



# *The* Independence

OAK PARTNERS INC. | WINTER 2020



## New Years Financial Cleanse

Stacey Fargo

As 2020 rolls into a new decade, it reminds me of all of the resolutions that people tend to make for the new year: Lose Weight, Eat Better, Work Out, Get a New Job...the possibilities are endless. One of the ways I like to start the new year, particularly since it coincides with preparing for the inevitable tax season is to complete a review of my previous years savings and spending. You would be surprised what you can find out about yourself with a deep dive of your financial picture. Each year in this exercise I find new ways to better understand my financial picture and I think for each of you it would be the same.

Continue Reading on Page 3>

### ISSUE HIGHLIGHTS

Important Required  
Minimum Distribution  
Changes in 2020

MARK VANDEVELDE

The Foundation of Service

JESSICA DOWELL

Casual for a Cause

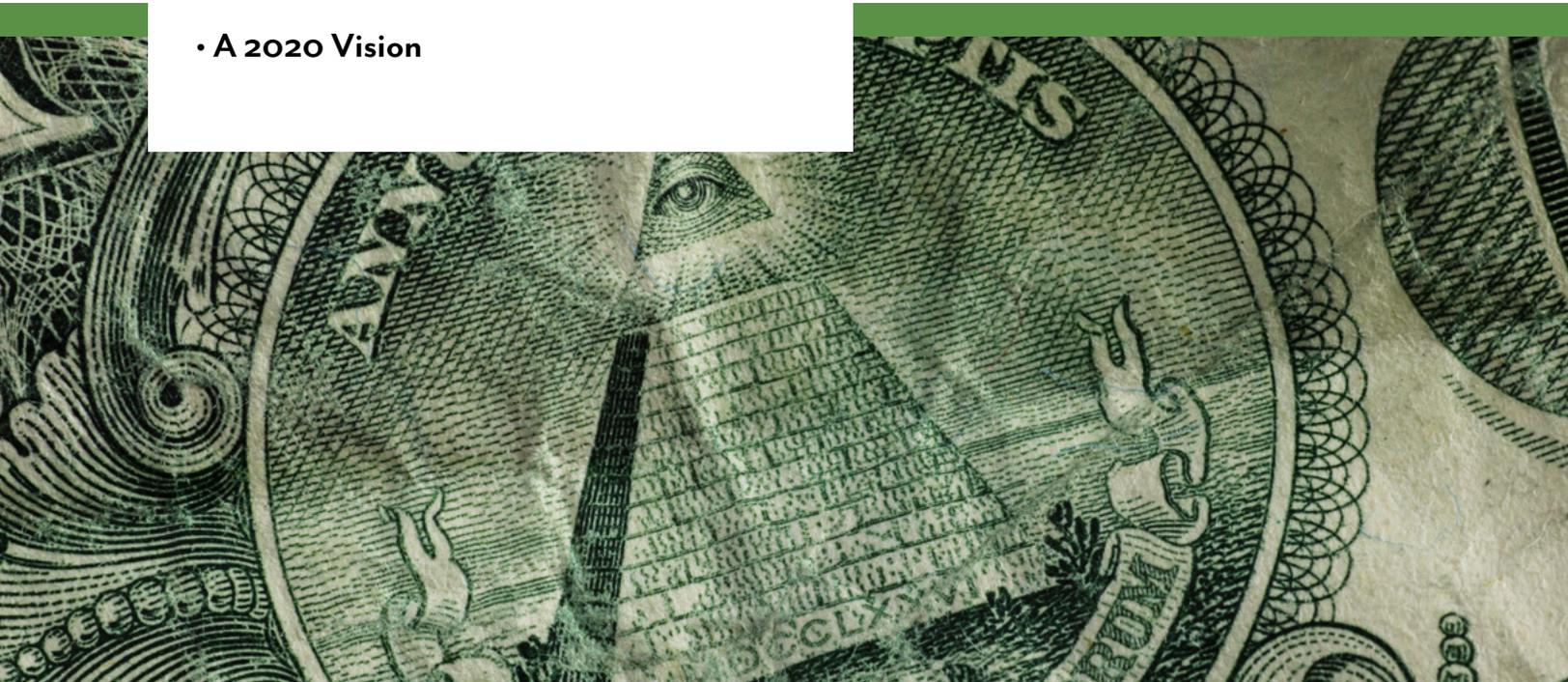
SUE SHOEMAKER

AND MORE



## Table of Contents:

- **New Years Financial Cleanse**
- **Important Required  
Minimum Distribution Change**
- **The Foundation of Service**
- **Casual for a Cause**
- **Why Your Child Needs a Roth IRA**
- **Maximize your review/strategy meeting**
- **Organize your financial affairs**
- **A 2020 Vision**





Continued from Cover

# New Years Financial Cleanse

Stacey Fargo

Start with pulling your credit card annual summary statements (which should be available online by the time this publishes), and go through line by line to identify where you have been spending money. The key is to analyze this and find where some savings may lie. This report is great because it categorizes spending so you can easily focus on one section at a time. I try to charge anything I can to my credit cards to save for travel points (remember the key is to pay it off every month), and because of this I can see most of my spending in one place. This serves as a reminder to me when I come across line items like monthly subscriptions, annual insurance bills etc. to see where I might have some wiggle room or negotiation powers to look to lower these bills.

Next, take a look at your checking/savings account to complete the same review. With so much on automatic bill pay both out of your checking/savings or credit cards, you might be surprised at some services you are paying for that you simply don't use anymore.

Lastly, take action!!! Place phone calls to companies to negotiate or cancel services. Look for better rates if you have been with the same company for some time. Once you have found those savings, actively mark where that cash should go...if you cancel a \$20/mo subscription, maybe shift an extra \$20/mo to savings. This will help you to define what you want to do with the new found funds vs. finding another way to spend it into thin air!





**IMPORTANT**

# Required Minimum Distribution Changes in 2020

Mark Vandavelde

With the passing of the SECURE (Setting Every Community Up for Retirement Enhancement) Act in December 2019, the rules for required minimum distributions on IRAs changed and you should know how it impacts you and your retirement. While there are other provisions of the Act, the two that will have the greatest impact on planning are the changing of the age at which distributions from pre-tax retirement accounts (like Traditional IRAs) are required, and the elimination of the Stretch IRA.

## **Required Minimum Distribution (RMD) age increasing to 72**

Prior to the SECURE Act, distributions from Traditional IRAs had to begin in the year the account owner turned 70 ½. That has now been raised to 72. However, if you were required to take a distribution in 2019 (if you turned 70 ½ before December 31, 2019), you must continue to do so as previously required. If you were to reach 70 ½ in 2020 (or any future year), you do not have to take a withdrawal until you turn 72.

## **Lifetime Income for Non-Spouse Beneficiaries of IRAs (Stretch IRA) Eliminated**

The Act provides that, upon the death of an IRA owner, a non-spouse beneficiary is now required to draw down his or her entire inherited account within 10 years. A spousal beneficiary is still able to assume the funds as their own IRA and “stretch” the distributions over their life. These restrictions apply to deaths after 2019. If you are currently taking lifetime income from an account inherited prior to 2019, you can continue to do so and these changes do not apply to those funds.

The SECURE Act represents the most significant legislative change to the United States retirement system in over a decade. If you have any questions about how these changes impact you or your beneficiaries in the future, please contact your advisor to discuss the specifics of your situation.

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# The Foundation OF SERVICE

**Jessica Dowell**

When it comes to business, an organization can be compared to the structure of a home. You have several levels, each supporting one another. Remove a level, and your home will more than likely collapse.



In my Executive Assistant role here at Oak Partners, I support Marc, Bridget, and Clint. I serve as their eyes and ears at times. I coordinate their schedules, relay client requests, manage distributions, filter appropriate phone calls, and handle operational transactions. When you call in requesting to speak with one of your advisors, chances are, you may end up hearing from me. Many times, I can fulfill your request. If I can't, I assure you I will get you to the right person. I pride myself in taking care of our clients. However large or small the task at hand is, I'm always happy to do what it takes to get the job done!

One of my favorite parts about my role at Oak is learning more about your life. A simple phone call to request a distribution can turn into a great conversation about your recent family vacation, upcoming wedding, grandchildren, or upcoming retirements; I love hearing about all of it. Although I may not get to see all of you in person, it's truly been my pleasure getting to know you through our phone conversations and emails.

Since joining Oak, I constantly hear the word "family" being shared. I really do feel like this web of advisors, support staff, and our clients is a second family to us all. So, if you need anything service related or have an issue, let's chat! For those of you I haven't met in person, I hope to at one of our future events!



# Casual for a Cause

Sue Shoemaker



Have you noticed Oak employees dressing casual on Fridays? In March of 2019, we began fund raising Fridays – employees elected to donate to one of three charities selected by Oak team members in exchange for wearing denim. Over \$600 was raised and donated to Live Like Roo, Make a Wish, and Opportunity Enterprises. The success of this effort challenged us to continue the program in 2020 with hopes to raise even more funds.

**Our 2020 initiatives include:**

**LIVE LIKE ROO – (LIVELIKEROO.ORG)** based out of Chicago, this 501C3 organization provides support and financial assistance through grants, care packages, and special experiences to families whose pet faces a cancer diagnosis;

**MENTAL HEALTH AMERICA OF NWI – (MHALAKECOUNTY.ORG)** a NWI non-profit providing free programs and services for families experiencing emotional challenges through advocacy, education, and referral;

**WOUNDED WARRIOR PROJECT – (WOUNDEDWARRIORPROJECT.ORG)** this Florida based non-profit serves veterans and service members who incurred a physical or mental injury, illness or wound while serving in the military on or after September 11, 2001.

Be sure to check out the organizations we have chosen to support this year – and know that we are wearing jeans for these great organizations!



# Why Your Child Needs a Roth IRA

Andy Smith



Roth IRAs for kids are a great retirement tool, in part because they're flexible. You can withdraw contributions at any time. But the child must have earned income.

A Roth IRA isn't typically considered a savings vehicle for kids, but it should be.

Roth IRAs are ideal for kids, because children have decades for their contributions to grow tax-free. And these accounts offer flexibility, too: Contributions to a Roth IRA can be withdrawn tax- and penalty-free at any time.

## THE RULES OF ROTH IRAS FOR KIDS

**There's no age limit.** Even the Gerber baby can contribute to a Roth IRA: The hurdle to opening this account is about income, not age.

**The child must have earned income.** If a kid has earned income, he or she can contribute to a Roth IRA. Earned income is defined by the IRS as taxable income and wages — money earned from a W-2 job, or from self-employment gigs like baby-sitting or dog walking. (If you want to contribute to your child's Roth IRA or match your child's contributions, that's fine as long as she has at least as much earned income as the total contribution amount.)

**There are contribution limits.** The Roth IRA contribution limit is \$6,000 a year in 2019 & 2020, or the total of earned income for the year, whichever is less. If a child earns \$2,000 baby-sitting in 2019, he or she can contribute up to \$2,000 to a Roth IRA.

## HOW TO OPEN A ROTH IRA FOR YOUR KIDS

Your child's income is what makes him or her eligible for the Roth IRA, but a parent or other adult will have to help open the account. Roth IRA providers typically require an adult to open and manage a custodial or guardian Roth IRA on behalf of a minor.

*The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.*



# MAXIMIZE YOUR REVIEW/STRATEGY MEETING

Mario Ruiz

If you've been working with an advisor from Oak Partners for a while then you've been through the review/strategy meeting. Your advisor will normally try to schedule this type of meeting at least once per year. This meeting may seem like a casual discussion but the meeting provides your advisor an opportunity to read between the lines and decipher what is important to you and how that relates to your investments.

Following is a list of things that your advisor is considering during the review process...

## ONE

Overall market/economic conditions and how that affects your account and even more importantly, your life.

## TWO

Housekeeping issues like making sure nothing has changed to your beneficiary structure (children get married and last names change) and whether the tax withholding on your income is sufficient.

## THREE

Educational purposes like informing you on changes that were made in your investment strategy since your last meeting. Your advisor deals with these things on a daily basis but this is an opportunity for your advisor to give you the reasons behind portfolio moves.

## FOUR

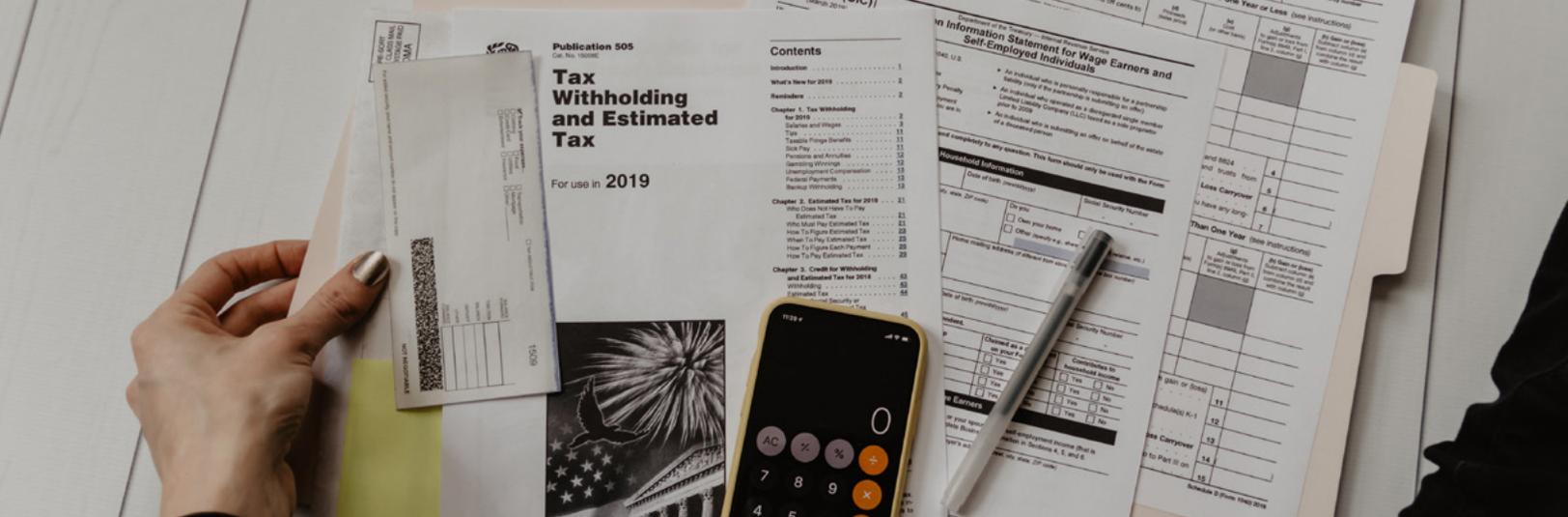
Material changes in your situation. Things like whether you'll retire earlier than expected or if your mortgage is finally paid off and you don't need as much income from your account. Performing an original retirement analysis calculation or updating a prior projection can be helpful in displaying your financial health.

## FIVE

Financial planning tips like changing the way you make charitable contributions in order to still get the tax deduction amid the recent tax law changes.

## SIX

The overall performance of the account is important but if the prior points are being addressed then you're in good hands whether the market is up down or sideways.



# Organize Your Financial Affairs

Joe Starkey

Benjamin Franklin is credited with the quote, “*But in this world nothing can be said to be certain, except death and taxes.*” While we’re inundated with countless commercials these days reminding us of tax season, I’m going to speak on the later of the two examples. None of us know when our last days may come, but we can prepare our financial lives now to ensure that our loved ones will not be burdened with cleaning up a financial mess in the event of our passing.

First, it is important to double-check that you have attached the correct beneficiaries to all of your accounts. This includes IRAs, 401ks, individual accounts, life insurance contracts, and more. You may have purchased or opened accounts years ago and these accounts may need to be updated. This is even more important if you’ve gone through a life changing event in that time – marriages, deaths, births, etc. It is always good to refresh your memory and this will give you a chance to audit your financial situation.

Next, once you’ve updated and confirmed all your beneficiaries, it is not a bad idea to have a conversation (if the time is right) with these beneficiaries as to whom they should contact if something were to happen. You may want to give the advisor or agent on each account your beneficiaries’ phone number and contact information. You want both sides to easily communicate and ensure that your assets are distributed in a timely fashion to the appropriate parties.

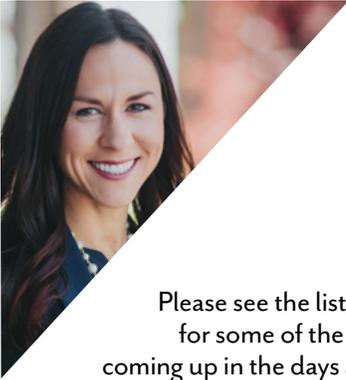
Finally, maybe it is time for consolidation. Throughout our lives we create numerous accounts with various institutions. Later in life, it may be beneficial to consolidate these accounts. You may receive better pricing by consolidating assets, and you’ll make it easier for your loved ones to access your assets should you become incapacitated and need them. And in the end, you may prefer to shrink your sphere of influences and work with the Advisors your trust the most.

As always, a good plan is only as good as the manner in which it was executed. So start the year off on the right foot, and organize your financial affairs with the help of Oak Partners.

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# A 2020 VISION

Crystal DeHaven, Director of Client Experience



Please see the list below  
for some of the events  
coming up in the days ahead.

## STATE OF THE MARKETS

February 18th, 19th, 20th,  
and 27th

## MARCH MADNESS

March 19th

## CYBER CRIME AWARENESS

April 28th

## GARY SOUTHSORE

### RAILCATS GAME

May 29th  
More to come...

Oak Partners recently celebrated our 25th year of service. As we continue to grow, we also continue to add to our team. Please join me in welcoming our newest team member, **Hayley Valestin**. Hayley will be fulfilling the role of Communications Coordinator. Hayley resides in Valparaiso, is a Purdue alum and enjoys traveling! She is going to be a huge asset to the Oak family.

**Jessica Wotherspoon** (recently fulfilled the Communications coordinator role) has been promoted and is now working with Marc, Bridget, and Clint. Jess will be a great addition to their team! Congrats Jess.

**Sue Shoemaker**, Client Service Associate, recently celebrated 10 years with Oak Partners. Finding a dynamite team is often tricky but we have been so grateful for our team of determined, hardworking, and loyal individuals. Sue thank you for being an integral part of Oak's success!

At Oak Partners, we continue to differentiate ourselves by the service we provide to our clients. You have heard it many times, we are dedicated to keeping you educated and informed. Oak Partners Events program is just one of the ways we stay connected.

As usual, if you have an idea for a future event please don't hesitate to share with us. Feel free to call me at the office 219-795-1000.

We are working on a new marketing campaign. Show us how you are enjoying your retirement. Send pictures of your adventures to: **crystal.dehaven@oakpartners.com** and you might be on our next billboard.



*Oak Partners  
25th Anniversary Celebration*





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