

The ADVISOR

Summer 2020 Newsletter



UNITED FINANCIAL CENTER
INVESTMENTS* INSURANCE TAXES

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The United Financial Center Process *The Distinctive Difference*

There are seven key benefits that contribute to the unique financial planning process of United Financial Center. In addition to many years of investment, tax, and insurance experience, our licenses and certifications allow us to help you with:

1. Wealth Management – Retirement Planning
 - Feasibility Study
 - Investment Review
 - Standard Deviation Analysis
 - Social Security / Medicare Assessment
 - Pension Optimization
2. Risk Management
 - Auto/Home Insurance
 - Life / Health Insurance
 - Long Term Care / Disability
3. Tax Planning and Preparation
 - When to use your investments
 - Strategy and Tactical Plans
4. Estate Planning
5. Cash Budgeting – When to pay off home, etc.
6. Philanthropy Guidance – Qualified Distribution
7. Life Centered Planning
 - Expected and unexpected life transitions
 - Emotional intelligence

Caution: Uncertain Times Ahead

Tactical Investing has never been more important.

\$2 Trillion of stimulus has flooded into banks in the first half of 2020. CNBC says, "...It remains to be seen what the ultimate consequences are for the government's historic spending binge. **Some experts see a collapse in the dollar coupled with higher inflation. Others see a stock market bubble in the making.**"¹

We encourage you to not hide your money at one extreme, or always expect huge market gains at the other. It is always important to use experienced Tactical and Defensive managers. ¹ <https://www.cnbc.com/2020/06/21/banks-have-grown-by-2-trillion-in-deposits-since-coronavirus-first-hit.html>



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If you are a current Insurance client, our Client Center will allow you to review your policies online, as well as access Policy Documents including Insurance ID Cards, Policies and even Certificates of Insurance. Through UFCIns.com, you can request Changes to your policies and contact us with any questions you might have via your preferred method of contact.

Help us test drive the capabilities of this new site. Refer a friend, and we will do all we can to help them save when they complete a quote for Auto and Home Insurance.

Material discussed is meant to provide general information and it is not to be construed as specific investment, tax or legal advice. Neither United Planners nor its financial professionals render legal or tax advice. Please consult with your accountant or tax advisor for specific guidance. Please seek such advice from your own tax and legal counsel.

Life Events Impacting Finances

As new life events unfold, you can expect your living expenses and tax needs to change. There are many milestones that may impact your finances, such as: changing jobs, retirement, divorce, birth and death, education, inheritance, as well as health savings or reimbursement accounts. As these are all part of Life Centered Planning, we wanted you to be aware of the following updates:

Changing a Job

As you determine your tax bracket, you can fine-tune your withholding to ensure that you have the right amount withheld from your paycheck so that you don't have a surprise at tax time. The new Form W-4 may be confusing; irs.gov provides tools to help. Search for "Withholding Estimator" which can answer questions about how to help you figure out your correct withholding amount.

Growing Your Family

To assist with adoption or the birth of a child, the SECURE Act, signed in December 2019, adds an additional exception to the penalties for taking an early distribution from a retirement account. If the distribution is used for a qualified birth or adoption, there is no penalty. A distribution for qualified birth or adoption is for expenses incurred within one year of the birth or adoption of a child, limited to \$5,000 per individual. If you're married, each spouse can take \$5,000.

Saving for college

In addition to saving for college, there are three ways to take a deduction or credit for education expenses. Each of these credits has income limitations. Call us for more information on the requirements and to determine which benefit is right for you. The tuition and fees deduction was extended through the 2019 extenders legislation. You may wish to check and see if taking the deduction rather than a credit will provide a better result.

Loss of Employment

If you have been laid off, you can file for unemployment income, which is taxable. For unemployment between Jan. 27, 2020, and Dec. 31, 2020, a covered individual

(one who cannot work or is laid off because of the coronavirus pandemic) can receive up to 39 weeks of unemployment pay. The amount of unemployment pay is the state amount, plus \$600 per week from the federal government. This includes part-time employees and those who are self-employed.

Distributions from qualified plans should be considered as a last resort. Distributions from a retirement plan are generally includable in taxable income and also subject to a 10% early distribution penalty.

Inheriting property

In prior years, distributions to beneficiaries of an IRA owned by a deceased person could be distributed over the lifetime of the beneficiary. With the 2019 SECURE Act, the distributions are now limited to ten years. However, if a spouse is named as the beneficiary of an IRA, the spouse can treat it as their own, meaning they can take distributions based on their lifetime, roll it over into another IRA they own, or treat it as if they are the beneficiary.

If you are less than ten years younger than the deceased owner, a minor child of the deceased person, or are chronically ill or disabled, you can take the distributions over your lifetime. In all other cases, the beneficiary must take the distribution over ten years due to the 2019 SECURE Act change.

Health Reimbursement Accounts

The choices for employers who offer Health Reimbursement Accounts (HRAs) expanded in 2020. An HRA is an employer benefit plan that reimburses employees for out-of-pocket medical expenses. The distributions for qualified medical expenses are tax free for the taxpayer. Qualified medical expenses include health insurance, long-term care insurance, medical expenses not covered by another plan and medicines prescribed to the employee. In a traditional HRA, there is no limitation on how much the employer can set aside for each employee. A traditional HRA can be combined with other employer-provided health benefits.

The views expressed are those of the author as of the date noted, are subject to change based on market and other various conditions, are not a solicitation to purchase or sell any security and may not reflect the views of United Planners Financial Services. Keep in mind that current and historical facts may not be indicative of future results.