

Retirement *in Sight*

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES
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QUOTE OF THE MONTH

“Generosity is giving more than you can, and pride is taking less than you need.”

KAHLIL GIBRAN

HOW THE SECURE ACT IMPACTS RETIREMENT ACCOUNTS

A new federal law, the Setting Up Every Community for Retirement Enhancement (SECURE) Act, directly affects retirees and retirement savers. It changes the rules regarding “stretching” an Individual Retirement Account (IRA) as well as longstanding retirement account rules keyed to age 70½.

Under the SECURE ACT, in most circumstances, once you reach age 72, you must begin taking required minimum distributions (RMDs) from traditional Individual Retirement Accounts (IRAs) and most other employer-sponsored retirement plans. (This new RMD rule applies only to those who will turn 70½ in 2020 or later.) The SECURE ACT also lets seniors contribute to traditional retirement accounts after age 70½, as long as they have earned income; previously, this was forbidden. Both these changes have big implications for savers; large account balances can potentially grow and compound a little more before being drawn down, and amounts contributed after age 70½ could have a chance to compound as well. Turning to the workplace, the SECURE ACT allows employer-sponsored retirement plans the option to include insurance products, offering the potential for lifelong income. It also opens a door for small businesses to join multi-employer group retirement plans (MEPs).

The new law does curtail the Stretch IRA estate strategy. Anyone who inherits an IRA of any kind in 2020 or later must withdraw the whole IRA balance within 10 years of the IRA owner's death and pay linked taxes, unless that heir is a minor child or a surviving spouse. (Existing inherited IRAs are exempt from the new rules.) The SECURE Act is certainly worth a conversation.^{1,2}

Withdrawals from Traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

Under the SECURE Act, your required minimum distribution (RMD) must be distributed by the end of the 10th calendar year following the year of the Individual Retirement Account (IRA) owner's death. Penalties may occur for missed RMDs. Any RMDs due for the original owner must be taken by their deadlines to avoid penalties. A surviving spouse of the IRA owner, disabled or chronically ill individuals, individuals who are not more than 10 years younger than the IRA owner, and child of the IRA owner who has not reached the age of majority may have other minimum distribution requirements.



GOLF TIP

You may need more club in the cold

If you're playing a round in temperatures below 60° F, keep in mind that the ball will not travel as far. Research from Trackman, the maker of indoor golf simulators, concludes that you lose a yard of carry for each 10° F change in temperature. So, an iron shot that would travel 170 yards on an 85° F day will travel four yards less on a 45° F day.

Source: Golf Digest³

PLANNING A GREAT ROAD TRIP

Sometimes, a cold snap keeps us indoors and leads us to dream of spring and summer travels. Alternately, winter wonders may inspire us to drive. How do you arrange a road trip (a long weekend or a week) that recharges you instead of rushing you?

First, resist the temptation to do too much (and drive too much). If a 3-day weekend is what you have in mind, think about driving a maximum of 4-5 hours per day (more than that, and you risk spending more time at the wheel than you do enjoying the outdoors). Study maps, especially online maps, as they may reveal some places to explore or see that you did not yet know about. Think about spending both your nights in the same lodging and planning an activity on the

morning of the third day instead of just getting up early to drive back home. Do you have a week or a bit longer? Think about a place you've always wanted to visit and try to structure the road trip so that you can get there in fewer than two days and return in fewer than two days. You can make the journey one to rival the destination by planning the route in such a way that you can sample some of the natural and cultural "gems" between here and there.⁴



DID YOU KNOW?

Teddy bears honor a President

During a wilderness trip, President Teddy Roosevelt refused to shoot a black bear that some hunters had captured. After hearing about this, a toy manufacturer of that era decided to create a stuffed animal that kids could hug and play with, named after Roosevelt.⁵

ON THE *BRIGHT SIDE*

The past decade was a good one for one key stock market benchmark. Including dividends, the S&P 500 returned approximately 257% between the start of 2010 and the end of 2019.⁶

The S&P 500 Composite index is an unmanaged index that is generally considered representative of the U.S. stock market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. Keep in mind that the return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.



BRAIN TEASER

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CITATIONS.

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