PRIVATE CAPITAL GROUP LLC

We hope you and your families are safe and healthy during this crisis. Although we have seen glimmers of hope on the horizon through the possibility of vaccinations, treatments and a reopening of portions of the economy, it's important to remember that we must continue to be a part of the solution in conquering this virus. Once again, we thank all those on the front lines combating the virus, including our nurses, doctors, medical professionals, service members and essential workers. Their dedicated actions help keep us all safe and out of harm's way.

If the recent pandemic has made you think more about your future, your family, and your finances, you are not alone. In recent weeks and in preparation for worst-case scenarios, a demand for wills and financial preparedness has surged. The threat of COVID-19 has spurred many clients to review and assess their estate plans.

But what about individuals who already have their estate plan in place, like many of our clients do? Below, we have a few suggestions you may want to consider and discuss further with your advisor.

Required Minimum Distributions (RMDs) temporarily waived from qualified retirement plans and IRAs for the calendar year 2020. With the new CARES Act, account owners can retain tax-deferred savings until at least 2021. For those who have already taken their RMDs for 2020, the CARES Act will not allow for repayment back into their retirement plan, but there is a 60-day period to allow for RMDs to be rolled over into an IRA. Retirement account owners will be able to take advantage of this relief and avoid paying income taxes on the RMD. Also, in this waiver, beneficiaries of IRAs can skip the distribution this year only.

Tax-loss harvesting mindfulness during a market downturn. Using this strategy may decrease your current taxable income and allow for tax loss carry forwards to offset future capital gains resulting in higher after-tax returns. Be aware of wash sale rules when selling securities at a loss.

Make an annual gift exclusion, tax-free up to $15,000. This tax-free gift does not count against your lifetime gift tax exclusion. Gifting marketable securities (as a gifted asset) when volatility

is high, and valuations are low may offer an added boost if these securities recover. Liquid cash reserves are a good source too.

Make IRA conversion when the markets are down. Essentially, converting a Traditional IRA to a Roth IRA now results in paying taxes on current values of IRAs which are likely lower due the stock market decline. This strategy can allow for greater tax-free accumulations without mandatory distributions.

Charitable Contribution Deduction for those contributions made in cash to qualifying charities. The CARES Act allows an "above the line" charitable deduction of up to $300 in addition to the standard deduction. The CARES Act also lifted the 60% adjusted gross income limitation for cash contributions to qualified charities. These contributions to qualified charities are now 100% deductible off adjusted gross income in 2020. Donor advised funds do not qualify for this provision. Deductions for contributions of food and inventory by businesses has also been increased from 15% to 25%.

Grantor Retained Annuity Trusts (GRATs) - the effectiveness of this estate planning tool increases when interest rates are low and market values are low, which is the current environment we are in. The objective of a GRAT is to shift future appreciation on the assets contributed to the GRAT to others at a minimal gift tax cost. Clients with current GRAT terms should probably keep them going, and clients without GRATs should consider utilizing them. GRATs can be extremely versatile and can be designed with significant estate and income tax savings in mind. They allow the grantor to continue to receive income from the trust assets for a determined number of years. They can also be a good tool to use in a business succession plan.

These recommendations are just a few preparedness measures to be aware of during this market downturn. Consider having a discussion with your advisor about which course of action is best for your unique financial situation as this might be a good opportunity to review or create your estate plans, including powers of attorneys, healthcare proxies, and retirement structures.

Thank you again for your continued trust and confidence in Private Capital Group. We will remain consistent in our goals and philosophies to provide exceptional service and dedication to you, our valued clients. Please do not hesitate to reach out to your advisor or anyone on the Private Capital Group team. We are here to help guide you through this pandemic and the financial ramifications.

Please be sure to continue to follow the recommendations of our health officials and the CDC and keep yourself, your families, and your communities as safe and healthy as possible during this time. We can all be a part of the solution.

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If you do not want to receive further editions of this weekly newsletter, please contact Private Capital Group at 860.561.1162, or e-mail: privatecapitalgroup@pcgct.com, or write to us at Private Capital Group, LLC, 29 S. Main Street, West Hartford, CT 06107.