

MARCH 2020

# THE EDUCATED INVESTOR

A GUIDE TO RETIREMENT PLANNING

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## 6 Ways The SECURE Act May Impact Your Retirement

The new Setting Every Community Up For Retirement Enhancement (SECURE) Act, just signed by President Trump, is the broadest piece of retirement legislation passed in 13 years. Ultimately, the law focuses on retirement planning in three key areas: 1) modifying required minimum distribution (RMD) rules for retirement plans; 2) expanding retirement plan access and 3) increasing lifetime income options in retirement plans.

The most immediate impact of the bill will be felt by those nearing or in retirement. If you're a saver or investor in your 50s or 60s, there are six ways the SECURE Act may affect you:

### 1. Required Minimum Distribution Relief for Retirement Plans

Before the SECURE Act, if you had money in a traditional Individual Retirement Account (IRA) or an employer-sponsored retirement plan and were retired, you were required by law to start making withdrawals at age 70½. But for people who haven't hit 70½ by the end of 2019, the SECURE Act pushes out the RMD start date for most situations until age 72.

By pushing back the RMD start date, the SECURE Act gives you additional time to allow your IRAs and 401(k)s to grow without being depleted by distributions and taxes.



### 2. Additional Roth IRA Planning Opportunities

Because RMDs won't start until age 72, the new law will give you an additional two years to do what are known as Roth IRA conversions without having to worry about the impact of required distributions. With a Roth IRA, unlike a traditional IRA, withdrawals are tax-free as long as you meet certain requirements and there are no RMDs during your lifetime. The general goal of a Roth conversion is to convert taxable money in an IRA into a Roth IRA at lower tax rates today than you expect to pay in the future.

While you can do Roth conversions after you start RMDs, the process is a lot harder.

### 3. Increased Savings Opportunities

The SECURE Act also increased retirement savings opportunities in a number of ways.



Before this law, you couldn't contribute to a tax-deductible IRA after 70½. But with the SECURE Act, you can. So, if you plan on working into your 70s, you can still put money into a deductible IRA. Those over 70½ in 2019 won't be able to save in an IRA for this year.

This law change means a couple over 70½ will be allowed to save to an IRA over \$14,000 in 2020 if both spouses are contributing the maximum of \$7,000 a year. This can help them receive a valuable tax deduction and save for the future.

As more retirees are looking for ways to go back to work part-time in an encore career or in the gig economy, the SECURE Act will provide additional retirement funding flexibility for years to come.

Another SECURE Act provision will make it easier and less expensive for small business owners to set up retirement plans for employees. The new rule will let more small businesses band together to offer what are called Multiple Employer Plans or MEPs.

David Hanzlik, vice president, annuity and retirement solutions at CUNA Mutual Group, says: "Many people are behind in building their retirement savings and any measures that potentially help them gain access to the benefits of a workplace retirement plan are great."

However, it could be a few years before small business

employees without retirement plans see their employers offer them as a result of the SECURE Act. The law's MEPs provisions don't take effect until 2021. Additionally, the U.S. Department of Labor will need to clarify the rules before many small business employers will feel comfortable providing retirement accounts.

The SECURE Act will also allow more part-timers to save through employer-sponsored retirement plans, starting in 2021. In some cases, these workers will need to put in at least 500 hours a year for three consecutive years in order to be eligible for the plans.

### 4. Guaranteed Lifetime Income From Retirement Plans

The SECURE Act will also encourage employers with retirement savings plans to let employees convert their savings into guaranteed lifetime income, through annuities. Employers will be protected from being sued if the insurer they choose to make annuity payments doesn't pay claims in the future.



But it will likely take years before many employer-sponsored retirement plans offer annuities due to the SECURE Act.

### 5. A Reason to Review Beneficiary Designations

The SECURE Act also removed so-called "stretch" provisions for beneficiaries of IRAs and defined contribution plans, like 401(k)s.

In the past, if a traditional IRA was left to a beneficiary, that person could, in most cases, stretch out the RMDs over his or her own life expectancy, essentially "stretching" out the tax benefits of the retirement ac-



count. But with the new law, starting on Jan. 1, 2020, most IRA beneficiaries will now have to distribute their entire inherited retirement account within ten years of the year of death of the owner.

Surviving spouses, minor children and those not more than ten years younger than the deceased, however, are generally exempt from this new SECURE Act ten-year distribution rule.

So, the SECURE Act means it's now very important to review the beneficiary designations of your retirement accounts to make sure they align with the new beneficiary rules.

### 6. A Reason to Review Trusts

In the past, many people used trusts as beneficiaries of IRAs and 401(k)s, with a "pass-through" feature that let the beneficiary stretch out the tax benefits of the inherited account. The benefit of the trust was, in part, to help manage the inherited retirement account and

to provide protections from creditors. However, many of these trusts provided the beneficiary or heir with access to "only the RMD due each year." But the SECURE Act states that all money must be taken out by the end of year ten after the year of death of the owner.

Anyone with a trust as the beneficiary of an IRA or employer-sponsored retirement plan such as a 401(k) should immediately review the trust's language to see if it still aligns with his or her intended goals.

### Start Planning Now

Many of these SECURE Act rule changes require proactive planning. So, it is important to speak with a qualified professional about them and your financial and retirement situation.

6 Ways The SECURE Act May Impact Your Retirement  
Article Written by Jamie Hopkins, Next Avenue Contributor for Forbes.  
Source: <https://www.forbes.com/sites/nextavenue/2020/12/31/6-ways-the-secure-act-may-impact-your-retirement/#5d3a9fae672a>  
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## | Health Care Options in Retirement

For Americans turning 65, signing up for Medicare is a rite of passage. It's also the entrance to a labyrinth of choices and trade-offs. What follows is a guide that can help you untangle the way through it.



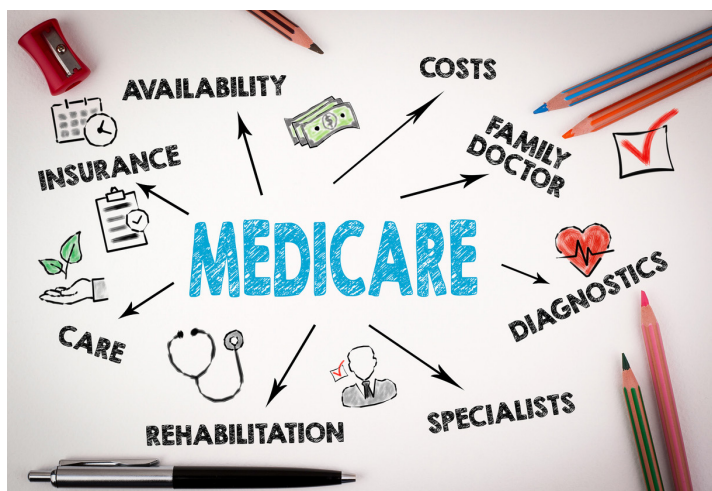
### Medicare's Basics

Medicare is the nation's largest health insurance program, covering millions of Americans. Generally

speaking, if you are eligible for Social Security or Railroad Retirement Board benefits, or you've paid Medicare taxes while working in a government job, you are eligible for Medicare benefits when you turn 65, even if you haven't yet retired. Those benefits come in one or more of these packages:

**Part A** is hospital insurance and covers most of the costs of a stay in the hospital, as well as some follow-up costs after time in the hospital. Part A pays some other outpatient medical services, including medically necessary equipment and supplies, home health care, and physical therapy. Under most circumstances, you do not have to pay a premium for Part A, but you may have to share in the cost of care by making copayments and meeting deductibles out of your own pocket.

**Part B** is medical insurance. This coverage is intended to help pay doctor's bills for treatment in or out of the hospital. It also covers many other medical expenses you incur when you are not in the hospital, such as the costs of necessary medical equipment and tests. If you elect Part B, the monthly premium is automatically deducted from your Social Security check. Keep in mind that Part B does not provide 100% coverage and covers only medically necessary services. You can decline to sign up for Part B when you turn 65, but if you then seek to enroll in later years, you may pay a significant penalty.



**Part C** -- also called Medicare Advantage -- is the managed care alternative to traditional Medicare's A plus B. Medicare Advantage plans are operated by private insurance companies under contract to Medicare. Medicare Advantage plans provide both hospitalization and medical coverage for a fixed price, but they may restrict your choice of caregivers and limit your treatment options.

**Part D** is stand-alone prescription drug coverage insurance. Most people must pay a premium for this coverage. Plans vary, and they may cover different drugs at different rates, but all medically necessary drugs are covered. As with Part B, if you do not sign up at age 65 but wait until later, you may be subject to significant penalties.

Premiums for Parts B and D vary depending on your income level and coverage choices. While typical costs are about \$100 per month for each part, high income people with expansive prescription coverage may pay as much as \$500 to \$600 per month. In addition to Medicare, many people also sign up for private insurance policies called Medigap plans to help pay for any deductibles and copayments they might incur. Medigap policies may cost about \$100 to \$200 per month, but the normal out of pocket costs for a significant illness or injury can be several thousand dollars. Also, many union and employer-sponsored retiree health programs are essentially mechanisms to finance Part B, Part D, and Medigap coverage.

### Non-Medicare Coverage Issues

People who work past age 65 may have employer-sponsored health insurance in addition to their Medicare coverage. In this case, you may be asked to sign up for Part A while using your employer coverage to substitute for Parts B and D. If you do opt for employer coverage at age 65, you may not be penalized if you later enroll for the optional parts of Medicare when your employer coverage ends. Some people over age 65 may also be covered by a spouse's employer-sponsored health plan. The choices in this case would be comparable to those for someone covered by their own employer's plan.

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# Beet & Ricotta Hummus



## INGREDIENTS:

- 1 baseball-sized red beet (about 6 ounces), scrubbed
- 1 15½-ounce can chickpeas, rinsed, drained
- ½ cup tahini, well mixed
- 1 garlic clove, finely grated or smashed to a paste with flat side of knife on cutting board
- ¼ cup fresh lemon juice
- ¼ cup ricotta
- 1 teaspoon (or more) kosher salt
- 10 cranks freshly ground black pepper
- ¼ teaspoon ground coriander
- Mint leaves, poppy seeds, and olive oil (for serving)

**SERVINGS: 5**

**Time: 80 Minutes**

## INSTRUCTIONS:

1. Preheat oven to 425°. Wrap beet tightly in foil and place on a foil-lined rimmed baking sheet. Roast until the tines of a fork slide easily into the center of beet, 60–70 minutes. Let sit until cool enough to handle.
2. Meanwhile, process chickpeas, tahini, lemon juice, ricotta, garlic, salt, pepper, and coriander in a food processor until smooth.
3. Using a paper towel, rub beet to remove skin (it should slip off easily and any staining to your hands will be temporary). Trim root end and cut beet into 8 pieces; add to food processor. Process until mixture is smooth, about 2 minutes. Taste and season with salt, if needed.
4. Transfer hummus to a shallow bowl. Top with mint and poppy seeds and drizzle with oil.

Sources: <https://www.bonappetit.com/recipe/beet-and-ricotta-hummus>; [Produceforkids.com](https://www.produceforkids.com)

## What's in Season for March?



**Asparagus**



**Pineapple**



**Artichokes**

Apples  
Avocados  
Bananas  
Beets  
Bok Choy  
Broccoli  
Brussels Sprouts  
Cabbage  
Carrots

Cauliflower  
Celery  
Citrus  
Greens  
Kiwi  
Leeks  
Lemons/Limes  
Mango  
Mushrooms

Parsnips  
Pears  
Potatoes  
Rutabagas  
Strawberries (FL)  
Sweet Onions  
Turnips



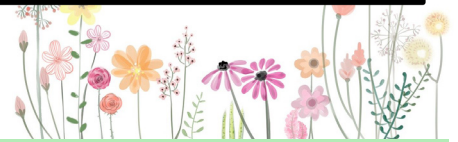
## The Sudoku Section



9				5			3	
	2		4				6	9
	4	5	6	8				2
			8					
	9	3						
				6				
5	3							7
		4				9		8
			2	7	8			

3	5	4	8	7	2	6	9	1
8	1	6	9	3	5	4	7	2
7	2	9	1	4	6	8	3	5
5	6	2	4	9	3	1	8	7
9	8	7	5	2	1	3	6	4
1	4	3	7	6	8	2	5	9
2	7	1	6	8	9	5	4	3
6	9	5	3	1	4	7	2	8
4	3	8	2	5	7	9	1	6

The answers



## March Special Days & Holidays

(Women's History Month)



**1st-** Peanut Butter Lovers

**14th-** Potato Chip Day

**6th-** Employee Appreciation Day

**17th-** St. Patrick's Day

**8th-** Daylight Savings Time Begins &  
International Women's Day

**19th-** First Day of Spring & Client's Day

**25th-** Waffle Day

**13th-** Good Samaritan Day

**26th-** Major League Baseball Begins

Source: [www.printmysudoku.com](http://www.printmysudoku.com)