Reasons to Check in with Your Financial Planner

As we reach the midpoint of what has been a truly unprecedented year, this may be a good time to check in on your financial plan. A lot has changed since year end. The SECURE and CARES Acts have changed retirement planning. Interest rates are low, including mortgage rates, which have hit record lows. The pandemic has brought about health concerns, changes to income, and adjustments to goals. Has your financial plan kept up with these changes?

Setting Every Community Up For Retirement Enhancement

At end of 2019, Congress passed The SECURE Act. Signed into law shortly thereafter, the Act generated significant changes to retirement plans, creating ripple effects for financial and estate planning. The Act delayed the starting age for required minimum distributions (RMDs) for those born after July 1, 1949 from age 70½ to age 72. Furthermore, a change that may have more significance for retirement account owners and their heirs is the elimination of the so-called "stretch IRA" for non-spousal (with some exceptions) beneficiaries. Under the new law,

- Non-spousal inheritors will no longer be subject to RMDs but will instead be required to distribute (and pay taxes on) the entire retirement account value within 10 years.
- Investors with Trusts as IRA beneficiaries face unique challenges. Both discretionary and Conduit Trusts will require changes.

If you have significant assets in retirement plans, you may want to consider talking to your financial planner and estate planning attorney about how these changes could affect your heirs. These professionals can help you explore your options.

Coronavirus Aid, Relief, and Economic Security

Passed in response to the COVID-19 pandemic, The CARES Act contains provisions that directly impact IRA account holders. The Act eliminates RMD obligations in 2020, creating unique planning opportunities for many savers. The suspension of 2020 RMDs gives retirement account owners control over IRA distribution amounts and Roth conversions. It may be beneficial to skip the 2020 RMD and reduce income taxes – or possibly even consider a partial Roth conversion. Also, if you distributed your RMD amount before The CARES Act passed, you may be able to reverse the distribution and reduce your income (provided you do so before August 31).

The exact strategy and approach will depend on your unique circumstances; talk to your tax professional or your financial planner about the pros and cons of distributions, rollovers, and Roth conversions in 2020.

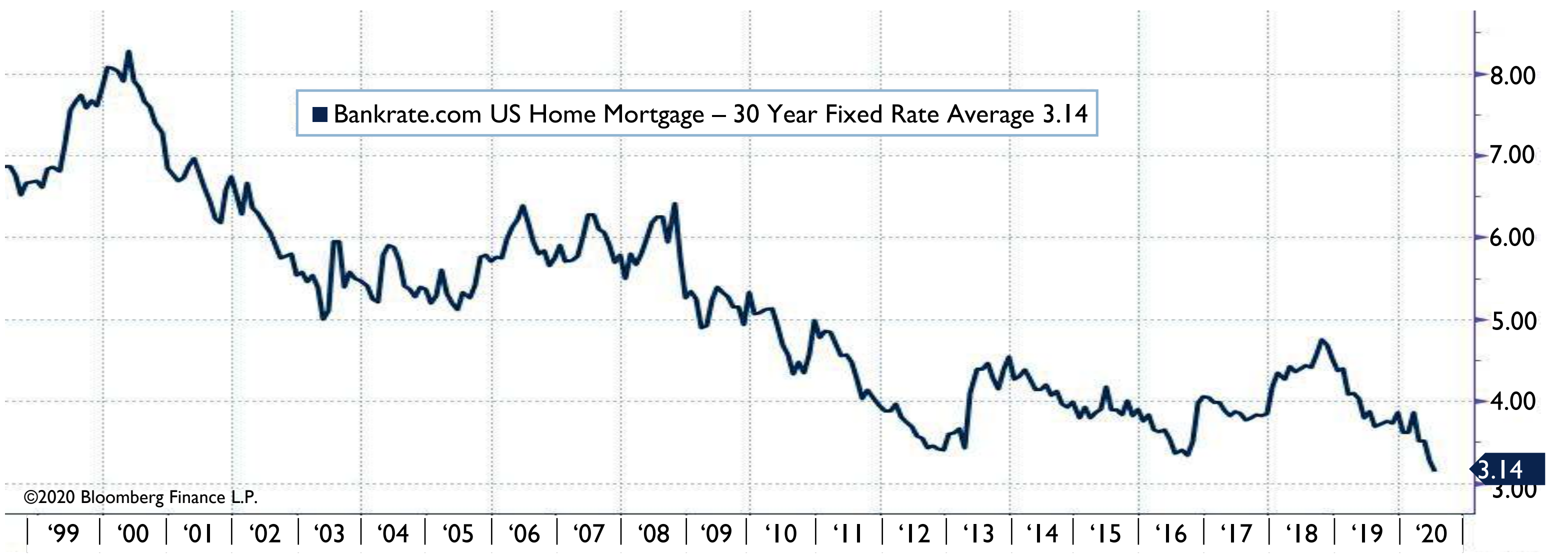
Interest Rates:

While low rates have squeezed the yield on bank accounts, there may be silver linings for borrowers. Mortgage rates are at all-time lows, according to the Freddie Mac Primary Mortgage Market Survey: http://www.freddiemac.com/pmms/. This could be a good time to examine refinancing your home mortgage.

Factors to consider include:

- The new rate offered by your lender
- How long you plan to own your home
- Your current mortgage rate
- Closing costs and points, and
- The length of the loan

It may be possible to take advantage of these low rates to lower your payments and save on interest. You may even be able to pull some equity out of your home to fund repairs or improvements.



GOALS CHANGE

Has the pandemic changed your view of retirement? Have health concerns come into focus? Are you less likely to travel, or more likely to opt for a "staycation" or second home? Maybe family support is at the front of your minds. Throughout the course of the year, we have noted changes to clients' incomes, lifestyles, concerns, goals, and priorities. Such changes often warrant a discussion with your FLP team to ensure coordination of efforts and mindset. All of these factors, themes, and changes may play into way you view and manage your portfolios. If you would like to have a conversation about any of the above, or other topics, let us know. We are currently able to hold meetings over the phone or via video conferencing technology.