THRIVE TIMES

MONTHLY COMPANY NEWSLETTER

ART IN THE PARK

Warmer months are a great time to get out and enjoy “art in the park” events featuring local artists. For example, in July, Plymouth, Michigan, is hosting its 42nd annual festival with more than 400 artists who paint, sculpt and work with ceramics, jewelry, glass, woodwork and photography. In August, the Shadyside neighborhood of Pittsburgh will host The Art Festival on Walnut Street. The beautiful tree-lined streets in this historic area will be transformed into an outdoor fine art gallery and crafter’s market.

The National Park Service partners with community organizations to nurture both emerging and established artists throughout the U.S. The program supports the creation of place-based artwork exploring the beauty of natural and historic landscapes, iconic panoramas, wilderness and wildlife within America’s parks and public lands. Art fans can travel throughout America to discover talented artists at events in beautiful locales. However, you probably don’t have to travel far to find an art festival or art in the park event near you.

Both large cities and small towns feature these events as a way to showcase local talent and get the community involved in the art scene. Artists are part of a profession that suffered significantly during the pandemic, as events, galleries and other non-essential businesses remained closed or maintained reduced hours. However, that didn’t stop hardworking artists from creating new works during their downtime, so there is much to be shared at these events.

Support your local artists and enjoy these beautiful outdoor events right down the boulevard in your own hometown. Get out this summer and make time to enjoy art in the park!

THE SECURE ACT – A SOAP OPERA OF TAX AND ESTATE PLANNING

Written by Jeff Walker, Financial Planner

There are many risks people face before and throughout retirement. Most people understand stock market risk, healthcare risk, and inflation risk but the risk of losing wealth due to taxes is one that is often overlooked or misunderstood. Unfortunately, understanding tax risk isn't simple or intuitive and the reality is the government can change the way taxes affect our retirement in several ways.

- Tax brackets and income thresholds can change.
- Tax credits and deductions can be limited or reduced.
- New taxes or new tax laws can be created.

The Secure Act is one example of a new tax law that has dramatically changed the way tax-deferred retirement accounts transfer to the next generation. This law was passed in 2019 and had several major changes, such as pushing back the RMD (Required Minimum Distribution) age from 70.5 to 72 and it also eliminated the Stretch IRA.

Prior to this law, beneficiaries who inherited tax-deferred retirement accounts were required to take an annual RMD but were permitted to stretch that distribution over their entire life expectancy. The advantage was by stretching the distribution out reduced the taxable income and allowed those assets to continue to grow tax-deferred. Under the new law, for deaths in 2020 and beyond, beneficiaries are no longer required to take an annual RMD but must liquidate the entire inheritance in just 10 years.

There are 5 categories of beneficiaries that are not subject to the new rule and could still utilize the stretch IRA: surviving spouses, minor children, disabled individuals, chronically ill, and beneficiaries not more than ten years younger than the IRA owner.

Almost 3 years after the law was passed, the IRS just announced how they would enforce this law and they added even more complexity by creating a new term called the Required Beginning Date (RBD).

> If the original IRA owner passed away on or after the Required Beginning Date (RBD) of their RMD, then the beneficiary would also be required to continue taking an annual RMD and the account must be emptied within the 10-year period.

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> If the original IRA owner passed away before their RBD date (in other words, not taking their RMD) then the beneficiary would not be required to take an annual RMD, but the account must still be distributed within the 10-year period. The IRS has also not commented on what will happen to those who did or didn't take an RMD over the past 3 years.

If all that wasn't enough, Congress is now contemplating SECURE 2.0, which will have further provisions if it passes. Simple, right?
Given these changes, there are several things to consider.

1) **Consolidate & Review Beneficiaries:** If you have multiple retirement accounts, it may be time to consolidate to make things easier to manage. You should also review each account to make sure that your money is going to whom you intend. Spousal beneficiaries are more important than ever because they still fall under the old rules and are exempt from the new 10-year rule.

2) **Trusts as Beneficiaries:** A common estate planning technique for clients with substantial retirement plan assets is to name a trust as the beneficiary. Trusts can provide the controls and protections such as ensuring that a beneficiary (such as a child) does not receive a substantial and immediate outright gift. The SECURE Act may upend a number of these goals where IRAs are directed to trusts. For example, if you have a trust and the trust deems that a child can only receive up to $10,000 per year of income, but the SECURE act requires that they take an annual distribution of $15,000 per year, the trust is now obsolete. IRS rules will trump any trust provisions that are not in compliance with the new beneficiary rules as described above. If you have a trust listed as a beneficiary, you will want to review the trust provisions and language to make sure it is in alignment with the Secure Act.

3) **Consider Roth Conversions:** When you convert a traditional IRA to a Roth IRA, you pay tax on the amount converted. The Secure act did affect inherited Roth IRAs – even though there aren't RMD's… a designated beneficiary is required to liquidate the account by the end of the 10th year following the year of death of the IRA owner (this is known as the 10-year rule). Funds will grow tax-free and can be distributed tax-free and beneficiaries will inherit these funds tax-free as well.

READ MORE ON THE WEBSITE!

TAXES IN RETIREMENT

NEW LOCATION!

At Thrive, we want to help you and your loved ones experience greater financial freedom and leave a legacy. Proactively educating the next generation of retirees on how to properly construct and manage their portfolios, and reach their long-term financial objectives is the foundation on which Thrive is built.

UPCOMING EVENTS

July 28 - William Penn Inn
August 3 - William Penn Inn
August 4 - Lambertville Station
August 9 - Lambertville Station
August 9 - Kimberton Inn
August 15 - Medford Village Country Club
August 16 - Blue Bell Country Club
August 16 - Penn Oaks Golf Club
August 18 - Kimberton Inn
August 23 - Penn Oaks Golf Club
August 24 - Blue Bell Country Club
August 25 - Medford Village Country Club

CLICK HERE!

WHATS GOING ON AT THRIVE

SUMMER TRAVELS

As the team is gearing up towards summertime and spending time with family, Bret & Heather Elam take a trip to the Bahamas for a much needed get away!

Keep a look out in our next months issue for more summertime fun!

JULY BIRTHDAYS

Let's wish Erik Schuster, David Bezar & Bryan Britchkow a happy birthday!
May every day be filled with happiness for the three of you! Enjoy your birthdays & a great year ahead -
Team Thrive