



A virtual ice cream extravaganza to celebrate Sigi's birthday - see page 3

WEALTH eTHOUGHTS Newsletter

June 2020

IN THIS ISSUE

- We are Here
- Tax Changes
- New World
- What's Coming Up

Retirement is a journey. Let us be your guide.

We Are Here For You

King Wealth Planning has not paused, we are here, working to serve you!

Though history is not always a reliable indicator of what will happen in the future, economic downturns are inevitable. However, uncertain economic conditions may also unveil hidden opportunities, so there is truly no better time than now to invite King Wealth Planning to accompany you on your financial journey.

For individuals who were age 70 ½ by the end of 2019, typically an RMD (Required Minimum Distribution) would be due this year; however, the **CARES Act** suspended the 50% tax penalty on any RMD amounts that are not distributed in 2020. As such, the CARES Act allowed for RMDs to be [pushed off until next year](#).

As an aside, for individuals who were not age 70 ½ by the end of 2019, another piece of legislation called the **SECURE** (Setting Every Community Up for Retirement Enhancement) **Act** changed the RMD age from 70 ½ to 72.

If you were age 70 ½ by the end of 2019, this relief opportunity is especially helpful if you do not need the full amount of the RMD this year.

The RMD figure was based on your ending balance in your retirement account as of December 31, 2019—a point in time when the stock market was a bit more generous and cooperative. Contact us today about steps to delay your RMD until 2021. (Incidentally, the CARES Act also allows non-spousal beneficiaries of inherited retirement accounts to push off their RMDs until next year.)

We have been sending out information on this legislation, via email, social media and our website. If you are not connected with us, see the important links below and follow us today.

Enjoy this issue of Wealth e-Thoughts!

Be safe and well,

Paul King, CFP®
Registered Principal
LPL Financial

Important Links:

- www.kingwealth.com
- [COVID-19 Events](#)
- [Client Resources](#)
- [Ask an Advisor](#)
- [KWP Publications](#)
- [LinkedIn](#)
- [Facebook](#)
- [Twitter \(@kingwealth\)](#)

<https://www.letsmakeaplan.org/blog/view/lets-make-a-plan-blogs/what-the-cares-act-means-for-your-financial-health>



2020 Tax Changes

Pay Attention to These 8 Changes Affecting Your 2019 Tax Return

On March 20th, the U.S. treasury secretary announced the decision to grant a 90-day extension to both the filing and tax payments. Individuals and other non-corporate taxpayers can defer up to \$1 million in federal income tax payments until [July 15th](#).

So the good news is twofold, one being that we have more time to prepare our taxes and two, the changes to the tax code for the 2019 filing season were relatively minor, with most of the changes from the Tax Cuts and Jobs Act of 2017 having taken effect in 2018. However, there are still changes to be aware of as you file your 2019 tax return:

1. Divorce is now tax-neutral. For [divorces](#) settled after 2018, alimony payments are not deductible for the payer and not reportable as income for the recipient. Divorces settled prior to 2019 are grandfathered in and are not affected.

2. The health insurance penalty is going away. The “shared responsibility payment,” better known as the penalty for not having health insurance, has been eliminated at the federal level. However, California, Massachusetts, New Jersey, Rhode Island and Washington D.C. retained their own penalties for those who did not have health insurance coverage in 2019.

3. Victims of federally declared natural disasters may qualify for relief. [Victims](#) may benefit from certain tax breaks, including employer credits and waivers for early withdrawals from retirement plans.

4. Retirement account contribution limits have been increased. 401(k) and IRA base contributions were raised by \$500 in 2019, to \$19,000 and \$6,000 respectively. While the window is closed to contribute to your 2019 401(k), you may still contribute to your 2019 IRA until the tax filing deadline.

5. The standard deduction is higher. The standard deduction increased to \$24,800 for married couples filing jointly and to \$12,400 for single filers.

6. Crypto currency must be reported. On Schedule 1 of Form 1040 for 2019, the IRS asks taxpayers, “At any time during 2019, did you receive, sell, send, exchange or otherwise acquire any financial interest in any virtual currency?” As a result of this [significant change](#), 150 million taxpayers will need to answer this question under penalty of perjury.

7. Mortgage insurance premiums are now deductible for amounts above \$600. Mortgage insurance premiums are fees paid by borrowers who make less than a 20% down payment on their home. Mortgage premiums can also be retroactively applied to 2018.

8. IRAs are affected by several changes, under the [SECURE Act](#).

For those who turn 70 ½ years old after 2019, required minimum distributions will begin at age 72. However, for those who turned 70 ½ years old prior to 2019, age 70 ½ will still apply for the required minimum distribution.

Those still working after age 70 ½ are now able to continue funding a traditional IRA.

Those who inherit an IRA from a non-spouse will need to withdraw the total balance of the account within 10 years

Now is the time to consult with your tax advisors about the 2020 tax changes to determine which changes will affect your 2019 return. Proper tax planning will save you from difficulties at the end of the year, so it is better to be proactive and understand your situation to potentially limit your tax liability.

-CFP Board Website, Charles Sachs, CFP

<https://www.letsmakeaplan.org/blog/view/lets-make-a-plan-blogs/2020-tax-changes>



It's a New World

2020...wow! So much as happened on a global level so quickly. So many traditional ways of doing things are being modified, pondered, reviewed, and challenged. We have new ways of communicating, learning, working, shopping, cleaning, and the list goes on. It's been said that disruption is the greatest innovator... it's kind of like the old adage, "necessity is the mother of invention" with new language and more modern context.



At KWP we are also reviewing old ways and trying on new methods for size and comfort. Some of our new processes are necessary and others help

us to be more efficient. We continue to be innovative; to pave a new path forward in the name of all that's good, effective and efficient. Here's a brief list of some changes we have adopted and are/will be using with clients to improve upon old ways:

- Virtual Meetings
- Texting
- E-Signature
- Online Scheduling
- Mobile Account View App
- Client Education Site

We are communicating as these new ideas become reality, so stay tuned as Online Scheduling, the new Account View App and the Client Education Site are rolled-out. It is a new world and as always, we are striving to make it the best we can.



What's Coming Up

Town Hall Meeting – watch email and social media for the date and time... coming soon! We plan to offer webinar meetings that focus on market updates and relevant education such as Health and Wealth, Estate and Trusts, Asset Allocation Strategies and more!

The **Client Advisory Council Meeting** in September will be virtual. We will email participants with details for the GoToMeeting.