




All you need to know about the SECURE ACT, a Required Minimum Distribution reminder and last minute financially savvy gift ideas The week before Christmas has been just a little busier than usual. Even with all of the additional political hubbub, it looks like politicians did have time to get one thing done: The SECURE ACT. The SECURE ACT has finally been sent to President Trump's desk to be signed. This bill does accomplish several good things for small businesses and the average worker, but it does eliminate one key element for IRA beneficiaries which is the ability to stretch IRA funds generationally. Currently, non-spouse beneficiaries have the ability to stretch distributions from an inherited IRA over their life span. Unfortunately, with the passing of SECURE ACT this is no longer the case. Now, non-spousal inherited IRA funds must be distributed within a 10-year time frame. Who's the winner here? It's clearly Uncle Sam as they find more ways to get their hands on your hard-earned dollars. This is just another reason to explore Roth conversions and to take a hard look at where you park your funds. I fear having the flexibility of where to take distributions from will become all the more valuable in the coming years. [Read more on the Secure Act](#) from our Director of Financial Planning, Richard Rosso CFP®.

RMD Reminder

If you're 70.5 or older you have five market days before the New Year, be sure to take out your Required Minimum Distribution before year end. If you don't, I'm sure Uncle Sam won't mind collecting that 50% excise tax on the amount not distributed. •



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End of Year Gift Ideas?

Ever wonder what to give the kid that has it all? It seems like these days kids have more and more access to technology that we could have only dreamed of. Heck, my 3-year-old can work an iPad as well or better than I can and he doesn't even own one. If this is you this holiday season, don't fret. Here are a couple ideas that may not produce any big smiles from the little ones, but will help give your loved ones a leg up in life.

Roth IRA

Do you have a child or grandchild that has worked this year? No, we aren't talking about those with babysitting or lawn jobs that never get taxed. The IRS defines earned income as "all the taxable income and wages you get from working" for someone who pays you or in a business you own. Key word taxable. You can contribute to a Roth or Traditional IRA depending on income limits, but considering they're children let's assume they fall under the income limits. With these assumptions, I would go with the Roth. Having the ability to put funds aside at a young age in an account that will grow tax free without income taxes taken out in retirement is a no brainer. The max you can put aside for 2019 for your worker is up to their earned income or \$6,000 whichever is less.

529 Plans

529 plans are an excellent way to put funds aside for college without the child getting control of the assets at the age of 18. A 529 plan's biggest benefit is its tax-free growth if the funds are used for higher education. Annual contributions to a 529 plan for 2019 can be up to \$15,000 per year or a lump sum contribution of \$75,000 for a 5 year period. Be careful not to trigger gift tax consequences. 529 plans are issued for each state, if you live in a state with state income tax check to see if your state plan offers tax benefits for your contributions. If you live in a state without state income tax pick the plan that's most appropriate for you. These gifts may seem boring and fall on deaf ears for the time being, but I can assure you as your kids or grandkids age they will be more valuable and meaningful than any toy or trinket they could receive.

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One Last Suggestion

One last gift suggestion is one of your time. Time with family, time volunteering, time helping others. We often think that gifts have to be of monetary value and overlook one of the most fleeting and sought-after things, time. If you're on your death bed would your thoughts be of one more zero in your bank account or of time? In this world, or even our role as advisors, I believe it's ever more important to help keep things in perspective. I hope you enjoy **TIME** with loved ones, recharge and prepare to conquer 2020. However, if you don't have the time I'm sure there are many charitable organizations who need and would love a monetary donation. Plus, you may reap the benefit of a nice write-off if you can itemize your taxes. Sorry, I couldn't help myself with one more money saving tip. With any monetary gift consult with your financial advisor and CPA to ensure you're staying within the lines and utilizing the right vehicle for the purposes intended for they all have their pro's and con's. The information above is intended to provide basic insight into a couple of often overlooked strategies. We hope you have a Merry Christmas and a happy, prosperous, healthy New Year. In 2020, we look forward to keeping you up to speed on financial planning topics, new rules and regulations and most of all things that help enrich or better your life.