

Planning Opportunities – 2020

SECURE ACT

- Review beneficiaries on Individual Retirement Accounts (IRAs) and prudence of naming children with spouse as a primary beneficiary to lengthen withdrawal period
- Review retirement account beneficiaries named as conduit trusts created in estate documents
- Review alternative options to mimic stretch period on inherited assets – i.e. annuities, Charitable Remainder Trusts (CRTs) at death
- Review Roth conversions in conjunction with estate objectives and taxable income impact across generations

MARKET VOLATILITY AND LOW MARKET VALUATIONS

- Review adequacy of emergency cash reserves
- Review risk tolerance for suitability
- Rebalance and align accounts based on distribution strategies
- Buy low with excess cash; front-load tax deferred contributions and Roth conversions
- Tax loss harvest in taxable accounts

LOW INTEREST RATE ENVIRONMENT

- Refinance long term mortgages and loans. Possibly finance other large expenses through home loans – such as education
- Review feasibility of split interest trusts such as Grantor Remainder Trusts (GRTs) and Charitable Lead Trusts (CLTs) in conjunction with estate objectives

CARES ACT

- Waiver of Required Minimum Distributions (RMDs) from IRAs in current year. (if RMDs were taken between 2/1/20 and 5/15/20, a roll back of funds into the IRA by 7/15/20 is allowed)
- Qualified plan withdrawals; removal of 10% penalty for coronavirus related hardships
- Qualified plan withdrawals; rollover allowed within a 3 year period for distributions related to coronavirus hardships
- Qualified plan loans; if allowed under the plan, available loan amount increased to \$100,000 or 100% of vested account balance. Allowed only if taken before 9/22/20.
- Charitable giving; “above the line” deduction of \$300 for cash gifts in 2020 and beyond
- Charitable giving; removal of 60% Adjusted Gross Income (AGI) limitation for cash gifts

CHANGES IN LEGISLATION

- GA 529 savings plan contributions; increased to \$4,000 per beneficiary for single filers and \$8,000 per beneficiary for married filers
- 2019 federal tax return filings, 1st and 2nd Quarter 2020 federal tax payments, Individual Retirement Account (IRA)/Health Savings Account (HSA)/Simplified Employee Pension (SEP) contributions delayed until 7/15/20. (check individual state tax updates for alignment with federal legislation)