poised to continue growing.

In the U.S., the Congressional Budget Office anticipates many major federal social welfare programs, such as the Medicare Hospital Insurance Trust Fund and Social Security, will become insolvent within the next dozen years under current laws. If they do, it would mean a reduction in benefits for retirees. The potential solutions are to either raise taxes, cut spending, issue more debt, or some

public debt is now more than two-and-a-half times the size of their economy. The point here is not that Japan should be a roadmap for the U.S., but that the amount of debt outstanding may not be the catalyst that brings that chicken home to roost.

Historically, the U.S. government has managed to reduce leverage by growing the economy faster than incremental borrowing. But our aging demographic profile makes this less likely to occur going forward.

Another avenue other governments have taken to address high debt levels is to inflate their way out of their debts by printing more money. While this avenue is not our current base expectation, it's worth noting that the consequences would be potentially significant for fixed income investors broadly and retirees in particular.

So for those that wonder if debt still matters we would answer that it depends…on your time horizon. Over the next few years? Probably not. But over a longer period – albeit one that might still be within our lifetimes? Potentially very much so. We are monitoring these dynamics and if it appears likely that government may embark on this path we will take action as well to insulate your portfolios as best as possible from the risk.

Austin Litvak,
CFA, CFP®, CBE®, CAIA

Director of Investment Research

TAKE A CLOSER LOOK…

Jonathan Smith

Investment Research Analyst

What did you do before O'Brien?

I started at O'Brien right after graduating from Northeastern University with a degree in Business Administration with concentrations in Finance and Accounting. During my time at Northeastern, I completed three co-ops: one at Deloitte in their Audit department, one at Goldman Sachs in their Private Wealth Management division, and the third with O'Brien.

What drew you to O'Brien?

The most important thing I wanted as a student searching for co-ops was a job where my contributions would be important to the team. Because of this, I decided I wanted to look for a smaller company after working at two multinational businesses. After my first interview, I could tell that every employee is an important part of the O'Brien team. They made it clear that recommendations I made would be taken seriously, and I would be expected to stand behind the decisions I made. It was also clear that O'Brien got the most out of its employees. Coworkers have encouraged me to get certifications and take on responsibilities not just within my stated role, but throughout the firm.

What is your role?

I work as a Research Analyst within the Investment Team. One part of my responsibilities is finding new investment ideas for client portfolios. It's a fun job, because you get to see all the different ways you can invest your money, and often you meet individuals who help you think about investing in truly unique ways. Additionally, I help manage clients' existing portfolios. This involves trading to keep accounts balanced, or determining if a fund we hold is still appropriate. Beyond that, I have various other duties, like helping advisors work with new clients and supporting financial planning conversations.

Tell us more about you…

I grew up in Northwest Connecticut with my parents and brother. From a young age, I have loved being active, and continue to enjoy biking and running around the city. In pre-pandemic times, I also enjoyed attending trivia nights around Boston with friends and watching the Northeastern Huskies basketball and hockey games. After the pandemic, I plan to continue working towards visiting a restaurant at every T-stop on the MBTA map; I am almost halfway there!

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INSIDE

IN THE NEWS:

- O'Brien welcomed Addy Magee as our Client Solutions Specialist Co-op student from Northeastern University for the spring term. She is working towards a Bachelor of Science in Business Administration with a concentration in Finance.
- Gina Coletti joined our O'Brien team as Senior Advisor in March. You can read more about her on our website obrienwp.com/team
- After 15 years with OWP, Cindy Kuppens is retiring. Cindy has been a great leader, advisor, mentor and friend to us all and we will miss not only her presence, but all the great guidance she's brought to our team. Cindy will be greatly missed, but we wish her a wonderful transition to retirement.
- We wish to extend our congratulations to several team members on their new designations:
  - Tim Pilczak on his Enrolled Agent (EA) designation earlier this year to better provide knowledge about how taxation affects financial planning and wealth management decisions.
  - Lauren Higgins on her Certified Investment Management Analyst (CIMA®) designation to provide advanced portfolio construction and risk assessment to our clients.
  - Austin Litvak on his Chartered Alternative Investment Analyst (CAIA®) designation to better identify alternative asset opportunities for client portfolios.
- Jill Fopiano and Lis Zimmerman have been featured in articles in the Boston Globe, Forbes, Kiplinger, U.S. News & World Report, MDLinx, Thrive Global, GrowAcorns.com, CNBC and on NECN, You can read the full articles on our website obrienwp.com/news

Please visit us at: obrienwp obrienwp @jillfop

FUN FACTS:

- Brenna LaPierre's family has a new addition of one adorable **Cavalier King Charles Spaniel** named Dennis.
- **She said YES!** Congratulations to Tim Pilczak on his recent engagement.
- Kari Mekler did a total of **8,691 work-day push-ups** during the first year of remote working.
- Alena Taylor has joined the board of **RSCDS Boston**, an organization that promotes and develops Scottish country dance and music worldwide for the benefit of present and future generations.
- Kari Mekler has joined the board of **Sarah's Village Foundation**, an organization that works towards eliminating the stigma associated with mental illness.