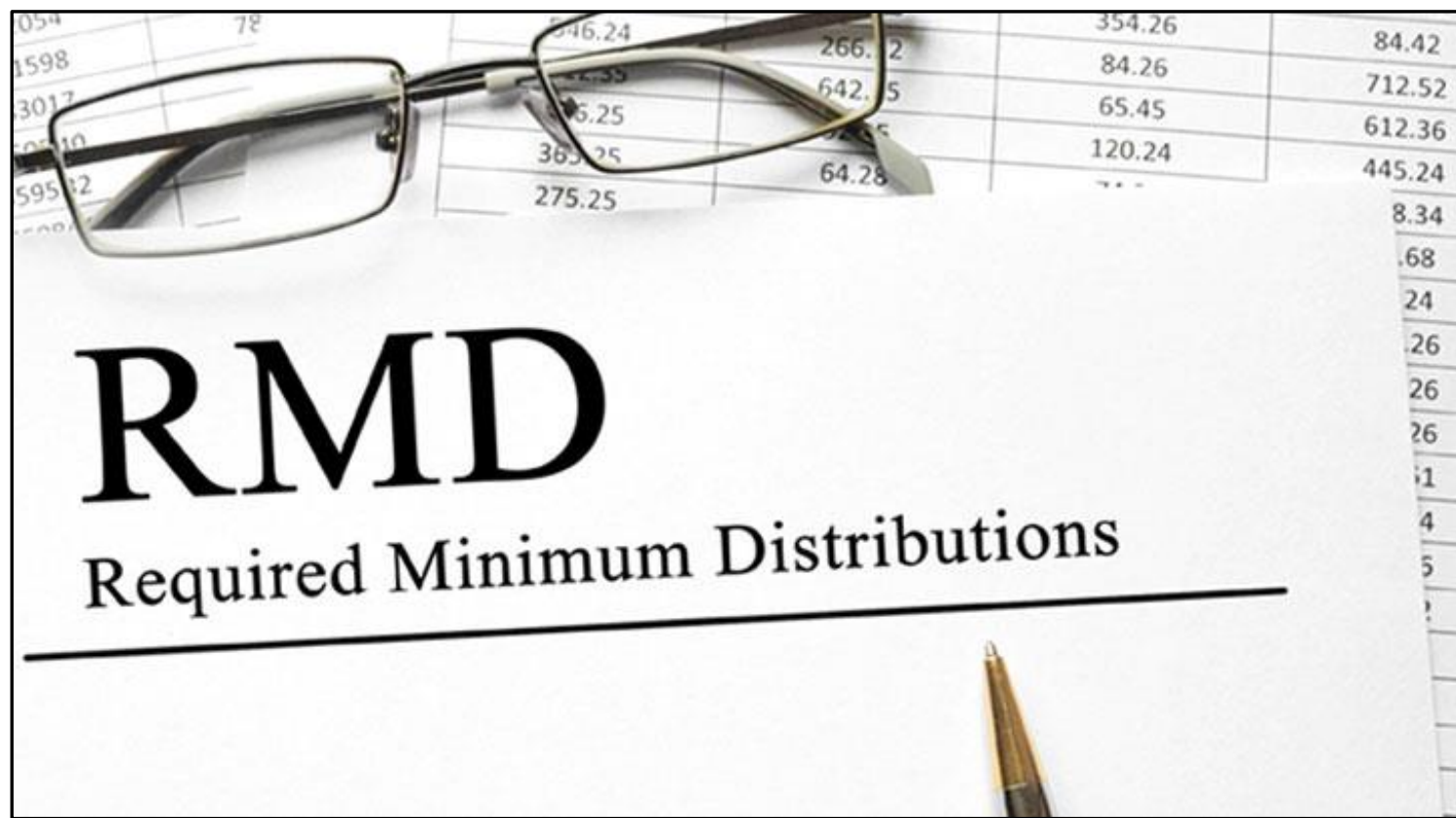


# Proactive Tax Planning with the SECURE Act



# Key Provisions of the SECURE Act

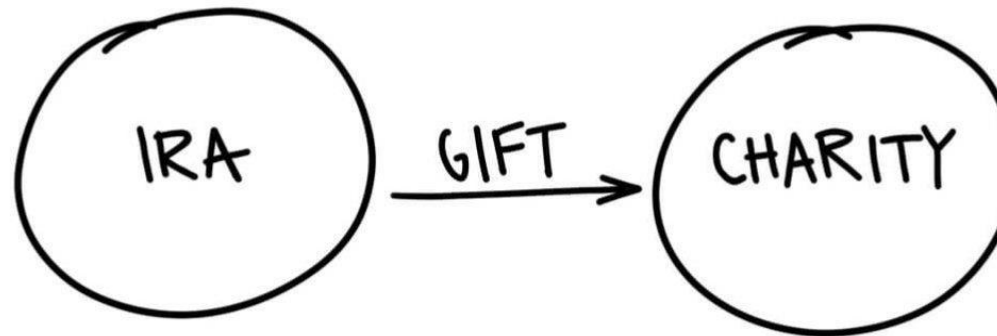
**RMD age raised from 70½ to 72.**



# Key Provisions of the SECURE Act

**QCD's still available at age 70½.**

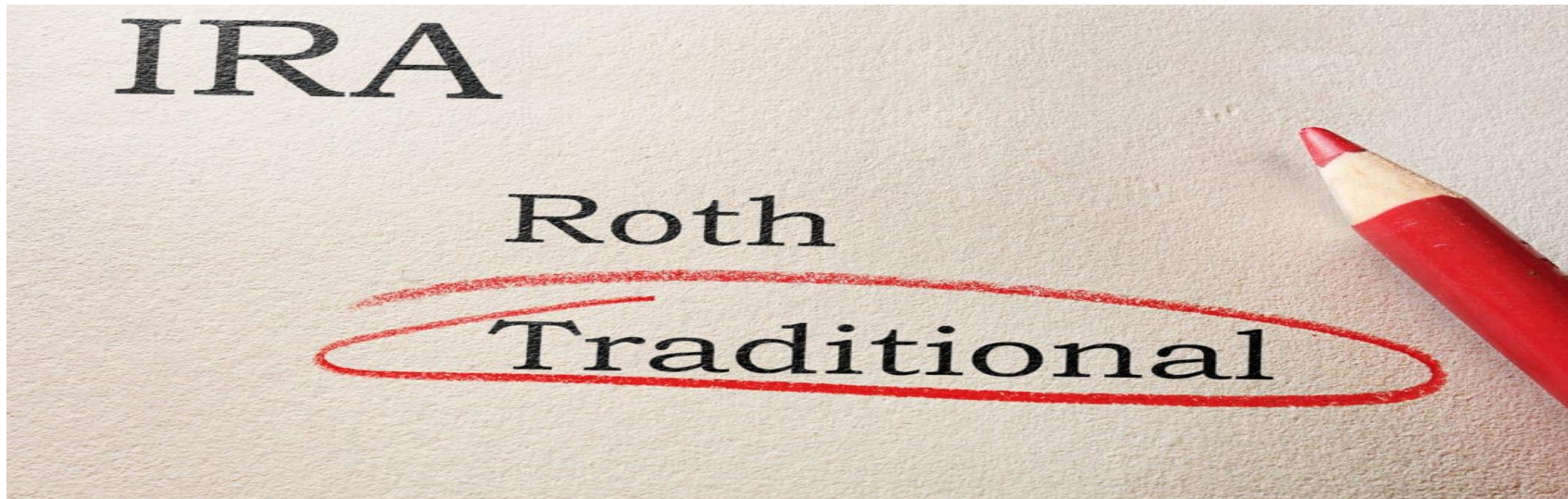
QUALIFIED CHARITABLE DISTRIBUTIONS



# Key Provisions of the SECURE Act

Age Limit for Traditional IRA contributions eliminated.

- ✓ Formerly 70 ½
- ✓ Backdoor conversion still possible
- ✓ Watch out for QCD complications!





# Key Provisions of the SECURE Act

## New 529 Educational Fund Rules

- ✓ Can use up to \$10,000 for qualified student loan repayments
- ✓ Starting in 2020, “compensation” for purposes of an IRA contribution can include taxable fellowships and stipends



# Key Provisions of the SECURE Act

**10% retirement account penalty exception  
for both adoptions and births.**

- ✓ **If you just had a baby or adopted a child you can take a withdrawal of up to \$5,000 from retirement accounts (including 401(k) or IRA's), without the typical 10% penalty.**



# Key Provisions of the SECURE Act

The new Secure Act 10-year rule, basically, requires all IRAs, Roth IRAs, and Qualified Plans to be distributed within 10-years of death.

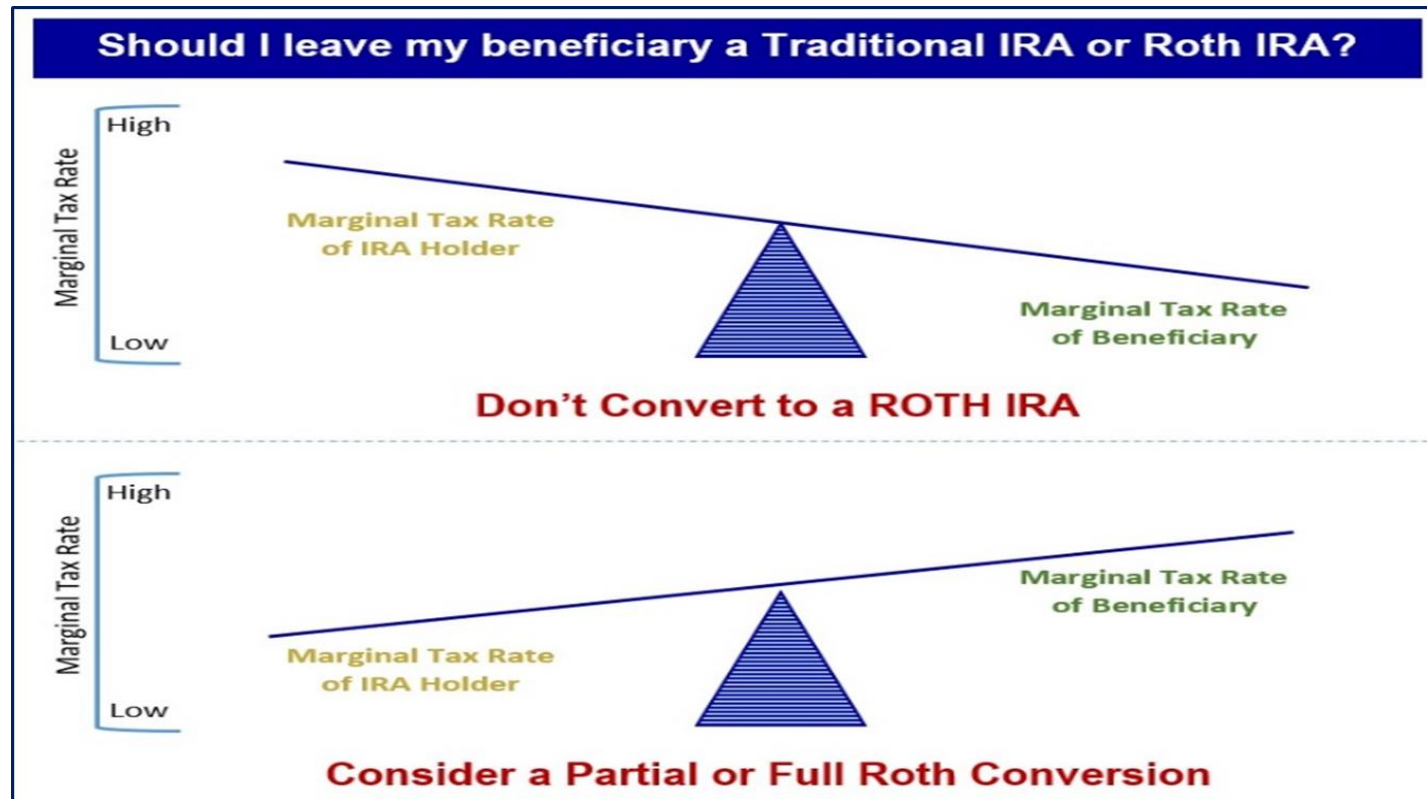
## Exceptions include:

- Surviving Spouse
- The employee's **children** under the age of majority (*not grandchildren or any other children*)
- Disabled
- Chronically ill
- Individual not more than ten years younger than employee



# Proactive Tax Planning for the NEW 10-year Rule

“Mary and John, one of our services is to help clients plan the most efficient strategy to minimize the taxes you will pay on your retirement accounts.”





# Proactive Tax Planning for the NEW 10-year Rule

“The Secure Act that was passed in December of 2019 changed how **PROACTIVE TAX Planning** advisors look at retirement accounts.

Prior to this new law, IRA's were allowed to be stretched over an inheritor's lifespan.

That has changed, but what has not changed is that the taxes you pay on retirement account distributions should be looked at with an eye towards minimizing those taxes.

Someone like you with retirement accounts should consider taking distributions over the longest possible period of time, with a goal of increasing the potential of minimizing taxes and creating greater wealth for you or future generations.

Because of the new rules, it would be wise to review your situation.”



# Proactive Tax Planning for the NEW 10-year Rule

## Spousal Rollover Strategies

- A. Traditional IRA to Spouse – 100% Rollover
- B. Traditional IRA to Spouse – X% Disclaimer
  - 1.) Result: Deferral until RBD followed by 10-year payout.
  - 2.) Result: Children begin a 10-year payout followed by an additional 10 years at the second death

## Roth Conversions

- A. Lifetime Conversions by Plan Owner
- B. Death-Time Conversions by Plan Owner's Family
- C. Spousal Rollover Followed by a Roth Conversion

## Charitable Remainder Trusts

- A. Death-Time Payment to CRT – Spouse
- B. Death-Time Payment to CRT - Children

## Life Insurance “Relocation”

- A. Acquire Life Insurance, in ILIT, on Plan Owner
- B. Acquire Life Insurance, in ILIT, on Spouse
- C. Acquire Life Insurance, in ILIT, Second-to-Die

# Proactive Tax Planning for the NEW 10-year Rule

“The new rule says that most inheritors other than a spouse will have to take all distributions within a 10-year period from the death of the original owner.

In response, we are making it a practice of talking with clients with tax-deferred IRAs, to annually think through their best strategy.”



# Proactive Tax Planning for the NEW 10-year Rule

**“First, let’s review your situation.”**

- ☐ **“Your tax bracket is currently \_\_\_\_\_.”**
- ☐ **“Do you plan on having any years ahead of reduced income?”**
- ☐ **“Are you aware that at age 72 you need to start taking IRA distributions?”**
- ☐ **“Do you realize how much of your IRA will possibly go to Federal taxes?”**
- ☐ **“How much of your retirement assets would you like to leave to your heirs?”**
- ☐ **“Do you know if they have a higher or lower income than you?”**

**This may require setting up another appointment!**



# Proactive Tax Planning for the NEW 10 year Rule

“Something we explore for clients with IRA balances like yours is a partial ROTH Conversion.”



# Proactive Tax Planning for the NEW 10-year Rule

“As it relates to the new 10-year rule, the purpose of Roth Conversions is to spread distributions over many years and lower brackets.”

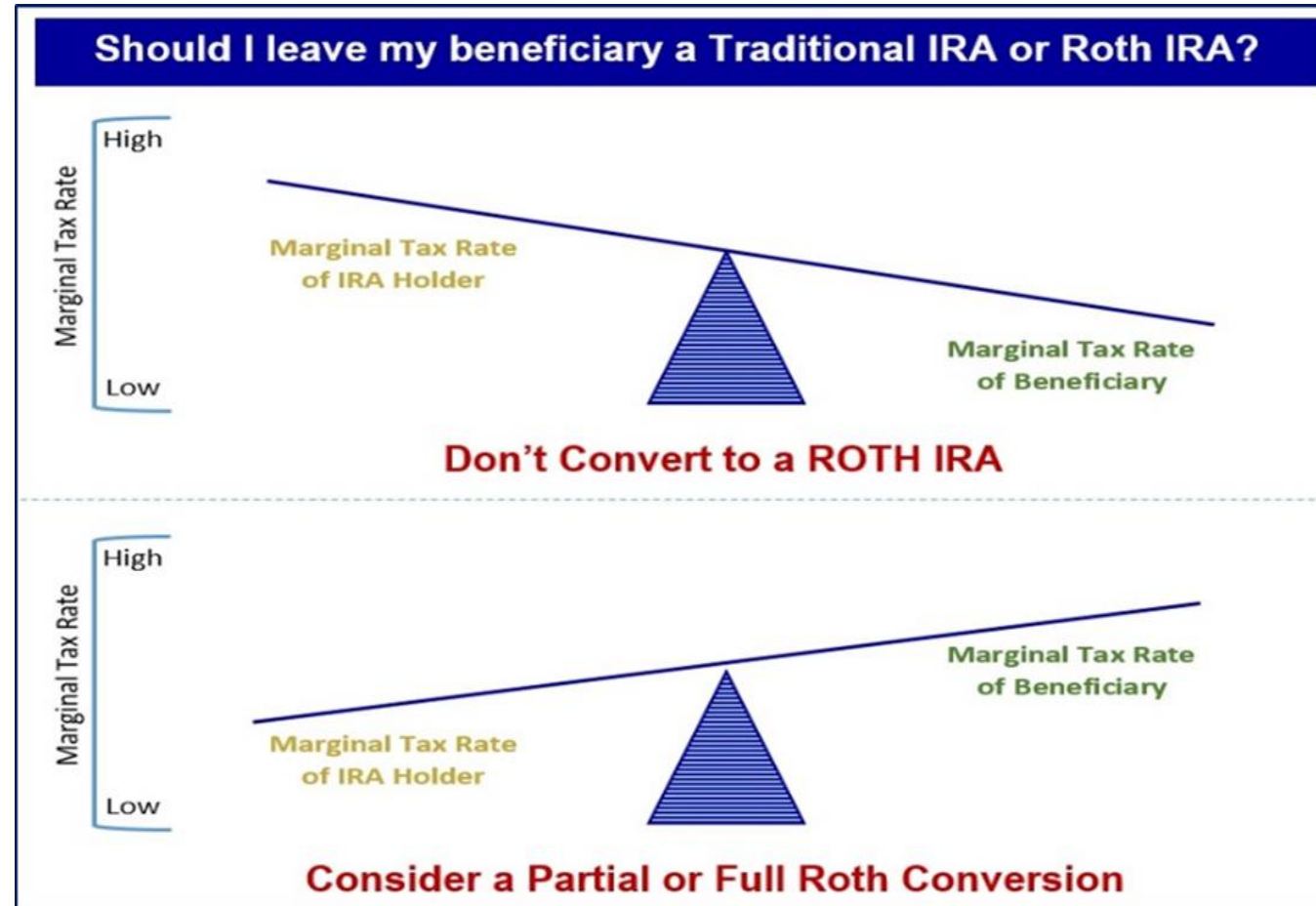


# Proactive Tax Planning for the NEW 10-year Rule

“Let’s consider your overall *Family Tax Bracket Management*®”

Your Marginal  
Tax Rate is

\_\_\_\_\_

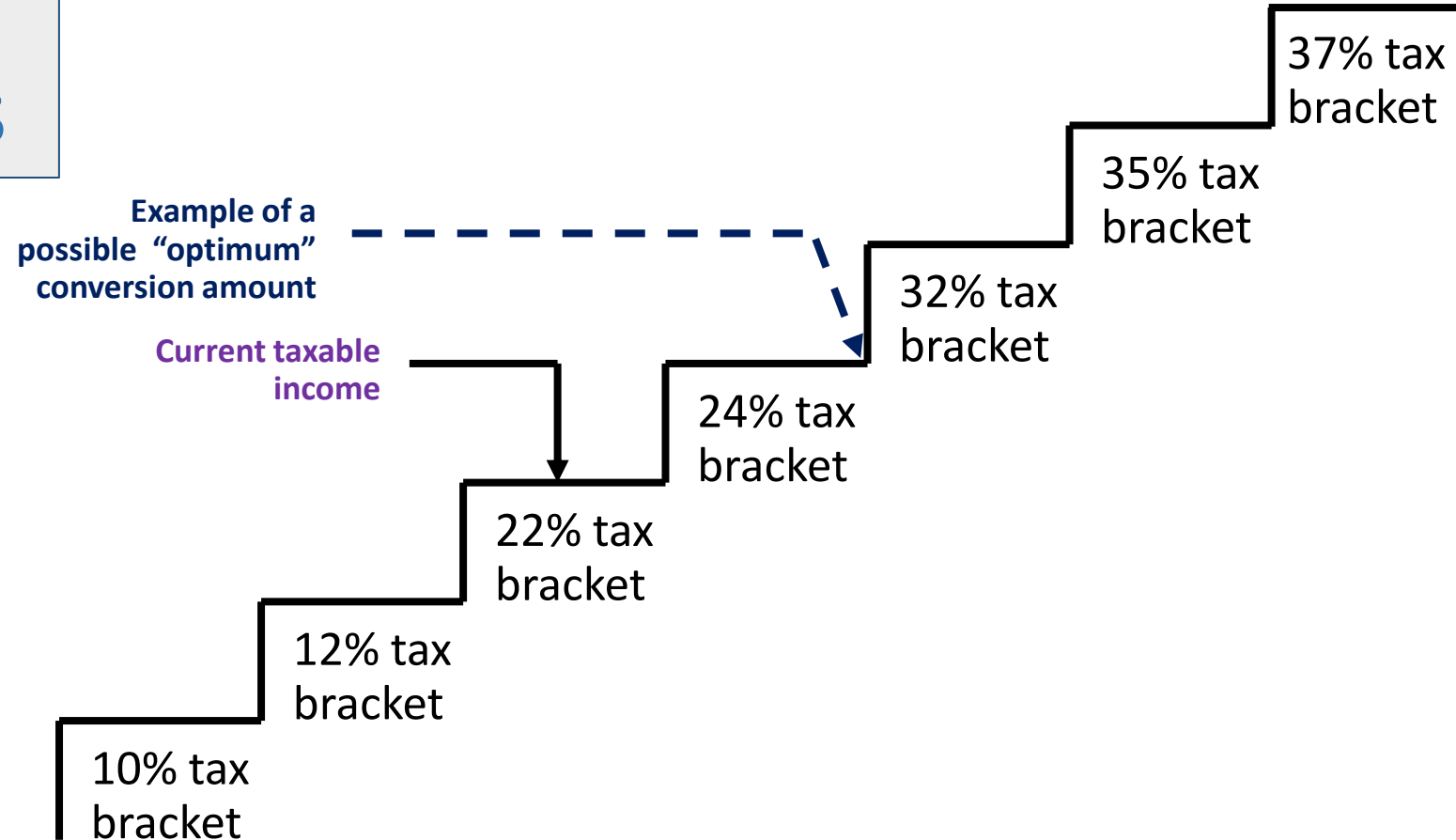


Your  
Beneficiaries  
Marginal Tax  
Rate(s) is/are

\_\_\_\_\_

# Proactive Tax Planning for the NEW 10-year Rule

## Mathematics of Roth IRA Conversions

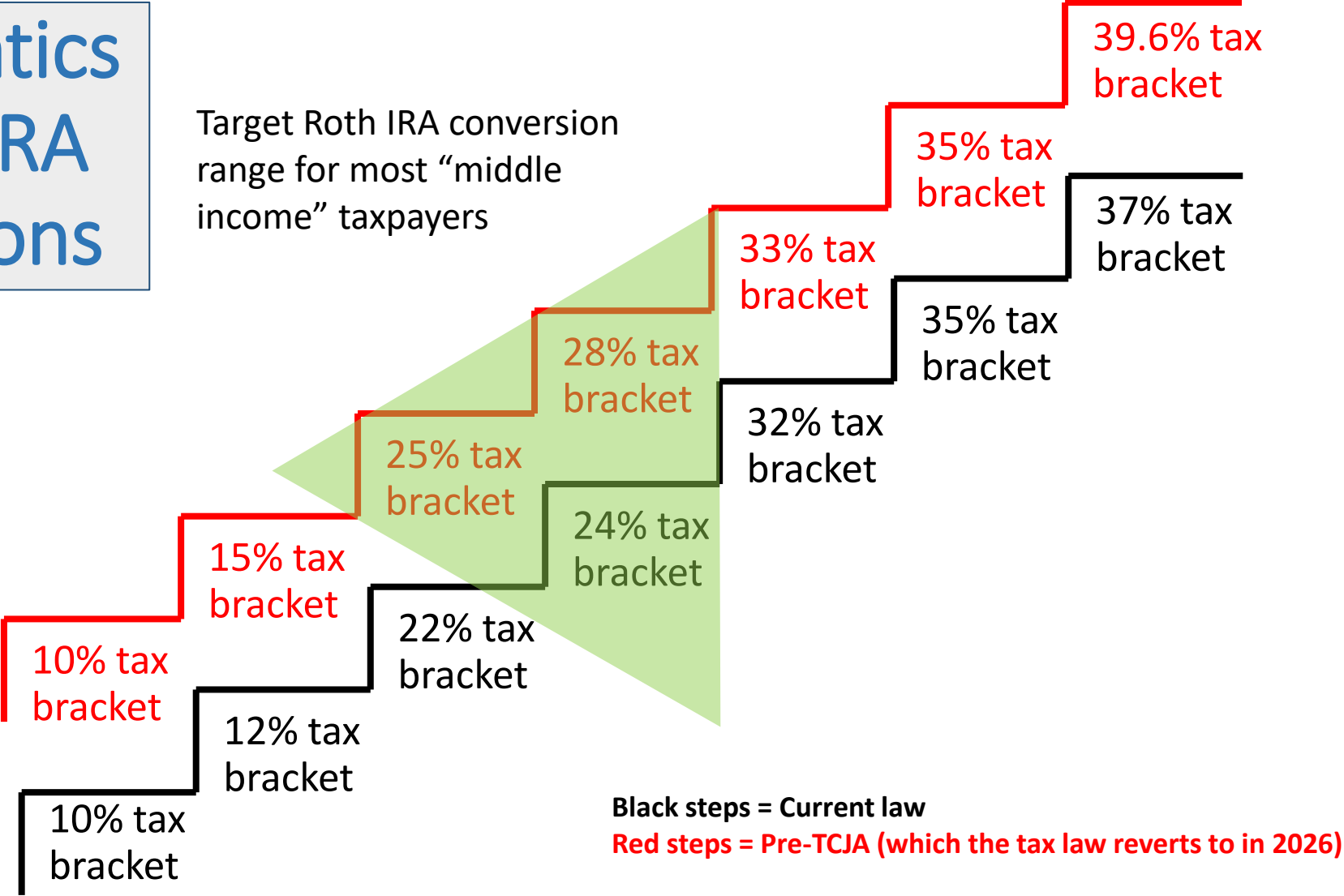




# Proactive Tax Planning for the NEW 10-year Rule

## Mathematics of Roth IRA Conversions

Target Roth IRA conversion range for most “middle income” taxpayers



# Proactive Tax Planning for the NEW 10-year Rule

“Our goal is to look at the facts and make a best decision, with the objective of minimizing taxes and keeping more for you or your beneficiaries.

Let’s review your situation carefully...”

## Mathematics of Roth IRA Conversions

- Critical decision factors
  - Tax rate differential (year of conversion vs. withdrawal years)
  - Use of “outside funds” to pay the income tax liability
  - Need for IRA funds to meet annual living expenses
  - No RMDs
  - Tax-free post-mortem distributions
  - Time horizon
  - Estate tax considerations
  - Ten Year “Roth Coast” period

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ASSOCIATES, LLP  
*Experience. Insight. Clarity.*

# Proactive Tax Planning for the NEW 10-year Rule

“Mary and John, it is our responsibility to review your circumstances and your options.

Right now it might be best to \_\_\_\_\_.”

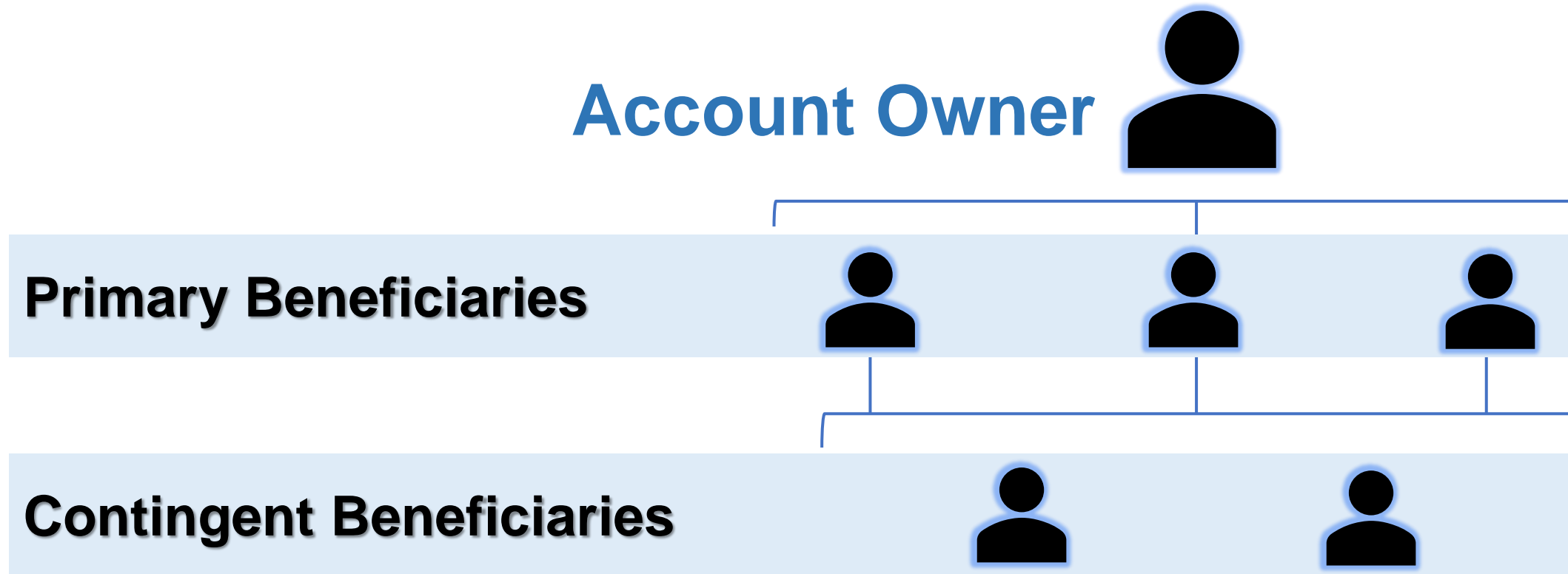
# Always get the tax preparer involved!



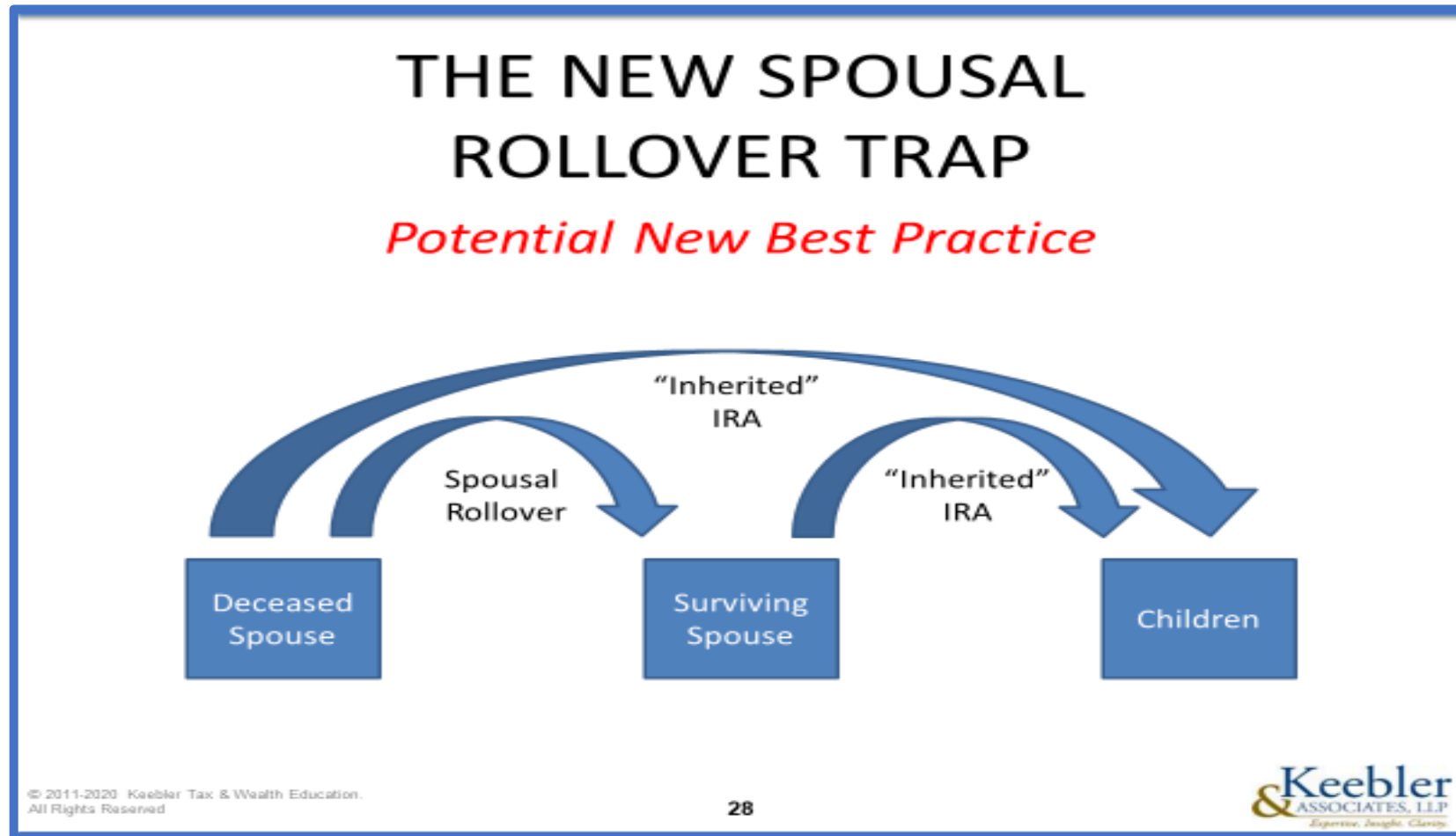


# Proactive Tax Planning for the NEW 10-year Rule

*“As part of our **Family Tax Bracket Management**® Strategy we want to confirm your Beneficiaries and Contingent Beneficiaries”*



# It still might be best to leave a spouse as the primary beneficiary



# Proactive Tax Planning for the *NEW SECURE ACT* with Prospects

# CONCEPT

## Solution

The method or process of  
**solving a problem** and  
an answer to or disposition  
by carefully analyzing the  
proactive in preventing the

# Proactive Tax Planning for the *NEW SECURE ACT*



## ***NEW*** Financial Action Checklist ***ITEMS!!***

### *Patricia Johnson* *Financial Action Checklist Items*

#### Estate Planning

1. Revocable Living Trust established. Great Job! Verify all real estate holdings titled correctly.
2. Verify Medical Durable Power of Attorney that complies with HIPAA and Oregon State Law.
3. Verify Durable Power of Attorney (for non-medical decisions).
4. **SECURE Act planning:** Retirement Accounts – primary beneficiaries should be individual people (not the surviving trust!).

#### Income Tax Planning

1. Loss Harvesting. Sell any assets that currently have an “Unrealized Loss”. Offset capital gains distributions by taking advantage of any capital losses. Income Tax Reduction!
2. RPS to research the Unknown Cost Basis, for tax planning opportunities.
3. Gifting Strategies from IRA (Qualified Charitable Distributions). Plus, annual gifting to children to reduce estate (1 million exemption for OR)
4. Prepare income tax projection for 2019/2020 (after you become a client).
5. **SECURE Act planning:** Review potential partial Roth IRA conversion opportunities.
6. **SECURE Act Planning:** Review Family Tax Bracket Management.

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- **SECURE ACT Planning:** Review your IRAs and consider potential Roth IRA rollover opportunities.
- **SECURE ACT Planning:** Review Family Tax Bracket Management.
- **SECURE ACT Planning:** Confirm that all beneficiaries of retirement accounts are 100% to spouse, as primary beneficiary.
- **SECURE ACT Planning:** Confirm all primary and contingent beneficiaries
- **SECURE ACT Planning:** Coordinate Retirement Income Planning with retirement plan drawdowns.



# Proactive Tax Planning with the SECURE Act



***WE WILL CONTINUE TO BUILD THIS OUT FOR YOU!***

# CONSISTENCY IS THE KEY!



## GOLD MEDAL SERVICES

*"The New Standard in Personalized Wealth Management"*

### Investment Oversight Service

- Reviewing your investments and designing a personalized portfolio appropriate to your needs
- Year-long, continual monitoring of your investments
- Quarterly, semi-annual or annual meetings to: review and evaluate your investment performance, update your overall financial objectives and if necessary, reallocate your portfolio as agreed upon by you
- Quarterly Statements
- Independent Advice
- Recommendations regarding positioning of investments within your employer provided retirement plans such as 401(k)s
- Quarterly "market watch" letter detailing our firm's research, analysis and view of the current state of the investment markets

### Tax Reduction Planning

- Comprehensive review of your tax return to highlight opportunities for maximizing tax reduction strategies
- Quarterly review of your tax situation and planning to incorporate any new tax law changes
- Complimentary consultation with your tax preparer
- Recommendations of tax solutions including tax advantaged investments
- Staying up-to-date on and presenting new tax laws that can affect your situation

### Retirement Income & Distribution Planning

- Analysis of your income needs now and in the future
- Continual development and implementation of recommendations to fund your income needs and help maintain a comfortable standard of living
- Recommendations regarding the most appropriate distribution strategy for your employer retirement plans and IRAs
- Analysis of the beneficiaries of your IRAs and how to establish an Inherited IRA

### Family Wealth Planning

- Analysis of your current estate plan and concerns
- Complimentary consultation with your attorney
- Assistance in transferring assets to your Living Trust or other trusts
- Providing guidance with the appropriate and necessary steps in the event of the death of a loved one

### Client Services & Communications

- Quarterly Newsletter to keep you apprised of the most current planning options
- Quarterly, semi-annual or annual reviews
- Special reports on how to help reduce your taxes and other important topics
- Special Gold Medal Service Events, including client appreciation events (where you may bring up to 2 guests)

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Neither (Broker/Dealer Name) nor its representatives provide legal or tax advice.

If legal or tax advice or other expert assistance is required, the services of a currently practicing professional should be sought.

A photograph of a cream-colored rectangular card with the words 'Thank You' printed in a large, bold, black serif font. The card is placed on a light-colored wooden surface with a vertical grain. A black fountain pen with gold-colored accents is positioned diagonally to the right of the card.

**Thank  
You**