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ESTATE & ASSET PROTECTION INSIDER

NEWSLETTER

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The Elder & Disability Law Firm of Victoria L. Collier, P.C.

THE ESTATE & ASSET PROTECTION LAW FIRM
CONFIDENCE. COMFORT. CARE.

2020 Starting off Strong- Shannon becomes Partner

The Elder & Disability Law Firm of Victoria L. Collier, PC doing business as The Estate & Asset Protection Law Firm is proud to announce that Shannon Pawley has become Partner. Shannon was hired first quarter of 2018 as Chief Operation Officer. In that role Shannon has demonstrated herself as a true leader with an ownership mentality. All of her efforts are geared toward making sure our clients are well-served and our employees have the resources and support necessary to best serve our clients.

Prior to joining The Estate & Asset Protection Law Firm, Shannon worked as a litigation attorney. She knows her way around a courtroom and is a strong advocate for her clients. Prior to that Shannon worked at a boutique law firm that focused exclusively on estate planning and asset protection. While there Shannon obtained her Masters in Tax Law. This is a great benefit to the clients of The Estate & Asset Protection Law Firm and sets Shannon apart as most estate planning attorneys do not have this enhanced legal training or credential.

At The Estate & Asset Protection Law Firm Shannon conducts community education seminars, meets with clients during our initial consultations, supervises workflow activities, hires, manages and trains employees, and spearheads our client maintenance program.

On a personal level, Shannon loves Disney, has a devoted husband and three fun-loving dogs that get her attention.

Take some time to reach out and introduce yourself to Shannon Pawley and get to know her!! Ask her about her involvement in the Renaissance world!

NEW TAX LAWS for 2020 affecting RETIREMENT ACCOUNTS – The Secure Act

As you may have heard, the SECURE Act became effective on January 1, 2020, and has made significant changes to existing retirement plans, such as IRAs and 401(k) plans. This provides a brief summary of the provisions that may affect you, your estate plan, and your beneficiaries.

IRA Contributions: Under prior law, you were prohibited from making contributions to traditional IRAs in the year in which you attain age 70 1/2 and years thereafter. The SECURE Act has removed that age limitation.

IRA Distribution Start Date: Previously, you were required to start taking your required minimum distributions in the year in which you attained 70 1/2 years of age. Commencing in 2020, that age has be moved up to 72, allowing the taxpayer to accumulate more in the retirement account.

Example: Jack turned 70 in January, 2020. He will have no required minimum distributions for 2020 or 2021, as he will turn 72 in 2022. Even that first year withdrawal can be delayed until April 1, 2023. Assuming Jack has earned income in 2020 and subsequent years, he is permitted to make tax deductible contributions to an IRA.

IRA "Stretch" for Beneficiaries Repealed (almost!): Perhaps the most significant change has been in the required distributions for beneficiaries. For plan owners dying after 1999, most beneficiaries will now be required to withdraw the entire balance in the account by the end of the tenth year following the plan owner's death. This change may significantly reduce the availability of lower tax rates and compounded tax deferred growth for, say, children. Certain beneficiaries are exempt from this new rule, including spouses, disabled or critically ill beneficiaries, and minors (until attaining the age of majority).

Example: Jack dies in June of 2020 and named his daughter, Jill, age 40, as the beneficiary of his IRA. Has Jack died in 2019, Jill could have liquidated the IRA annually over a 43 year period, potentially supplementing her retirement income in her 60's and 70's.

But because Jack died in 2020, Jill must now liquidate the entire IRA by December 31, 2030, when Jill will be 50. Jill no longer has any required annual IRA withdrawals, as she would have had under prior law, other than the requirement to liquidate the entire IRA by December 31, 2030. If she waits until 2030 to take any distributions, she would get the benefit of a full ten years of tax deferral, but the liquidation of the entire account in the tenth year could cause the distribution to be subject to much higher taxes than if she withdrawn it evenly over the ten (or eleven) year period.

This tax problem may be much greater when a trust is named as the beneficiary of an IRA. Each trust, whether part of a revocable living trust or created under a will, should be closely reviewed to determine if such trust is still needed or if it needs to be revised. Many trusts have wording that limit IRA withdrawals and distributions solely to the required minimum distribution, which would now result in NO DISTRIBUTIONS for nine years, and the entire amount being withdrawn and distributed in year ten. "Accumulation trusts" may have even a greater problem, as the trust income tax rate brackets on undistributed income are condensed; for instance, any undistributed trust net income over $12,900 (2020) is taxed at the highest individual tax bracket, currently 37%.

Example: Jack's trust for the benefit of Jill states that no distributions until Jill attains 55 years of age. Because the IRA is now required to be liquidated in the trust by year ten and not distributed to Jill, most of the IRA would be subject to the 37% tax bracket. On the other hand, had the IRA been withdrawn and distributed to Jill over the initial ten year period, it may have been subject to Jill's marginal tax bracket, which may have been only 15% to 24%. Often, the need for beneficiary protection must be weighed against the potential for greater income taxes.

Because of these differences and possibly other considerations, we feel we need to make the following recommendation:

If you have named a trust as a beneficiary (or contingent beneficiary) of an IRA or other retirement plan, it is imperative that the provisions of such trust be reviewed as soon as possible.

We are offering such a review between now and June 30, 2020, at a reduced rate of only $150. Thereafter, our regular rates apply. Call 470-235-7868 today and ask for an "IRA estate plan review appointment."

For more information: Attend our FREE Secure Act Seminars on Wednesday February 26th at 1:00pm and Wednesday March 11th at 10:00am.

DO IT NOW!

In 2019 I had two clients that died while on vacation. Both in their mid-sixties. Young.

One had been diagnosed with a degenerative disease and had decided to retire that year take a couple trips that were on her bucket list. Before one of the trips she had visited my office to go over her estate plan and future long-term care needs. During our discussion she expressed concern about spending money on the trip and thought that maybe she should hold onto the money. After much discussion she decided to go on the trip because she may not have much more time or physical ability to do so. It truly was a once in a lifetime trip.

The other client had been caregiver to his parents for years. Through that experience he decided he and his wife should begin traveling and taking the trips they always wanted to take together. For two years they had taken several trips, got scuba certified, and saw incredible places where romance and memories are made.

What has made the biggest impact on me after working with the surviving family members of both of these clients is their positive attitude and statements that “my mother died in a foreign country with a family member on a once in a lifetime trip” and “my husband died doing what he loved”. No regrets.

It also helped that both families had their estate plans completed and were given the space to mourn without the scurry of after death planning.

The key takeaways: Complete your estate plan and then have the time of your life living. There may not be a tomorrow. Plan and live for today.

Call us now to put your plan in place or review the plan you currently have to ensure it is solid.

New Year Planning for 2020

1. Consider if your assets are structured in a way that limits to potential liability.
2. Have my adult children been given the necessary documentation if I fall ill or need to be taken care of?
3. Does my Estate Plan need to be updated in leu of recent tax legislation?
4. Will my retirement account(s) pass to my beneficiaries and be protected?

New Year Haiku

Turn the tides; future
Flowing: daughter of the night
Gives birth to the stars.

Author Jackie Ann

Upcoming Seminars

02/06/2020	Charitable Giving Through Your Estate Plan	TIME: 2:30pm
02/18/2020	The 3 Basic Estate Planning Documents Everyone Should Have	TIME: 10:30am
02/25/2020	Trusts 101: What is a Trust and Why Would I Need One?	TIME: 2:30pm
02/26/2020	The Secure Act—The Good, The Bad, & The Ugly	TIME 1:00pm
02/27/2020	Trusts 201: Trust Strategy for Asset Protection and Government Benefit Planning	TIME: 10:30am
03/11/2020	The Secure Act—The Good, The Bad, & The Ugly	TIME 10:00am

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