

STRATEGIC STEWARDSHIP

Guiding You Through Life's Transitions



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Important new legislation affecting your IRA and taxes -

Long-established retirement account rules change.

Congress was busy in December passing sweeping legislative tax and retirement reforms which typically happen only once every decade or so. Here are some brief highlights of this new legislation:

IRAs

Required Minimum Distribution (RMD) Age Raised to 72

The beginning age for IRA RMD's was raised to 72 for all retirement accounts subject to RMDs. IRA owners reaching age 70 ½ in 2020 will not have to take their first RMD in 2020 now that the RMD deadline has been extended to age 72. If you were 70.5 before January 1, 2020, you are stuck with the old system.

So Long, Stretch IRA

Beginning for deaths of IRA owners after December 31, 2019, most beneficiaries of IRAs will no longer be able to stretch distributions from their inherited IRAs over their life expectancy; beneficiary exceptions include a surviving spouse, minor children (until they reach age of majority), disabled, chronically ill, and individuals not more than 10 years younger than deceased IRA owner. The new rule requires IRAs to be emptied by the end of the tenth year following the year of death. There are no annual RMDs, but instead the only RMD on an inherited IRA is the remaining balance at the end of the 10 years after death.

Age Limit Eliminated on Traditional IRA Contributions

Beginning in 2020, the age limit for traditional IRA contributions (formerly 70 ½) is eliminated. Now those who still have earned income can contribute to a traditional IRA, regardless of their age.

New Exception to the 10% Penalty for Birth or Adoption

Specifically, the new law allows up to \$5,000 to be distributed as a "Qualified Birth or Adoption Distribution" penalty-free from an IRA or from a qualified retirement plan after the event.

TAXES

The new legislation reinstates the following tax benefits, among others, for individuals retroactively to 2018, and made effective only through 2020:

- The exclusion from gross income for the discharge of certain qualified principal residence indebtedness (in other words, you defaulted on a mortgage that you took out to buy, build, or substantially improve your main home)
- Mortgage insurance premium deduction
- Deduction for qualified college tuition and related expenses

This new tax legislation is valuable news for the individuals who can benefit from it, so you will want to discuss the details of it with your tax advisor as you may need to file an amended 2018 tax return.

We look forward to discussing the potential impact of this IRA and tax legislation with our clients.



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- Advisors offering wealth management advice and services with excellence
- Creating close relationships with our clients on a long-term basis
- Encouraging the charitable and stewardship aspirations of our clients for the wealth that has been entrusted to them

Have You Budgeted for Retirement?

Creating a strategy for success

Run the numbers. There is a rule of thumb for retirees suggesting that retirement income has a target of 70-80% of the household's end salary, though this can certainly vary. So, years before leaving work, sit down (perhaps with the financial professional you know and trust) and take a look at your household's monthly expenses.¹



The closer your household gets to retirement, the more exact you will want to be about your income needs. You first want to look for changing expenses: housing costs that might decrease or increase, health care costs, certain taxes, travel expenses, and so on. Next, look at your probable income sources: Social Security, your assorted retirement savings accounts, your portfolio.

Priorities. Next, think about what you want to do with your retirement. You may have envisioned travel, spending more time pursuing activities and hobbies, or even moving closer to family or close friends. While you may not be able to live extravagantly in retirement, finding your priorities will be an important part of how you approach your budget; you have to not only know how to take care of your basic needs of your household, but also have things you can look forward to enjoying.

It's also important to remember that priorities change in life, and ideas that you are fixed on before retirement may change after a few years. Budgeting can offer your household the flexibility needed to shift gears, as your needs and desires change.

Road blocks. Having a budget in place can offer your household flexibility, but sometimes there are situations that come up that will challenge even the most careful retirees. A good budget will take health care costs in mind, and also be able to change over time, should they become more pressing. If you have a family, be mindful that gifts and loans don't overwhelm your budget. Instead, consider creating a rainy day fund to call on, allowing you to set aside money especially for unforeseen expenses.

Budget well and live wisely. Creating a retirement budget for your household can be a big help in easing the transition from the daily grind to the golden years. For help with budgeting for retirement, speak to a qualified financial professional.

Citations.

1 - fool.com/retirement/2018/09/07/how-much-income-will-you-really-need-in-retirement.aspx [9/7/18]

2019 Tax Documents & Filing Your 2019 Return



Itching to get your 2019 tax return filed? In general, our plea is, "Don't rush." The anticipated dates for mailing tax documents is now mid-February, and you may get "corrected" documents through the end of March. Many brokerage companies now routinely request a 30 day extension from the IRS due to late reporting from the companies representing the assets held in your account. Your brokerage company only wants to send you one correct tax information form. Otherwise they have to send out a revised and corrected tax reporting form. If you've already filed your tax return, it could result in you having to file an amended tax return at the federal and state levels.

6 Principles for Financial Success - Principle 6: Give Generously to the Lord and Experience Joy

This is the sixth of a six-part series by our own Michael Pemberton on Six Principles for Financial Success that all of our advisors emphasize repeatedly (with ourselves and) with our clients.

As a financial advisor, I'm often asked the best things to invest in. Thankfully, God gives us the answer in His Word. Below are four reasons why giving is our best investment and how it will bring joy to our hearts.

Reward. Jesus says in Matthew 6:20 "Store up for *yourselves* treasures in heaven, where moths and vermin do not destroy, and where thieves do not break in and steal." Jesus is asking us to store up treasures for ourselves in heaven. This has nothing to do with our salvation but everything to do with receiving eternal rewards in heaven. He is asking us to seek reward for ourselves from Him by giving to further His glory. This reward will never go away but will last forever. Given the choice, do you want a reward lasting only while you're alive or one lasting for eternity? These are treasures from our Creator and we can't fathom how awesome these rewards will be from Him. After all, He's the inventor of rewards.

To Grow Closer to Christ. Do you want your heart aligned with God's? Jesus promises giving to His Kingdom will grow your heart closer to Him. Matthew 6:21 says "for where your treasure is, there your heart will be also." Just as if you buy a bunch of Wal-Mart stock, you will watch it more and be more interested. Or a new house, you will be interested in keeping it up, looking at how nice it looks. It's the same way with giving. The more you give to the Lord, the more interested you become in His Kingdom advancing and Him using you for His glory. This will bring true joy to your heart.

Best Return. No matter what we invest or buy here we will leave it when we die. There are no U-Hauls behind hearses. A person asked John D. Rockefeller's accountant how much Rockefeller left behind. He responded "all of it". It's evident we can't take it with us, but Jesus says we can send it on ahead. By giving to His Kingdom we store up treasures that will not be taken out by stock market crashes or decay. Randy Alcorn says "God's eternal prospectus bears a careful look in light of its guaranteed rate of interest. Jesus promises an ultimate return of a hundred times-a 10,000 percent rate of interest that lasts forever (Matthew 19:29). What earthly investment compares to that?"

Gratitude. Suppose your child is about to die, but my child can give their organs to your child and he will live. The only problem is it could cost my child's life. After praying and counting the cost my child wants to do it anyway. He gives his organs to your child. Your child lives and is healthy. My child unfortunately dies. What kind of gratitude would you have toward my child? A ton. This is exactly what Jesus has done for us! He gave His life so we may live. We don't deserve it. Out of a heart of thanksgiving we give so His Kingdom should advance and more people should truly live joining us in heaven!

If you aren't giving to the Lord consistently don't feel bad! You can start somewhere. \$100/month with a joyful heart is a start! Watch and see how God begins to transform your heart as you give. Test Him in this! He asks us to (Malachi 3:10). If you are already giving consistently, I encourage you to pray and consider increasing your giving. Giving is truly the best financial investment we can make because the return is eternal.



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Ask Us About Yodlee

What is Yodlee?

Yodlee is a great new resource that Strategic Stewardship is excited to offer our financial planning clients which can connect all your accounts directly with your personal financial plan.



This account aggregation tool will provide us current information on your accounts so that we may better serve you and your financial plan.

Yodlee can also serve as a cash flow management resource which can ensure you are regularly working towards spending less than you earn and achieving your savings goals.

Why should you consider using it?

- ⇒ **It will save you time.** Yodlee will automatically update the values of accounts outside of our management into your financial plan on a regular basis. You won't need to take the time to provide us with statements or updated values each time we review your plan.
- ⇒ **It will help you keep an eye on income and expenses.** The Expense section is designed to help you analyze and track your inflows and outflows over time. Here, you can drill down into your expenses to find savings that can help you meet your financial goals.
- ⇒ **Easy to access your information from your phone or computer.**

How do you set it up?

- ⇒ Give us a call or send us an email to start using Yodlee
- ⇒ We will send you a link to get started. From there it is as easy as signing into your account online. You'll just need your username and password to establish the connection.

Easy Slow Cooker Chicken Tortilla Soup

Ingredients:

- 1 ½ lbs chicken breasts
- 16 oz. jar salsa mild or medium
- 5 cups chicken broth
- 3 Tbsp. taco seasoning
- ½ tsp. salt to taste
- 15 oz. can black beans, rinsed and drained
- 15 oz can whole kernel corn, drained
- 3 Tbsp. lime juice or lemon juice

Optional Toppings:

Tortilla chips
Cilantro
Green Onions
Avocado



Instructions:

1. Place chicken breasts in the bottom of slow cooker.
2. Pour salsa and chicken broth in the slow cooker and make sure to pick up chicken breasts so some liquid gets underneath them.
3. Add beans, corn, seasoning, and lime juice. Give liquid a good stir, cover, and cook for 6-8 hours on low or 4-6 hours on high.
4. Towards the last 30 minutes of cooking, shred the chicken. Let continue cooking for the last 30 minutes.
5. Serve soup with tortilla chips, sour cream, cilantro and green onions.