



CLIENT NEWSLETTER

BY: JONATHAN SARD, CFP®

3<sup>rd</sup> Quarter - 2019

### IMPORTANT INFORMATION!

Last quarter, we wrote about the SECURE Act. Since that time there has been more action on that piece of legislation. As a result, we thought we would follow up with additional information below.

The middle of the second quarter got off to a good start for the markets, but encountered a correction of over 6% in the month of May. Since then, the markets have come back strongly as most equity markets are now up double digits for the year.

We would also like to remind you that our annual Client Survey will be coming out next month and we would really appreciate taking just a couple of minutes to provide feedback to help us improve the services being provided!

## The SECURE Act and Traditional IRA Changes

*What is it? How might it affect retirement strategy?*

If you follow national news, you may have heard of the Setting Every Community Up for Retirement Enhancement (SECURE) Act. Although the SECURE Act has yet to clear the Senate, it saw broad, bipartisan support in the House of Representatives and could make IRAs a more attractive component of your retirement strategy. However, it also changes the withdrawal rules on inherited "stretch IRAs," which may impact retirement and estate strategies. Let's dive in and take a closer look.<sup>1</sup>

**Secure Act Consequences.** Currently, those older than 70 ½ must take required minimum distributions and can no longer contribute to their Traditional IRA. This differs from a Roth IRA, which allows contributions at any age, as long as your income is below a certain level (less than \$122,000 for single filing households and less than \$193,000 for those who are married and jointly file). This can make saving especially difficult for an older worker. However, if the SECURE Act passes the Senate and is signed into law, that cutoff will vanish, allowing workers of any age to continue making contributions to Traditional IRAs.<sup>2</sup>

The age at which you must take your Required Minimum Distributions (RMDs) would also change. Currently, if you have a Traditional IRA, you must start taking the RMD in the year you reach age 70 ½. Under the new law, you wouldn't need to start taking the RMD until age 72, increasing the potential to further grow your retirement holdings.<sup>3</sup>

As it stands now, non-spouse beneficiaries of IRAs and retirement plans are required to withdraw the funds from their IRA, and can do so by "stretching" the disbursements their entire lifetime. The SECURE Act changes this and makes the use of "stretch" IRAs unlikely. Under the new law, if you leave a Traditional IRA or

retirement plan to a beneficiary other than your spouse, they can defer withdrawals (and taxes) for up to a maximum of 10 years.<sup>4</sup>

**What's next?** If the SECURE Act can clear the Senate and become law then it could change retirement planning for many.

There are always a lot of strategies to think about and we always stress how important it is to plan. Be sure you are sitting down with us on a regular basis to discuss your entire financial situation. Each quarter we want to remind you to alert us to changes in your financial situation or investment objectives to ensure that we are aware of any situation that might require changes in the management of your accounts. Please remember to contact us to discuss how these changes impact your investment accounts!

#### **Citations.**

1 - [financial-planning.com/articles/house-votes-to-ease-rules-for-rias-correct-trump-tax-law](https://www.financial-planning.com/articles/house-votes-to-ease-rules-for-rias-correct-trump-tax-law) [5/23/19]

2 - [irs.gov/retirement-plans/amount-of-roth-ira-contributions-that-you-can-make-for-2019](https://www.irs.gov/retirement-plans/amount-of-roth-ira-contributions-that-you-can-make-for-2019) [6/18/19]

3 - [congress.gov/bill/116th-congress/house-bill/1994](https://www.congress.gov/bills/116/congress/house-bills/1994) [5/16/1900]

4 - [law.com/newyorklawjournal/2019/04/05/what-to-know-about-the-2-big-retirement-bills-in-congress/](https://www.law.com/newyorklawjournal/2019/04/05/what-to-know-about-the-2-big-retirement-bills-in-congress/) [4/5/19]

*We wanted to thank those of you who have participated in our Client Introduction program. As you know, marketing for new clients takes a great deal of money, time, and energy and we would much rather spend our resources improving your financial health. We, like most businesses are looking to grow; however, for the benefit of our existing clients we are only able to take on a limited number of new clients each year. Over the years, we have learned that encouraging you to introduce us to people you know works well for all of us...we help you, and you help us. If you aren't familiar with our friends helping friends program, please call our office or be sure to ask us at your next meeting. The few minutes it takes to learn about how it works will be well worth your time and energy!*

*Also, if you would like some of your friends, coworkers, relatives, business acquaintances, etc. to receive a FREE subscription to this newsletter, please call our office and we'll add them to the mailing list. We'll also send them a note with their first issue telling them that you had suggested they receive the newsletter, and to contact us if they would like to stop at any time. If you enjoy this newsletter, why not share it for FREE with people you know, with no hassle for you?*

**This information is solely advisory, and should not be substituted for legal, financial or tax advice. Any and all financial decisions and actions must be effected through the advice and counsel of a qualified attorney, financial advisor and/or CPA. We cannot be held responsible for actions you may take without proper financial, legal, or tax advice!**