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# CRITICAL TRANSITIONS WEALTH ADVISORS

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## Midyear Review

At the midpoint of 2020, we're mindful that it's been an extremely challenging year so far in the United States and around the globe. We're in the midst of a pandemic that continues to impact all of us, our communities, and our economies.

Together we're looking ahead for new ways to face these challenges and how we can prepare now for better times. We've been impressed by what we've seen so far: The resiliency and accelerated innovation among large and small US businesses; efforts by our national, state, and local governments to support our communities; and most of all, the dedication and unprecedented cooperation among our front-line health professionals, medical researchers, and everyday people to guide us through this health crisis.

It's still going to be a challenging environment with significant uncertainty that may lead to more volatility for the next few months. Still, we continue to encourage investors to focus on the fundamental drivers of investment returns and their longterm financial goals.

With that being said, this midyear point is a great time to review your financial plan. A financial check-up is simply an opportunity for us to review your plan in light of your current financial needs. If your circumstances have changed, we can meet to review your investment strategy and make appropriate adjustments to help keep you on the road to your financial destination. Perhaps nothing has changed – and that's all right – we can still review ways to maintain or strengthen your plan. Remember, effective planning and investing requires discipline and commitment.

## The CARES Act & RMDs

The CARES Act waives all required minimum distributions (RMDs) from retirement accounts for 2020. This includes traditional IRAs, SEP IRAs, and SIMPLE IRAs, as well as 401(k), 403(b) and Governmental 457(b) plans. They do not need to be made up next year, and if you have already taken your RMD for the year, the IRS is giving the option to roll the funds back into your IRA by August 31, 2020. Please let me know if you have any questions surrounding RMDs or the CARES Act in general. I am here to provide any guidance you may need!

## Retirement Plans

This month, we are going to focus on the importance of retirement plans. Americans are living longer, healthier, and lead more active lives than past generations, and they want to ensure their healthcare and domestic needs are met. That means saving for a longer retirement is critical.

As a business owner, choosing a retirement plan may be one of the most important decisions that you will make concerning you and the financial future of your employees. Providing for your own financial future as well as that of your employees can not only make a difference in your retirement lifestyle but also help you attract and retain talented employees. With a retirement plan, you and your employees can begin to build retirement income, and manage your income tax bills.

IRAs - Traditional, Roth, and rollover IRAs each have their own advantages as well as certain restrictions. While traditional IRAs often allow tax-deductible contributions and offer tax-deferred earnings, Roth IRAs are funded with after-tax dollars and allow earnings to be withdrawn tax free after age 59½, provided the account has been open for at least five years. Both allow annual contributions of \$6,000 for 2020 (\$7,000 if 50 or older) and make available a broad range of investment vehicle choices.

Employer-Sponsored Plans - Whether it's a simplified employee pension (SEP) or savings incentive match plan for employees (SIMPLE) IRA, a 401(k), or a defined benefit plan, many employers offer a qualified retirement plan. Contributing to these plans can be a great way to set aside pre-tax dollars for retirement. Even if you're the sole proprietor in your own business, an Individual(k) is a cost-effective 401(k)/profit sharing plan for small business owners that may be a useful way to save for the future while taking advantage of tax benefits today.

Start planning today. How would you like to live? When should you retire? How much should you save? Start thinking about retirement by assessing what you think you'll need and what you want. We can help facilitate conversations and decisions surrounding your retirement.



## Family Time

Did you know that August is family fun month? This time of social distancing is the perfect time to focus on your family and have some fun before the school schedule starts back up! You may want to:

- ▶ Go camping
- ▶ Have a backyard campfire with s'mores
- ▶ Go for a family bike ride or hike
- ▶ Go fishing
- ▶ Create a scavenger hunt for your kids
- ▶ Cook something fun and healthy as a family
- ▶ Build a fort
- ▶ Set up an outdoor movie night



Get creative and have some fun!

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*Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax.*

*A Roth IRA offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the account are tax-free. Withdrawals of earnings prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Limitations and restrictions may apply.*

*No strategy assures success or protects against loss. Investing involves risk including loss of principal.*

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