

## Poll #1

**What's your favorite ice cream flavor?**





# Most popular ice cream flavors

96% of Americans eat ice cream, according to a new survey from YouGov Omnibus. Here are the top 5 popular flavors in the U.S.:



# 20 for 2020: Financial Planning, Investment and Tax Tips to Make the Most of the New Year

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# Your Presenter:

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# What Am I Getting Out of This Workshop?

By the time we are done, you will know  
50% of what you need to know.

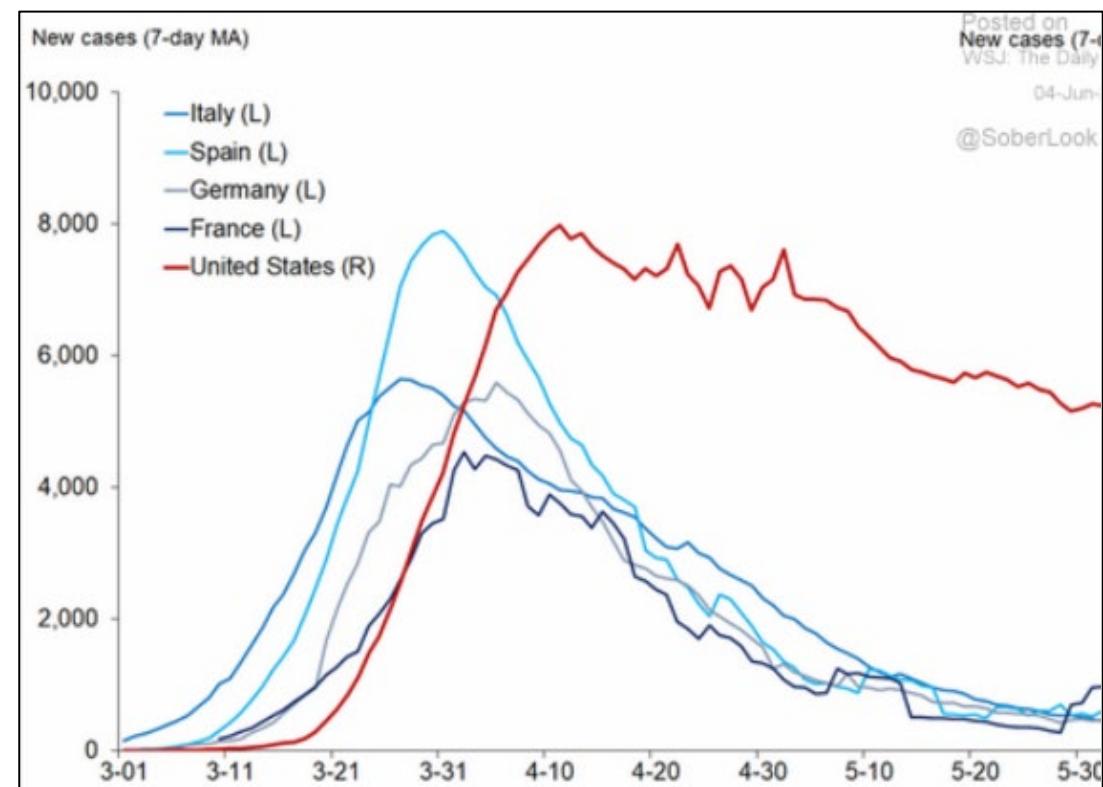
- What happens after the webinar? We will set up a complimentary 20 minute phone consultation with Taylor Financial Group to discuss how we can better prepare for your future. You can use this Calendly link to schedule your call.  
  
<https://calendly.com/debbietaylorfinancialgroup>  
**Times are available on Monday from 2pm – 3pm and Thursday from 10:30am – 11:30am.**
- We will be emailing you a short survey after the webinar. Please fill out the survey as we appreciate your feedback!
- This is not a sales presentation and we will not discuss products.

Start Planning your Financial Future Today!

COVID-19 Index		Topic	Current Status	Score
June 4, 2020				
Health	Vaccine Testing Treatment	Most reasonable timeline for a vaccine is 12-18 months. The availability and accuracy of tests remain a controversy. According to Dr. Fauci, a second wave of Covid-19 is "inevitable." Modest progress being made, but be cautious of news reports.		
	New Cases	Global confirmed cases are 6,538,456 as of June 3, 2020 according to JHU. Number of daily new cases have declined from about 30,000 to about 20,000 per day. But, as more states reopen, those numbers are likely to go back up again.		
	Deaths	According to JHU: Global deaths at 386,503 and US deaths at 107,175 as of June 3, 2020.		
	US GDP	JP Morgan and Goldman Sachs foresee an estimated -35-40% Q2 GDP. It was -4.8% in Q1. Biggest drop in quarterly economic output since Q4 2008. 2020 estimate: -6%		
Economy	ECRI	Tracks initial jobless claims, mortgage applications, and high yield bond spreads, among other things. It is at 2008 levels, and near its lowest reading in history, but it has rebounded slightly. The market tends not to rebound until the ECRI trends positive.		
	Unemployment	1 of every 5 Americans out of work. April unemployment rate: 14.7%. Number of job losses biggest on record dating back to 1939. JPM's Dr. Kelly expected May unemployment: 19.8%		
	Federal Reserve	Balance sheet is \$9.3T and 2020 deficit to be \$3T. Dramatic measures: cut benchmark interest rate to nearly 0, engaged in open ended bond buying, and rolled out emergency lending programs. Extraordinary monetary stimulus of \$3 trillion. According to Powell, the "path ahead is both highly uncertain and subject to significant downside risks."		
	Consumer Spending	US consumer spending -7.5% month-over-month. Lowest since 1959. Accounts for 2/3 of GDP.		
Markets	Global	Europe is facing its worst recession ever as its economy is estimated to be -7.4% this year. China's GDP contracted -6.8% in Q1 for first time. China accounts for 28% global growth.		
	S&P 500	-3.3% YTD – not as bad as one would think. However, most everyone agrees that our economy is more than 3.3% "messed up" right now. Goldman Sachs predicts the S&P 500 will close the year at about its current level of 3,000-3,200.		
	Market Winners Are Few	S&P being propped up by stocks such as Facebook, Google, Apple, Microsoft, and Amazon. They make up over 20% of the S&P and have fared well during the pandemic and essentially cut S&P 500 losses in half. NASDAQ is +8.1% year-to-date.		
	Earnings	Yardeni research predicts a -52% YOY decrease in Q2 earnings. 2020 YOY estimate is -26.4%. Largest quarterly decline since Q3 2009. Healthy economy requires a healthy consumer. S&P 500 Forward PE Ratio currently at 21x, a level not seen since Tech Bubble.		
OVERALL				
Progress will be slow; hope for no 2nd wave; consensus for a "swoosh" recovery if we are lucky.				
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# COVID-19 Containment is Stalling in the US with New Infections

- COVID-19 new cases based on a 7-day moving average remain over 20,000 in the US while cases in Italy, Spain, Germany and France hover at only a few thousand.
- Down from 30,000 daily cases but starting to increase as economy reopens.

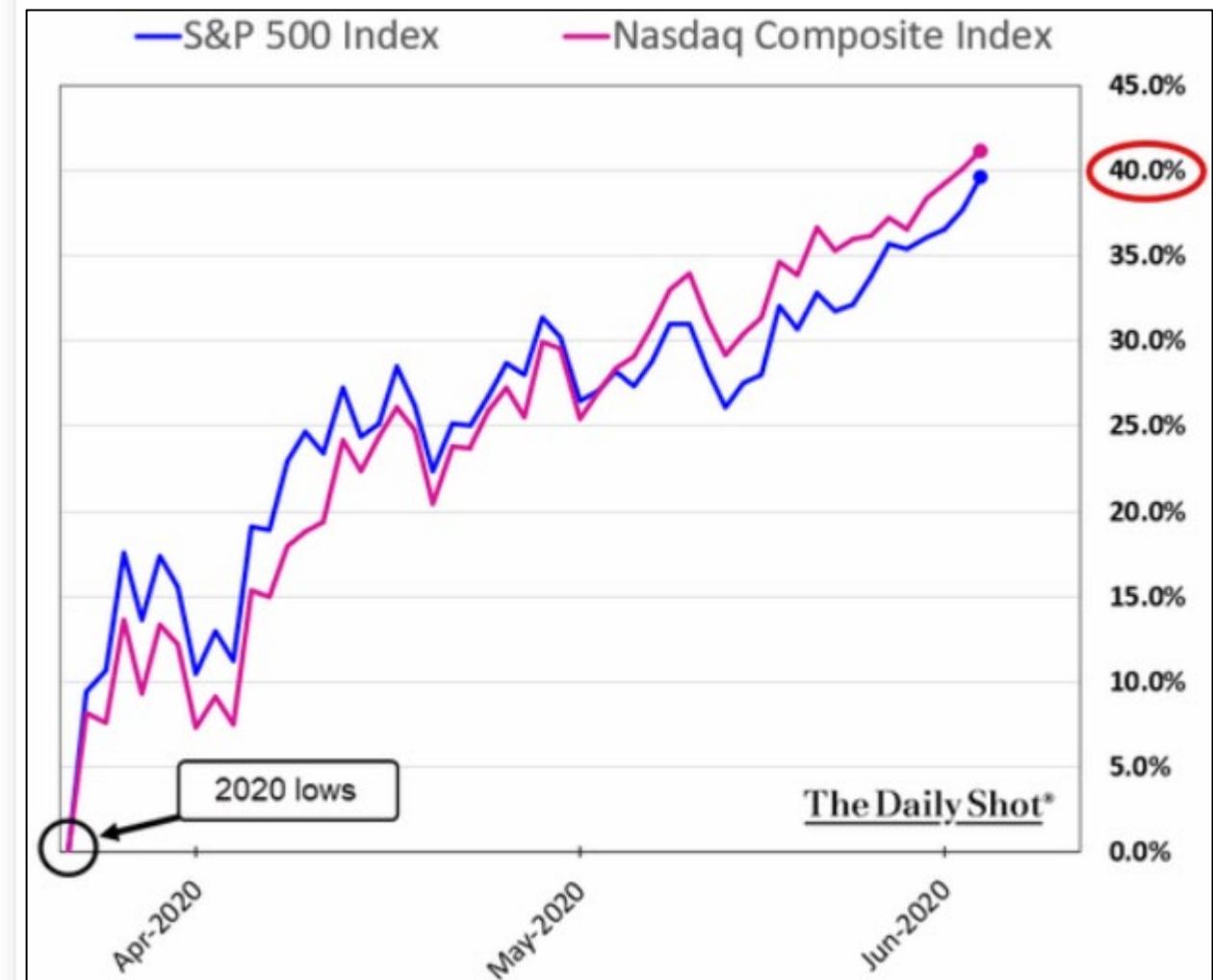


Source: WSJ

Date: June 3<sup>rd</sup>, 2020

# Key Indices Have Risen Some 40% from the Lows

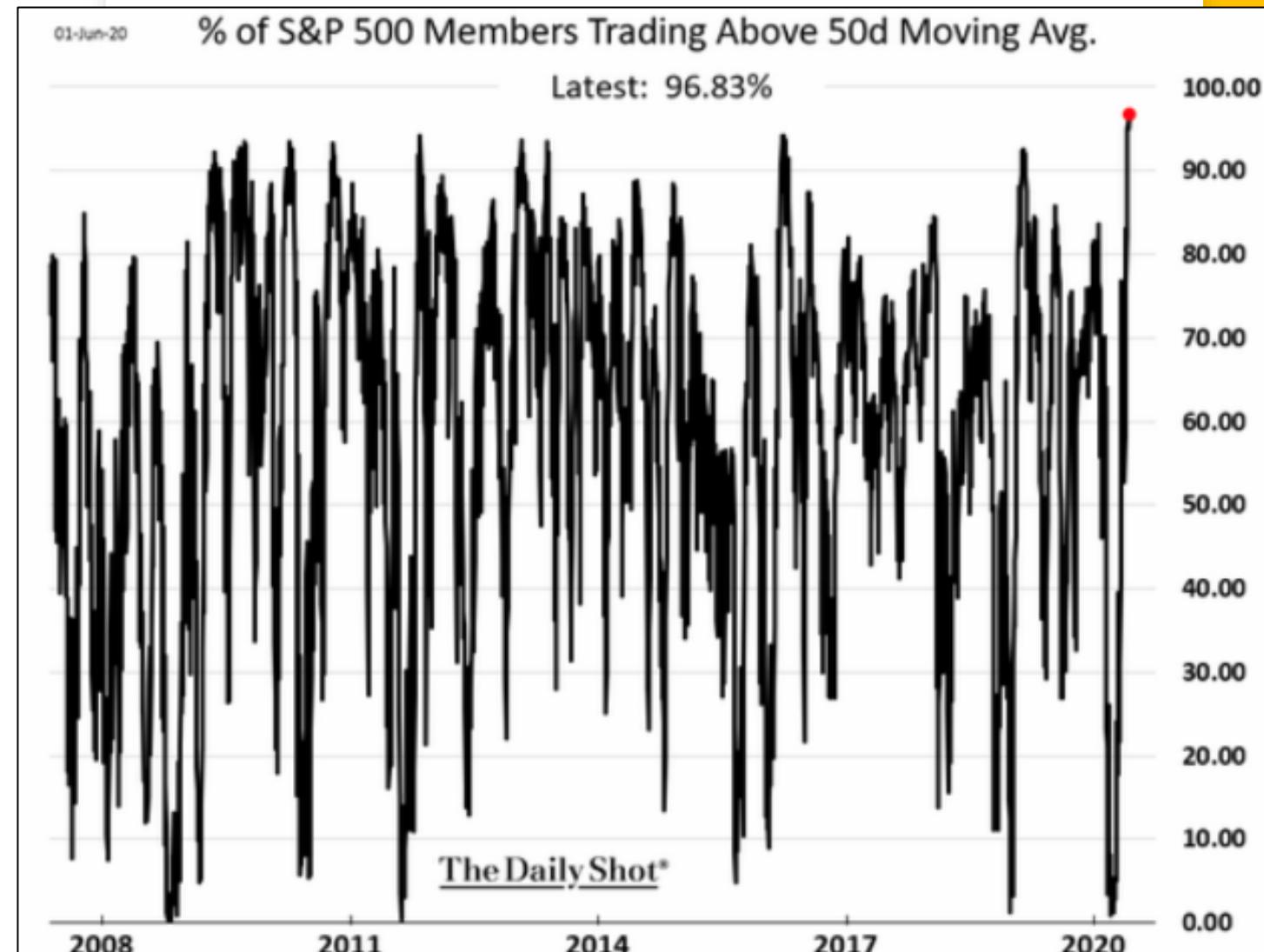
- The S&P 500 is up 39% in 50 days and in the midst of its longest winning streak since February.
- The NASDAQ is also up over 40% since the lows we have seen back in April.
- A flattening virus curve, Federal Reserve stimulus and reopening could explain a lot of this.
- S&P 500 -3% YTD, DJIA -8% YTD and NASDAQ +8%.



Source: WSJ  
Date: June 3<sup>rd</sup>, 2020

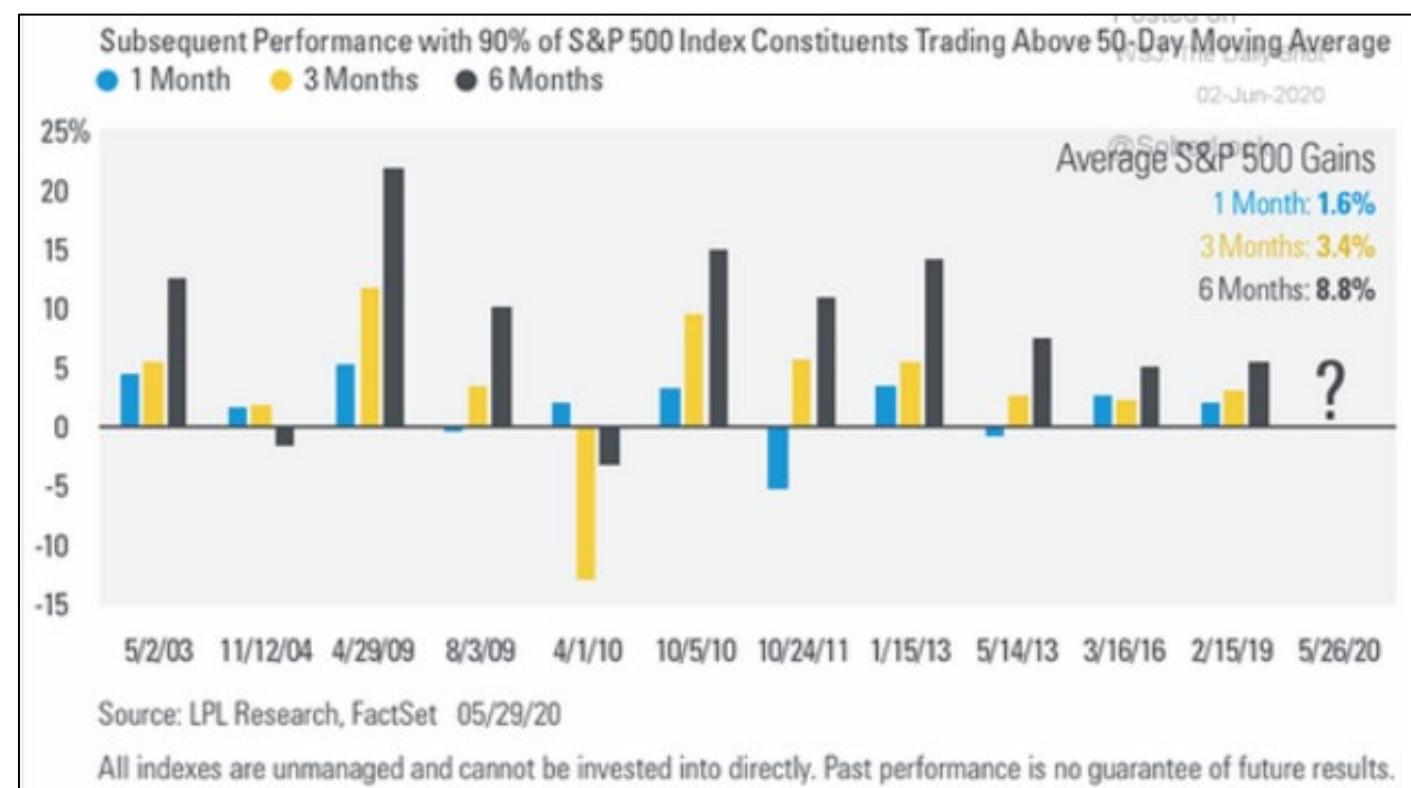
# Over 95% of Equities Are Trading Above Their 50-day Moving Average

- 96.83% of S&P 500 members are trading above the 50-day moving average.
- The highest in 30 years.
- Does this bode well for the markets?



# Stock Market Rallies with Extremely Strong Breadth Tend to Keep Going

- The subsequent average S&P 500 gains are as follows:
  - After 1 month it is 1.6%
  - After 3 months it is 3.4%
  - After 6 months it is 8.8%
- Who knows what will happen next...



# The Blended Forward P/E is at 21.6

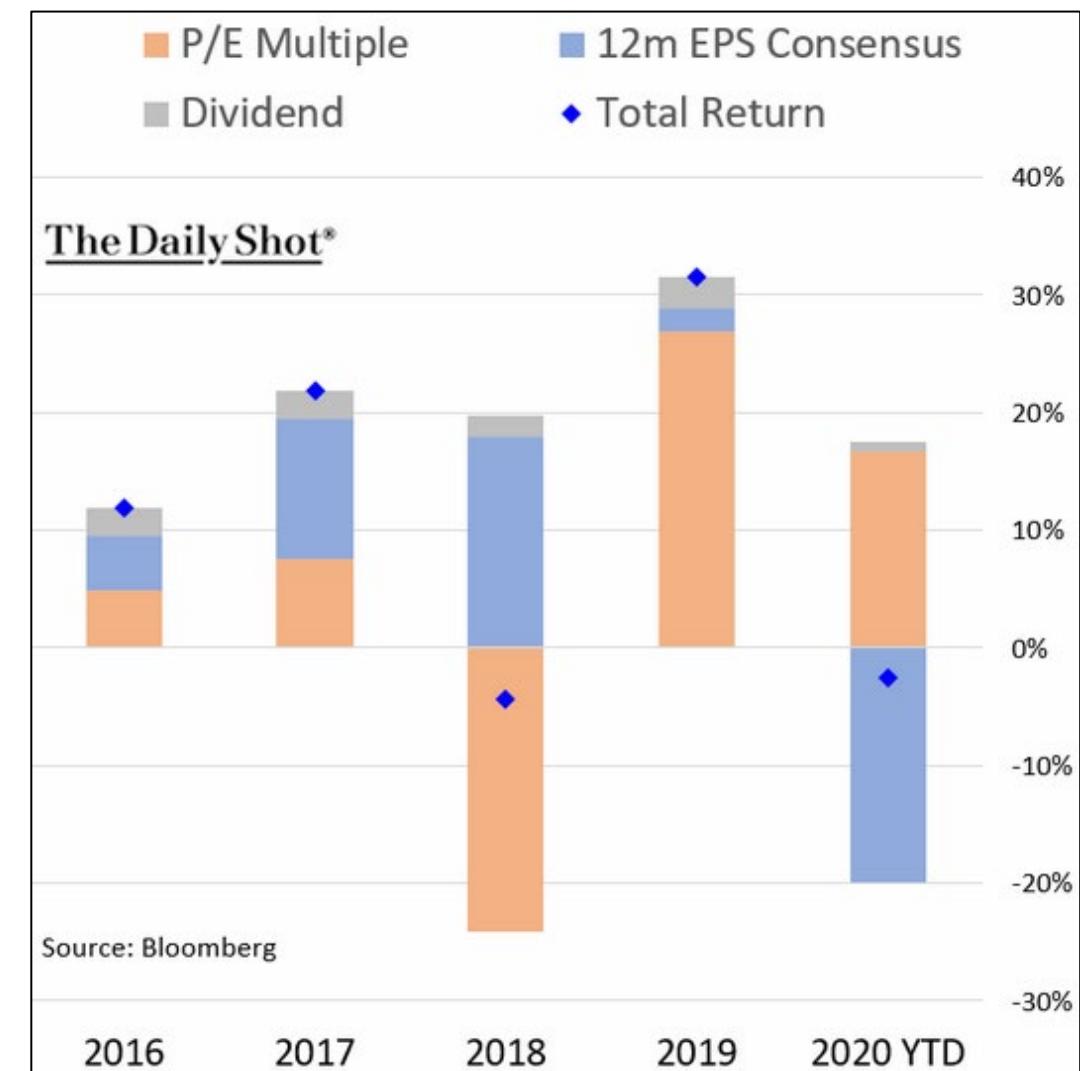
- A P/E ratio of 20x brings us back to the February 2020 valuation at the high of the market
- P/E ratios higher than 20 historically indicate that stocks are overvalued.
- P/E ratio is the highest it has been since the tech-bubble in the late 1990s.
- Is the forward looking earnings guidance reliable in the first place?



Source: Bloomberg  
Date: June 3<sup>rd</sup>, 2020

# P/E Ratio Not Being Driven by Earnings

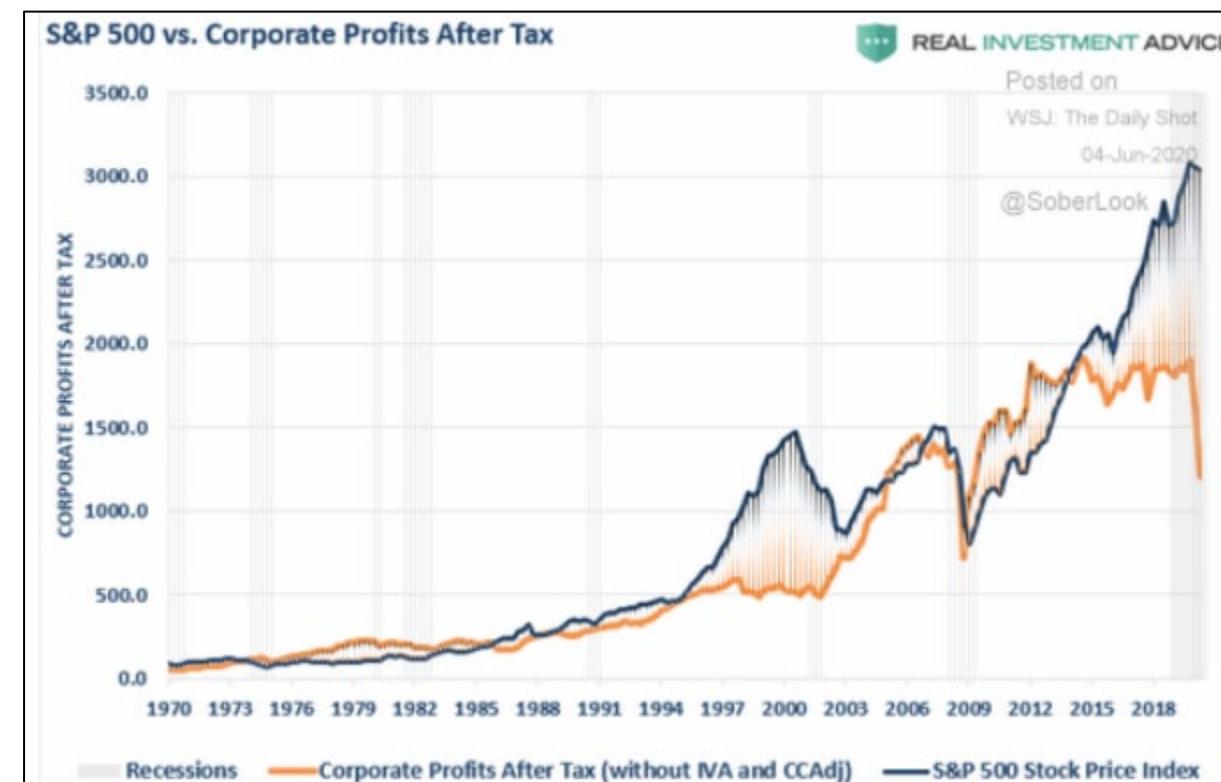
- Forward looking P/E is at 21.6.
- Year-to-date returns due to expansion of the P/E Multiple (22x) are driving market returns.
- Decrease in Earnings have had a negative effect on S&P 500's Total Return.
- What if the P/E multiple contracts or earnings continue to be negative?



Date: June 3<sup>rd</sup>, 2020

# Largest Gap between the S&P 500 and Corporate Profits After Tax on Record

- Do valuations still matter? The current divergence between the S&P 500 and corporate profits after tax is the widest on record.
- How will the stock market and earnings converge this time?
- One of two things should happen: S&P 500 decreases or earnings increase.

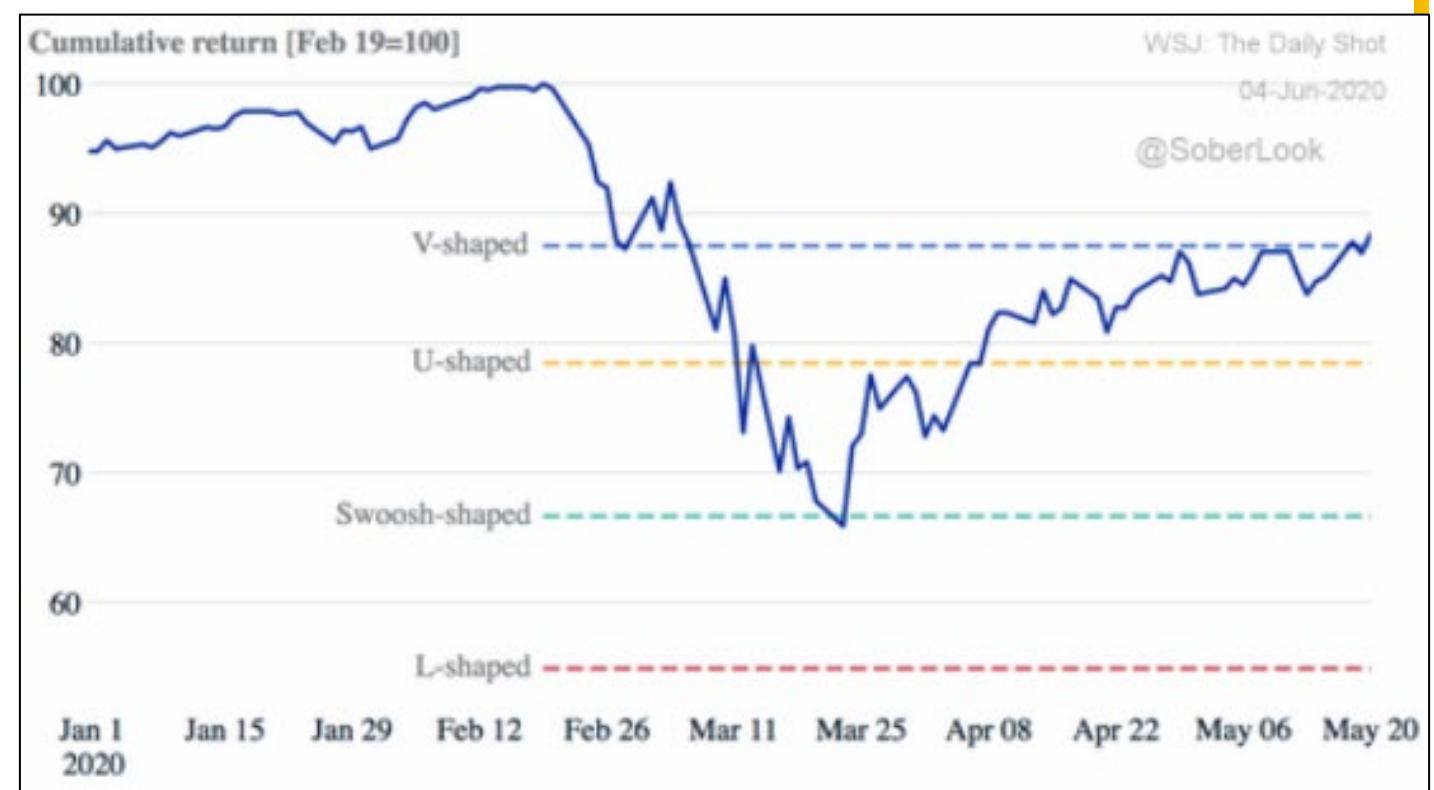


Source: WSJ

Date: June 3<sup>rd</sup>, 2020

# The Market is Pricing in a V-shaped Recovery

- The US equity performance shows us which type of recovery we are likely to see (V, U, Swoosh or L).
- Based on recent data, we see the US heading towards a V-shaped recovery.
- Assumes a healthy and quick recovery in earnings.



Source: WSJ

June 4<sup>th</sup>, 2020

# But Economists Expect More of a “Swoosh”

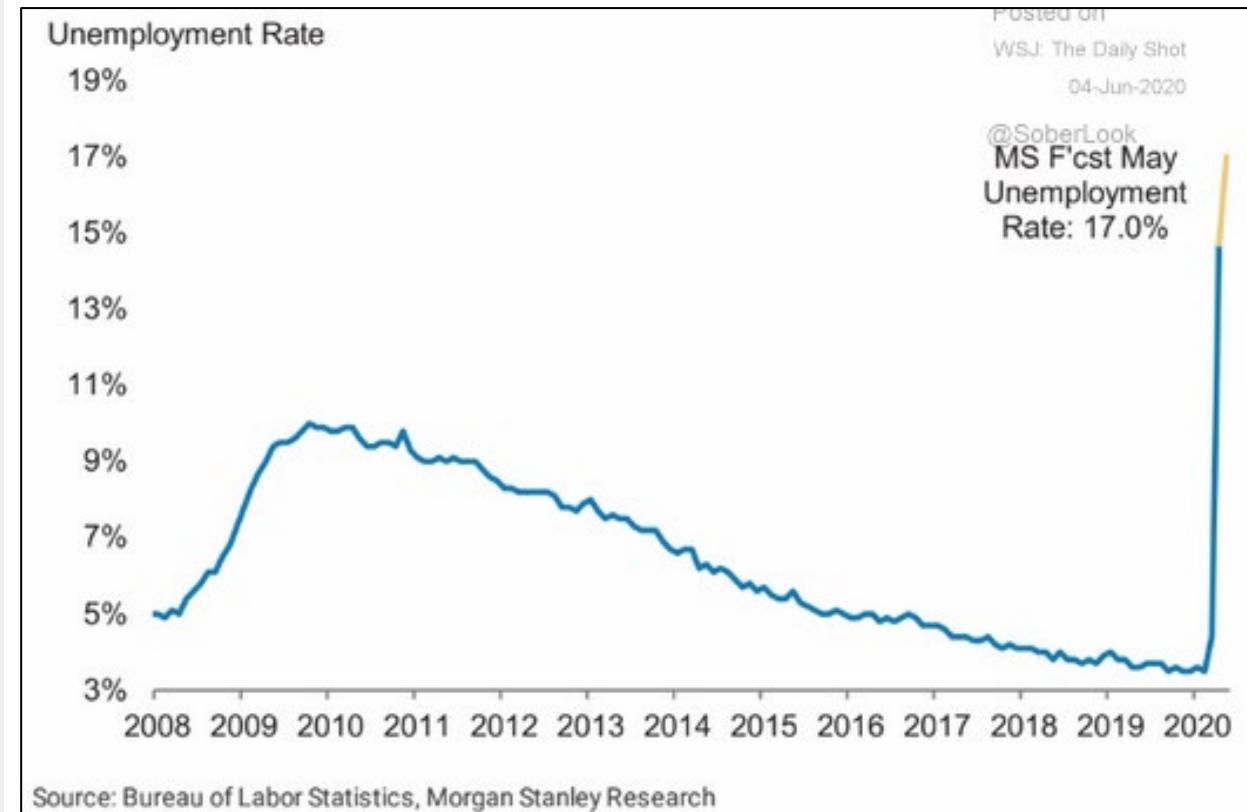
- Instead, the recovery could be shaped more like a swoosh. The bottoming out process may take a little longer to take hold, but once the rebound starts it would be steady and gradual.
- That kind of comeback would be similar to what happened in the wake of the Great Recession of 2008, which didn't feel like much of a recovery at first.
- The sharp contraction triggered by the Coronavirus has caused the nonpartisan Congressional Budget Office to mark down its 2020-30 forecast for US economic output by a cumulative \$7.9T or 3% of GDP, relative to January projections.
- GDP isn't expected to catch up to the previous forecast level until the fourth quarter of 2029.
- The roughly \$3.3T in stimulus programs will only “partially mitigate the deterioration in economic conditions,” the CBO said.



Date: June 3<sup>rd</sup>, 2020

# Forecasts Show Unemployment Rate to Hit 17%

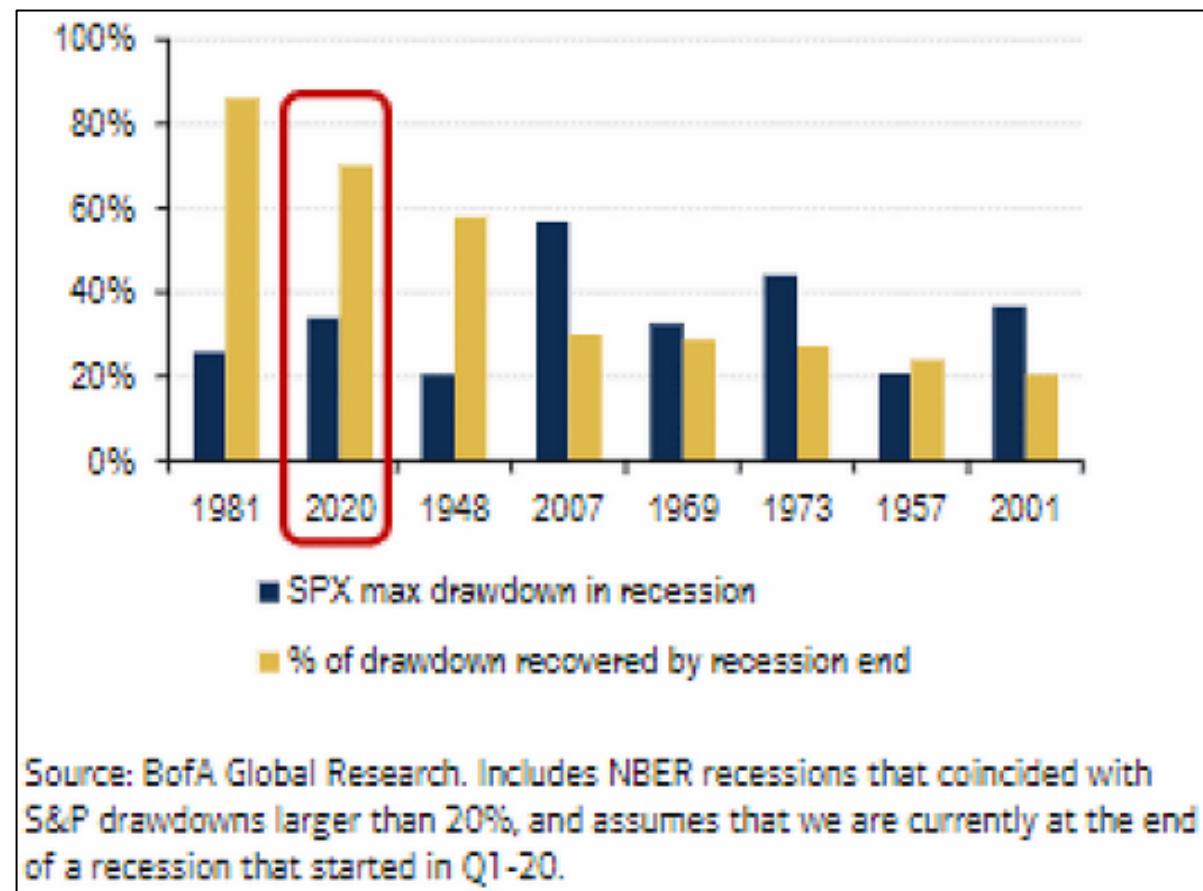
- The unemployment rate is currently at about 14.7%, but Morgan Stanley expects the May unemployment rate to hit 17%.



Date: June 4<sup>th</sup>, 2020

# What if the recession ended today?

- Even if the current recession ended today, the S&P would have staged the second most impressive recovery of all recessions since 1929 (that coincided with a 20% or larger S&P drawdown).



Date: June 3<sup>rd</sup>, 2020

# Investment Themes

# Mid - Year brings new opportunities...

*In good times and bad, follow our 20 Tips for 2020!*



## Poll #2

**Do you feel confident in your financial plan for 2020?**





# Let's Discuss These 20 Tips for 2020:

1. Set up a household cash flow and budget plan to ensure you have enough money for what you truly value and enjoy.
2. Set up retirement account contributions based on how much you can afford to direct to retirement savings.
3. Draft your Investment Policy Statement.
4. Use your Flexible Spending Account (FSA).
5. Review your insurance coverage.
6. Fund your IRA and Health Savings Account (HSA).
7. Spring cleaning for your financial records.
8. Check your tax withholding.
9. Rebalance your portfolio.
10. Keep tabs on your credit reports.



# Let's Discuss These 20 Tips for 2020:

11. Re-evaluate your employee benefits package.
12. Midyear tax checkup with your financial advisor.
13. Pay down high interest debt.
14. Consider refinancing your student loans.
15. Consider a 529 plan.
16. Put your estate plan in order.
17. List appropriate beneficiaries for your financial accounts and life insurance policies.
18. Automate good habits.
19. Know when to apply for Medicare.
20. Make the most of your 401(k).

**BONUS!**

21. Don't forget the SECURE Act!

# 1. Set up a Household Budget Plan

- A budget and plan helps you ensure you have enough money for what you truly value and enjoy.
- Everyone should have a plan no matter how much or how little you have.
- Use Kiplinger's downloadable [Household Budget Worksheet](#) to organize your expenses line by line.
- Consumption is the enemy of wealth accumulation so watch your dollars and “pay yourself first.”



## 2. Set up retirement account contributions based on how much you can afford to direct to retirement savings

► Don't forget IRA's, Health Savings Accounts and employer retirement plans.

- You can contribute up to \$19,500 to a 401(k) in 2020, plus \$6,500 in catch up contributions if you're age 50 or older.
- Don't forget "after tax contributions" of \$37,500 in addition to your 401(k)
- The IRA contribution limit is \$6,000, plus \$1,000 in catch-up contributions for those 50 and older.
- The HSA contribution limit is \$7,100, plus \$1,000 in catch-up contributions for those 55 and older. (Requires a High Deductible Health Plan)

# Consider After-Tax Contributions

- Under current regulations, an employee may contribute up to \$19,500 of pre-tax earnings to an employer sponsored 401(k) plan (\$26,000 if you are age 50 or older). However, the maximum anyone may contribute to any and all tax-deferred employer retirement plans is \$57,000 (or \$63,500 if you are age 50 or older).
- This allows the accumulation of a lot more money before retirement. After-tax contributions of \$37,500 will enable that to happen a lot faster.
- Your after-tax 401(k) contributions can be rolled over into a Roth IRA – again with no tax consequences, since there was no tax deduction taken – and begin earning investment income on a tax-free basis.

### 3. Draft your Investment Policy Statement

- Create a list of tenets that you'll follow regardless of what the market is doing.
  - You may, for example, vow to maintain an asset allocation that reflects your appetite for risk; to avoid hasty decisions to purchase or sell stocks; to buy a mutual fund only if its expense ratio is below a certain percentage, etc.
- If you work with an advisor, you may have already drafted a similar document, known as an investment policy statement.
- It's designed to clarify your investment strategy and goals, providing a guideline for both of you and your advisor.
- Create a liquidity bucket.
- This helps prepare for a market downturn.

## 4. Use your Flexible Spending Account (FSA)

- If your employer offers a grace period to use up flexible spending account funds from the 2019 plan year, it expired March 15<sup>th</sup>.
- See a list of all qualified medical expenses at <https://fsastore.com/fsa-eligibility-list.aspx>.
- Use it or lose it! ☺

## 5. Review your insurance coverage

- Do you have Medicare, Long-Term Care, and Life Insurance?
- Re-shopping your auto and homeowners insurance every year could save you a bundle in premiums over the long run
- Checking rates year to year helps you see if you are getting the best rate or if you should move to a different insurer
- [Insurance.com](https://www.insurance.com) is one of the services that can be utilized to receive quotes from several insurers.
- Review your Medicare coverage annually and use an expert! Coverage changes from year to year so get guidance!!

## 6. Fund your IRA and Health Savings Account (HSA)

- In 2020 only you have until July 15<sup>th</sup> to make 2019 contributions to a Traditional or Roth IRA.
- You can stash up to \$6,000 in an IRA for 2020 (\$7,000 for those 50 and older).
- The 2020 HSA contribution limit is \$3,550 for single coverage or \$7,100 for family coverage (plus an extra \$1,000 if you're 55 or older).
- Consider a Roth IRA or a Back-Door Roth conversion for tax-free growth.

# Back Door Roth Conversions

- After contributing to your Traditional IRA (\$6,000/year plus \$1,000 in catch up contributions if 50+) if you exceed the income limits
- Immediately convert your Traditional IRA to a Roth IRA
  - If you leave the money in your Traditional IRA, you could have earnings, and if you have earnings, you must pay taxes on those earnings when you do your conversion.

# 7. Spring cleaning for your financial records

After tax season, it is important to take time to sift through your records. Typically, the IRS has 3 years from the date you file your tax return to start an audit, so hold on to these records.



Such documents may include:

Form W-2s reporting income from an employer	Form 1099s reporting income, interest, dividends and capital gains	Form 1098s reporting mortgage interest	Year-end investment statements	Receipts for charitable contributions	Records of contributions to a tax-deductible IRA
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## 8. Check your tax withholding

- After you received your tax refund or bill for 2020, adjusting how much your employer withholds from your paycheck should be top of mind.
- Be aware of the new W-4 form for 2020 – the most obvious change is the banishment of “allowances,” which were used to calculate withholding on the previous W-4 form.
- The new form takes you through five steps that aim to account for all sources of income to determine the correct withholding amount. Employees also enter information about dependents and tax deductions to fine-tune withholdings.
- Only required for new employees.

## 9. Rebalance your portfolio

- Check your asset mix at least 2 – 4x a year, or any time the market undergoes a big fluctuation.
- Develop a “target” allocation and stick to it!
- Are you overweight in equities? Do you have enough in your liquidity bucket? What would you do if the market declined by 20% again? Rethink old assumptions.

## 10. Keep tabs on your credit reports

Sign up for or [freecreditscore.com](https://www.freecreditscore.com) for automatic alerts of significant changes in your reports.

Checking your credit report could:

- Help you detect and dispute errors
- Prevent your credit being affected by others' mistakes
- Stop identity theft and credit card fraud early on
- Help you save money by being proactive

**Each of the 3 credit reporting agencies are now providing weekly access to your credit report for free!**

1. Equifax
2. Experian
3. TransUnion

# 11. Re-evaluate your employee benefits package

Take the time to dive into your employee benefits offerings.

- Do you need to supplement the life insurance, health insurance, and disability insurance offered through your employer?
- Your needs may change over time and it is important to revisit your benefits and what could be useful to you.

Make sure to check for:

- Employer matches for Health Savings Accounts (HSA) and 401(k)'s
- Roth 401(k) option
- Profit Sharing Plans
- “After tax” accounts
- Student loan repayments

## 12. Perform a Midyear Tax Checkup with your Financial Advisor

See whether you can engage in tax planning and/or take steps to lower your taxable income for 2020.

- Boost contributions to tax-advantaged accounts, such as 401(k), IRA or health savings account (HSA).
- Tax loss trading and consider asset location
- Roth conversions
- IRA Distribution Planning – Take Distributions from large Traditional IRA's to drive down those balances. Challenge the conventional wisdom to avoid higher taxes later

## 13. Pay Down High Interest Debt

- Plotting a strategy now will help you avoid falling further into debt during the end of the year
- Paying off credit card debt that carries an average of about 17% should be priority.
- Transferring the balance to a credit card with an introductory 0% rate or a low ongoing rate may be a good move.
- Also, consider paying it off with a personal loan or home-equity line of credit, which likely comes with a lower rate than your credit card.
- Call the credit card issuer and negotiate a lower rate or forbearance

## 14. Consider refinancing your student loans

- If you have high-rate private student loans, you may benefit from refinancing them or consolidating into a government backed loan with lower rates.
- Variable rates from online lenders recently ran as low as about 2% for borrowers with great credit and a healthy debt-to-income ratio.
- Sites such as [SuperMoney.com](https://www.supermoney.com) and [LendingTree.com](https://www.lendingtree.com) let you compare offers from various lenders.
- Withdraw \$10,000 from a 529 plan to pay off student debt (once in a lifetime) - new law
- **Student loan required payments on Federal student loans (Direct Loans and FFEL Loans) are suspended through September 30, 2020 (but you can still make payments if you choose).**
  - During this time, no interest will accrue on this debt.
  - This period of time will continue to count towards ANY loan forgiveness programs (such as the Public Service Loan Forgiveness program or income-driven payment programs).

## 15. Consider a 529 Plan

- Consider opening a 529 college savings plan for any children or grandchildren who are likely to have higher-education expenses in the future.
- Contributions to a 529 grow tax free and withdrawals are not taxed if they are used for qualified expenses such as tuition, room and board, books, and computers.
- You can choose a 529 plan from any state, but many states offer a tax credit or deduction on contributions for residents who use their own state's plan.

# 16. Put your estate plan in order

- This is especially important in the case of a major life event such as marriage, a new child, death etc. Also important in light of COVID-19.
- It's best to hire an attorney and possibly a wealth planner depending on how complex the situation is.

Why	
• Avoid Probate	• Protect beneficiaries
• Reduce estate taxes	• Protect assets
• Avoid a mess	

There is an \$11.58 million Federal Gift Tax Lifetime Exemption for 2020. For a couple, double that and you get \$23.16 million! But that is due to sunset in 2025, then what? And many states still have an estate tax

## 17. Review all beneficiary designations and list appropriate beneficiaries for your financial accounts and life insurance policies

- Beneficiary designations generally become active immediately after death and override any information regarding inherited assets provided in your Will.
- Review life insurance, pensions, IRA's, TOD accounts, annuities, etc.
- Beneficiary designations can be established at any time. A full legal name must be provided to the responsible party before death to be effective.
- The designation can be changed at any time with a change-of-beneficiary form.
- Make sure that a Trust is not listed as a beneficiary of an IRA as the laws have changed
- Make sure you have contingent beneficiaries listed as a result of SECURE Act



## 18. Automate good habits

- If you want to save more for retirement or repay debt, automate those monthly debits with your bank.
- Online banking and money management apps make it easier than ever to put good financial habits on autopilot.
- Don't wait to invest money! Do it early and often.

# 19. Know when to apply for Medicare

Medicare is an insurance program for people 65 and older (or under 65 with specific disabilities). Once you qualify for Medicare, you must enroll at the right time to avoid late penalties. Apply 4 months before you turn age 65.

The **General Enrollment Period** is the time **period** between January 1 and March 31 of every year when you can **enroll** in **Medicare** Part B for the first time. If you **enroll** during this **period** (and it is after your **Initial Enrollment Period**), your coverage will begin on July 1.

The **Annual Election Period** or **Annual Coordinated Enrollment Period** – runs each year from October 15 to December 7. During this time, anyone with **Medicare** Parts A & B can switch to a Part C plan.

Seek help from an expert, they can make a huge difference and it won't cost any extra

## 20. Make the most of your 401(k)

The most important rule to follow if you have an employer-sponsored retirement plan is to contribute at least enough to capture any match that your employer provides.

Next, optimize your investments.

- Your plan may offer a target-date fund, which comes with a preset asset allocation that adjusts to reduce market risk as you approach retirement. It's a low-maintenance choice that works well for many savers.
- But if your 401(k) has a healthy selection of low-cost investments, you may earn better returns by customizing a portfolio.
- Also check whether your company offers a Roth 401(k) option. Roth contributions are taken from your paycheck after taxes, but withdrawals are tax-free in retirement.
- Also check for “after tax contributions” in addition to 401(k) contributions. This can allow you to “super-size” your Roth with an additional \$37,500 of contributions per year.

### Poll #3

Are you interested in learning more about the SECURE Act? Do you have a large IRA?



## BONUS TIP

21. And, just when you  
thought it was safe...

Here comes the “Secure”  
Act

# The SECURE Act – The Good & Bad

1. On December 20<sup>th</sup>, 2019 the SECURE Act was signed into law and has made significant changes to retirement accounts.
2. The Bill will make it easier for small businesses to offer 401(k)'s, and to include annuities in retirement accounts.
3. The Secure Act will no longer allow beneficiaries who are not the surviving spouse to “stretch” out inherited IRA distributions over the beneficiary’s life when liquidating the account.
4. Taking away “Stretch IRA’s” solidifies the effectiveness of a Roth IRA, and the need for additional tax diversification and tax planning.
5. Exceptions to the Stretch IRA limitation apply to the disabled or chronically ill, beneficiary not more than 10 years younger than the deceased IRA owner or child who has yet to reach maturity.





# Ten Changes That You Should Know About the SECURE Act

- 1. The RMD age is being moved from 70½ to 72, which is an extra 18 months that you can let your retirement funds grow before being forced to tap into them. For anyone who has not reached 70½ by the end of 2019, the new Required Beginning Date is age 72.**
- 2. Investors are no longer prohibited from contributing to a Traditional IRA if they are 70½ and older, as long as you have earned income.**
- 3. 401(k)s will now be available to part-time employees.**
- 4. There will now be penalty-free withdrawals for birth or adoption of a child.**
- 5. Annuity information and options will be expanded.**



# Ten Changes That You Should Know About the SECURE Act, continued

- 6. There will be an enhancement of auto-enrollment 401(k) plans.**
- 7. Small Businesses offering retirement plans will be given tax credits.**
- 8. Amounts paid in the pursuit of extended study (such as the pursuit of graduate or postdoctoral study or research) would be treated as compensation for purposes of making IRA contributions.**
- 9. Credit Card access to 401(k) loans will be prohibited.**
- 10. Inherited IRAs must be depleted within 10 years.**

# 5 Solutions and Planning Opportunities



**1. Re-evaluate  
Beneficiaries of  
Inherited IRA's**



**2. Do Tax Bracket  
Management**



**3. Roth  
Conversions May  
Still Make Sense**



**4. Consider Life  
Insurance**



**5. Think Charitable  
Reminder Trusts (CRTs)  
and Direct Charitable  
Beneficiaries**

# Roth IRA Benefits

- **No lifetime RMDs**
- **Spousal rollovers can add to tax-free accumulation and continue to be exempt from lifetime RMDs** (surviving spouses are exempt from 10-year limit)
- **Surviving spouse receives tax-free retirement income**
- **Helps to alleviate the widow's penalty**
- **Elimination of trust tax problem**
  - Applies to discretionary trusts under the 10-year rule (*Tax paid upfront so that there is no trust tax problem after death. This is better for discretionary trusts.*)
  - Inherited funds are protected in trust even after 10 years, even though inherited Roth funds still must be paid out to trust after 10 years
- **Eliminates accelerated income tax to beneficiaries after 10 years**
- **For larger estates (ones subject to federal & state estate tax)**
  - Tax paid on conversion reduces estate and eventual income tax paid by the beneficiary

# Warning!

## Beware of Trusts as Beneficiaries

- **Conduit Trusts will no longer work (RMD's paid from the trust and taxes paid by individual at her own tax rates, IRA must be emptied by year 10 so all funds would be transferred to heirs possibly in the 10<sup>th</sup> year)**
  - Potential to create a mega-tax bill
  - They would have to become discretionary trusts
- **Discretionary Trusts will work but they will be expensive (Trustee has power, can hold funds, and can keep funds within the trust for long-term protection)**
  - Pays taxes at higher trusts tax rate table (37% when income > \$12,750)
- **Review all trusts named as beneficiaries of IRA's**



What are the factors that help you identify if you are at risk?

- If you have **large Traditional IRA balances** (about \$1 million)
- If you could *potentially* have **large IRA balances** (from 401(k) rollovers or market growth) or whose IRA balances have time to grow
- If you are **widowed** with large Traditional IRA balances
- If you have your **primary beneficiary** as a **trust**

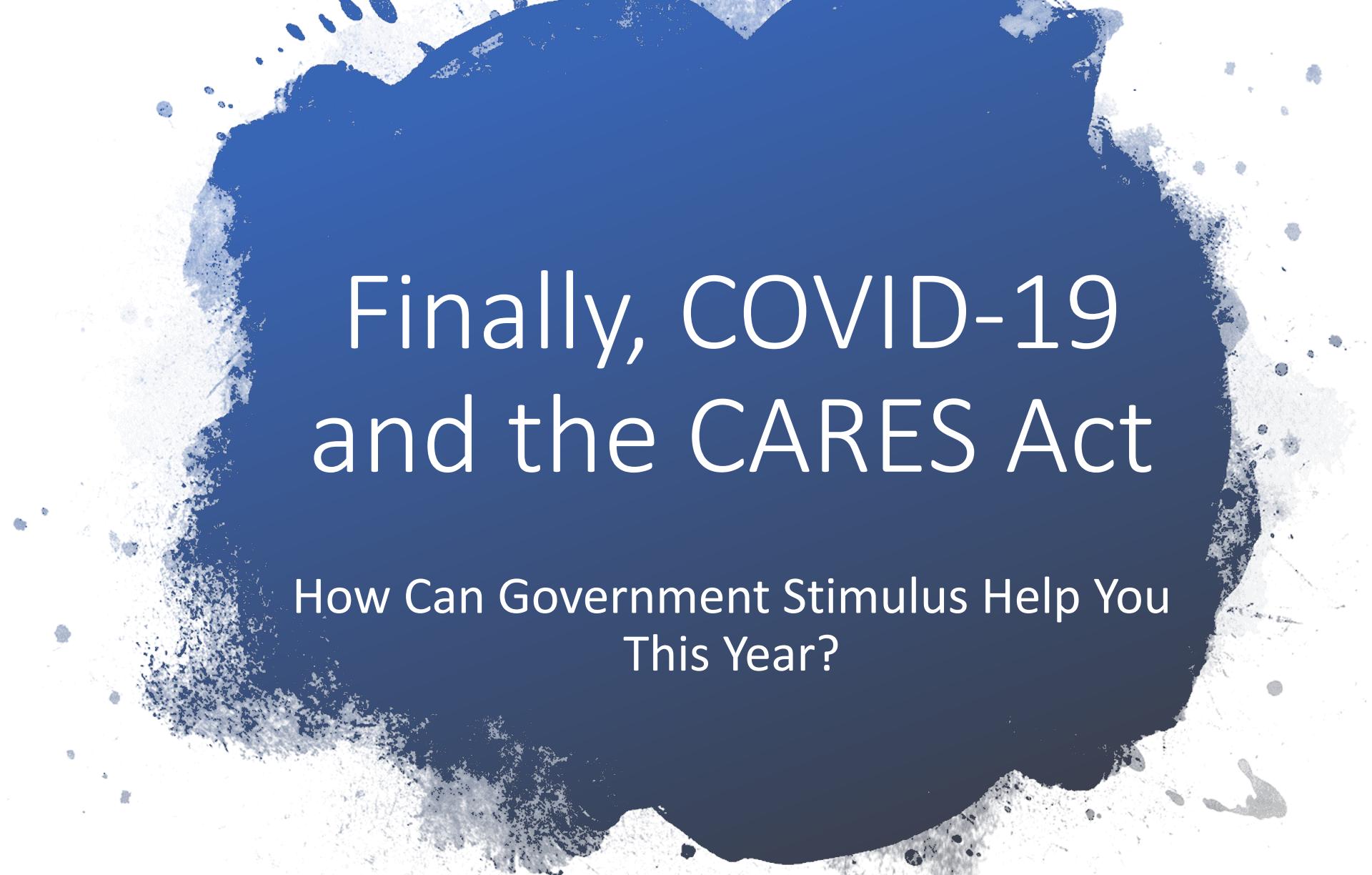




## Poll #4

Are you interested in learning more about the CARES Act?





# Finally, COVID-19 and the CARES Act

How Can Government Stimulus Help You  
This Year?



# 13 Ways the Stimulus Packages Can Help You

1. Free Coronavirus Testing
2. Food Aid Expanded
3. Paid Sick and Family Leave
4. Expanded Unemployment Coverage
5. Extension for Filing and Paying Taxes
6. Stimulus Checks for Individuals, Couples, and Children
7. Mortgage, Rent, Foreclosure, and Eviction Relief
8. Student Loan Payment Suspension
9. New Charitable Giving Incentives
10. IRA RMD Holiday
11. Penalty-Free Withdrawal from IRAs and Retirement Plans
12. Low Interest, Possibly Forgivable Loans for Small Businesses
13. Payroll Tax Credit and Deferment



# CARES Act Key Data

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## Stimulus Check Details

- ⌘ Americans with a Social Security number are eligible for up to \$1,200 per adult and \$500 for each dependent under 17.
- ⌘ Amount is reduced for individuals with over \$75,000 of income and couples with over \$150,000 by \$5 for every \$100 over the threshold.
- ⌘ Income will be based on taxes filed in 2018 or 2019 if available.
- ⌘ Also available to Social Security beneficiaries, even if they do not file taxes.

## Tax Deadlines Extended

- ⌘ Federal income taxes for 2019, and 2020 Q1 and Q2 estimated payments do not have to be filed or paid until July 15. This applies to all tax entities with filing deadlines April 1–July 15.
- ⌘ Deadlines for contributing to traditional and Roth IRA and Health Savings Accounts (HSAs) also extended to April 15.
- ⌘ If you file for an extension, the extended date remains the same: October 15.
- ⌘ Applies to all taxpayers, including individuals, trusts and estates, and corporations.

## Pandemic Unemployment Assistance

- ⌘ Creates a temporary program that provides payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others).
- ⌘ All unemployed workers may be eligible for an additional \$600 per week payment for up to four months, through July 31.
- ⌘ Additionally, it provides an additional 13 weeks of federally-funded unemployment insurance benefits beyond the normal 26 weeks through December 31, 2020.

## Families First Coronavirus Response Act

- ⌘ Employers with fewer than 500 employees are required to provide employees with two weeks of paid sick leave if employees are unable to work (or telework) due to COVID-19.
- ⌘ Employers with fewer than 500 employees must provide up to 12 weeks of protected leave to employees who cannot work (or telework) due to the care of a child whose school or care-provider has closed due to the pandemic.
- ⌘ Businesses with fewer than 50 employees may seek waivers if complying with this law jeopardizes the viability of a business.
- ⌘ Eligible employers have an immediately refundable employment tax credit for the full amount of qualifying leave payments and do not have to pay Social Security taxes on the payments.
- ⌘ Self-employed individuals can claim the sick leave and tax credits as well.

## Social Security and Medicare

- ⌘ All field offices are closed, but you can access most services at [socialsecurity.gov](http://socialsecurity.gov) or (800) 772-1213.
- ⌘ All Social Security benefits will continue to be paid.
- ⌘ Medicare telehealth benefits are expanded (copays may still apply).
- ⌘ All COVID testing and treatment is free for beneficiaries.
- ⌘ All Part D insurance plans must allow a 90-day supply of medication.
- ⌘ All Medicare Advantage and Part D plans must charge in-network fees for out-of-network doctors and pharmacies.

## SCAM ALERT!

Scam artists are working overtime, attempting to sell COVID testing kits and saying Social Security payments are suspended. Be on your guard!

## Retirement-Related Provisions\*

- ⌘ Required minimum distributions (RMDs) from retirement accounts are suspended for 2020 (including for inherited accounts). You may be able to roll back RMDs taken out February 1 through July 15 (not for inherited accounts).
- ⌘ Distributions of up to \$100,000 from a retirement account will not incur the usual 10% penalty for owners under 59 ½. Taxes may still be owed, but can be spread over 3 years.
- ⌘ The current employer-sponsored retirement plan loan limit is doubled to \$100,000 (or 100% of the vested amount, whichever is less) and payments are deferred for the first year.

## Individual Relief

- ⌘ Federal student loan payments are deferred until September 30, 2020, and interest accrual is suspended.
- ⌘ Mortgage “payment holidays” for federally held loans allow borrowers to miss up to 6 consecutive monthly payments without penalties. There is no suspension of interest and missed payments will be incorporated into loan.
- ⌘ There is a new \$300 tax credit for charitable donations for taxpayers who do not itemize, and those who do itemize may claim up to 100% of Adjusted Gross Income with charitable deductions. Contributions must be made in cash to a qualified 501(c)(3).

## Small Business Relief\*

- ⌘ A refundable payroll tax credit for 50% of wages paid during the crisis is available to affected employers.
- ⌘ Employers and self-employed individuals can defer payment of the employer share of the Social Security tax over the next two years.
- ⌘ The SBA’s Section 7(a) loan program is increased to \$10 million as part of the Paycheck Protection Program. The amount spent on payroll costs in the first 8 weeks will be forgiven.
- ⌘ The amount of interest expense businesses are allowed to deduct on their tax returns is increased from 30% of taxable income to 50% for 2019 and 2020.
- ⌘ Small business may apply for loan advances of up to \$10,000 through the SBA Economic Injury Disaster Loan Emergency Advance. These advances do not need to be repaid.

\*Seek guidance from a tax professional



# Planning Opportunities During the Coronavirus Pandemic

These questions are meant to start thinking and conversations about planning opportunities. They are not meant to be tax or financial recommendations. Talk to your financial advisor or tax professional before making any changes to your financial plan.



CASH FLOW ISSUES	YES	NO
<b>Do you have tight cash flow?</b> Reexamine budgets to reduce spending and consider extending due dates or altering payment schedules. Update plans as necessary.		
<b>Did you receive a stimulus check?</b> A married couple filing jointly is eligible for up to \$2,400, plus \$500 for each child under 17.		
<b>Has your work been interrupted and could you qualify for unemployment benefits and family leave?</b> You could be eligible for 10 days of sick leave and up to 50 days of family leave. Eligibility for unemployment benefits is expanded. Many of these benefits apply even if self-employed.		
<b>Are you a small business owner?</b> Consider small business loans (PPP and EIDL) under the stimulus package, along with payroll tax deferral and a payroll tax credit under certain conditions. Many of these benefits apply even if self-employed.		
<b>Do you own a home subject to a mortgage or do you pay rent?</b> Consider relief from foreclosure or eviction for federal mortgages.		
<b>Do you have a mortgage, credit card or other debts?</b> Consider refinancing any debts while interest rates are low.		
<b>Can you receive student loan relief?</b> Those with federal loans get a 60-day waiver of interest and can pause payments until September 30, 2020.		
<b>Are you planning to retire in the near future?</b> Review options, consider working longer and reduce spending. Update your plans as necessary.		
<b>Are you subject to a Required Minimum Distribution in 2020?</b> Consider whether you want to defer your RMDs as 2020 RMDs are waived. You can also return an RMD already taken within 60 days of withdrawal up until July 15.		
<b>Do you need cash from your retirement accounts?</b> Individuals who are financially impacted by COVID-19 can pull up to \$100,000 exempt from the 10% penalty and mandatory withholding and have 3 years to pay it back. Individuals can also take the lesser of a loan up to \$100,000 or 100% of the vested balance.		
<b>Do you have an updated emergency fund?</b> You should have liquid funds to support living expenses in an emergency.		

## TAX PLANNING ISSUES

**Have you considered a Roth Conversion?** Account values are depressed, taxes are not due until April 2021 and income is likely lower this year.

**Do you have any assets with a tax loss?** Consider tax loss harvesting.

**Do you want to delay filing and payment of the federal income and/or gift tax?** The IRS has offered an automatic extension for all 2019 tax filings and payments that were due on April 15, 2020 to July 15, 2020.

**Have you confirmed whether your state is providing similar tax relief as the federal government?**

**Do you have extra cash?** Take advantage of low valuations by investing or contributing to a Traditional IRA, Roth IRA, or Health Savings Account.

## LONG-TERM PLANNING ISSUES

**Have you cleaned up your portfolio?** Valuations are low, so consider rebalancing investments, revisiting asset location, reviewing risk and the target asset allocation, and selling low basis holdings.

**Do you possess an updated estate plan?** Review the impact of any changes in asset values upon distribution of your assets.

**Do you have an annual gifting strategy?** Consider gifting assets while valuations are low.

**Do you want to financially assist family members?** Consider gifts and intrafamilial loans, funding trusts or creating a grantor-retained annuity trust.

**Do you plan to make charitable gifts?** The CARES Act allows a new above-the-line charitable deduction of up to \$300 when cash contributions are made to certain qualifying charities for 2020 and beyond, and allows for qualified contributions to be deducted up to 100% of AGI.

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# Don't Wait! Start Building Your Plan Today

Getting started is easy!

- Schedule your 20-minute phone consultation with our dedicated advisors
- Work with us to prioritize your needs in connection to investments, tax planning, retirement options, college funds and estate planning
- Seek professional guidance and start building your plan today!



# Building Your Future With Taylor Financial Group

While Working with Taylor Financial Group, we will:

- Develop a custom checklist on strategies for investments, tax planning, retirement options, and estate planning
- Take advantage of opportunities to minimize your taxes
- Leave every meeting with specific action steps to help accomplish your goals and objectives



# What are your concerns?

We are here to help!

Let us help to ease your mind by providing clarity and make planning for your future less daunting. Targeting your key concerns helps us to get a better understanding of how to build a personalized plan for your financial future. Sign up today for a **no obligation** 20-minute phone conference with our team.

- Tax planning?
- Retirement?
- Estate planning?
- Cash flow?



Schedule your  
20 minute phone  
consultation with our  
dedicated advisors

Call:  
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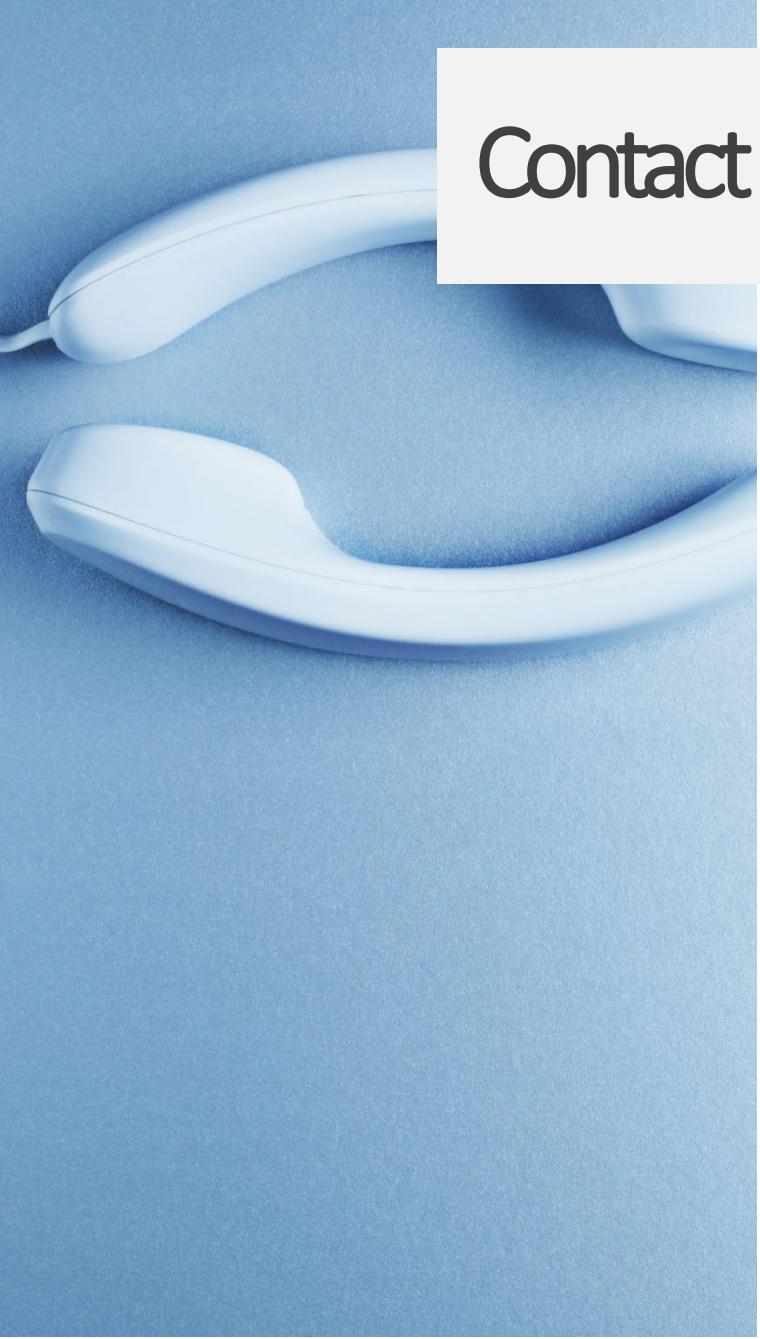
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or Use Calendly!  
<https://calendly.com/debbietaylorfinancialgroup>  
Times are available on Monday from 2pm –  
3pm and Thursday from 10:30am – 11:30am

# Thank you! Questions?

*We will be emailing you a short survey after the webinar. Please fill out the survey as we appreciate your feedback!*





# Contact

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*This webinar is not intended to provide specific legal, tax, or other professional advice. For a comprehensive review of your personal situation, always consult with a tax or legal advisor.*

*The S&P 500 is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.*

*The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.*

*The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.*

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*Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty. Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59½ or due to death, disability, or a first time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.*

*Converting from a Traditional IRA to a Roth IRA is a taxable event.*