VITUCCI INTEGRATED PLANNING

Directions Newsletter

WEALTH MANAGEMENT • TAX PLANNING • INVESTMENT STRATEGIES

Welcome to our Summer 2021 Edition of Directions!

What's New at Our Practice

Don't Miss Our Annual Shred Day -- August 7
Our ever-popular “spring cleanup” has been pushed to late summer. If you’ve used the pandemic as motivation to declutter, let’s set a record for shredding! Visit with our staff and enjoy refreshments in the parking lot of our Walnut Creek Office. Saturday August 7, 10am to Noon in the Walnut Creek Office Parking Lot. We ask clients to RSVP if you plan to attend this event.

Clients Services Team has Expanded
Justine Juarez joined our client service team in the role of Client Service Coordinator in June. She brings several years of relevant professional experience to our staff, having worked for a financial advisory practice, as well as a major global insurance company. Clients will enjoy getting to know Justine through interactions in service requests and at future events, and appreciate her positive and friendly demeanor.

Ready to Meet In-Person? -- Our Office is Open
On July 6 our office re-opened to in-person client meetings. It has been great to see people in our conference rooms again. If you would like to have your next review meeting in-person please let us know. Please know that we continue to operate under temporary public health procedures including mask-wearing regardless of vaccination status. For information about what to expect during an office visit, please visit our website in the **WELCOME BACK** section.

Zoom video conference online meetings remain an option for anyone who wishes to continue to meet that way.

Food For Thought

Taxes: Understanding Medicare IRMAA
Did you know that your Medicare premium can increase based on your income? Premiums for Medicare Parts B and D are determined by your modified adjusted gross income (MAGI), which is adjusted gross income plus tax-exempt municipal bond interest calculated for two years prior. If your MAGI is even one dollar over a premium threshold, you'll be subject to the higher premium. That's where a little planning can help. Many people can avoid entering a higher premium bracket just by managing their income sources or the types of investment accounts they draw on.

Sometimes an increased premium is unavoidable, such as when a highly appreciated asset is sold (like real estate). It is helpful to know about this increased cost as you plan around disposition of these assets.

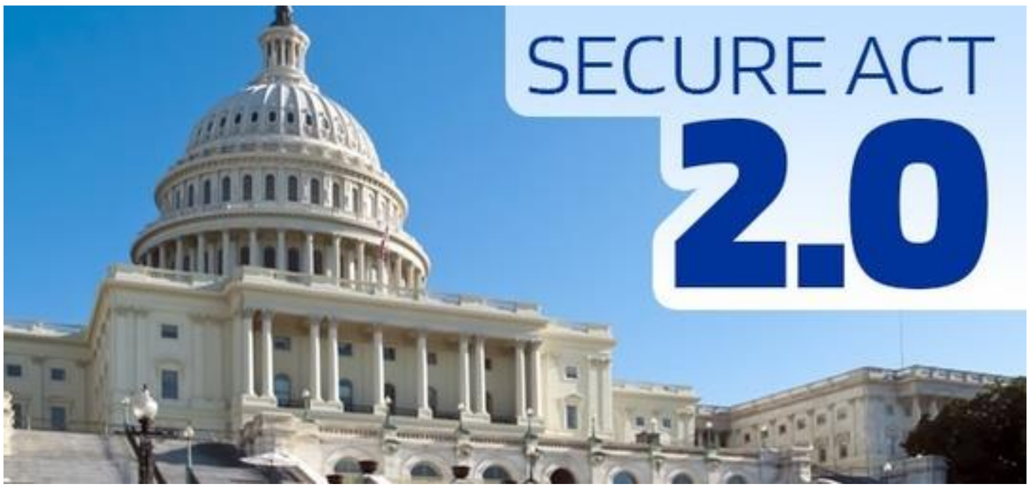
Let us know if you'd like to learn more about managing Medicare premiums or other expenses in retirement.

Economy: As COVID Eases, Economy Booms
Our 10th Mid-Year Update was held on July 13 with special guest Mila Yankova of Capital Group. Not only did the discussion focus on the current views of the economy, but also touched on a potential vision for the roaring 20's--looking at whether the global response to the pandemic will be a catalyst to spur growth & innovation.

You can view the replay on the WEBINARS section of our website.

Financial Planning: Back To School - Join Us for Post-Pandemic Planning Webinar

Our educational offering will continue online for the fall with a series of webinars to round out 2021. We will lead with a discussion of planning ideas that may be important to consider as we continue to move out of the crisis phase of the pandemic. Look for more information about Post-Pandemic Planning in the coming weeks.



Featured Wealth Management Thought

SECURE Act 2.0
Coming Soon?

2020 ushered in the first major changes to retirement plan legislation in some time. The SECURE Act was a bi-partisan piece of legislation that made many changes to the retirement system, but will be remembered by most as the law that changed Required Distribution age to 72. In fact the act does much more, with perhaps the largest impact being the treatment of inherited retirement accounts.

Now the Securing a Strong Retirement Act is poised to move forward in the coming months with nearly similar bi-partisan support. The Act has been dubbed by many as SECURE Act 2.0, and could have just as far-reaching impact to financial plans as the original. As the bill progresses, and if it eventually becomes law, please know that we will update you on the end result and discuss with you how it may impact your plan. In the interim, I am including the highlights of the proposals below.

Changes to Required Minimum Distributions (Again!)

Let's begin with RMDs, because they basically impact all non-Roth IRA retirement account owners. RMDs GRADUALLY get pushed back from 72 (current) to 75. That means you could have more time for your money to grow tax free but if you delay RMDs, your withdrawals may need to be larger.

RMDs would start at:

- 73 if you turn 72 from 2022–2027
- 74 if you turn 72 in 2028–2039
- 75 if you turn 72 in 2030 or later

Catch-up Contributions

Currently, retirement savers age 50 and over are allowed additional plan contributions called "catch-up contributions." The proposed legislation would FINALLY index IRA catch-up contributions for inflation.

Presently, the plan salary deferral, plan catch-up contribution, and plan overall limits for employer-sponsored plans are ALL indexed for inflation…but not the IRA catch-up contribution limit. It has to be increased by legislation, and that's only happened one time--for 2006!

The proposal also creates new plan catch-up contribution limits in years a participant turns 62, 63 + 64. Such (62–64) participants would have following catch-up contribution limits beginning in 2023:

- 401(k)s and similar plans: $10k ($6.5k today)
- SIMPLE: $5k ($3k today)

Interestingly, these increased amounts go away from age 65+.

Part of the proposed changes to catch-up contributions include that ALL must be made to Roth Accounts. This could prove a challenge to land in the final bill as many employer-sponsored plans do not yet have Roth accounts available.

SEP and SIMPLE Roth accounts

SECURE Act 2.0 would create SEP and SIMPLE Roth accounts, and would allow individuals to designate employer matching contributions to the Roth side.

As for SEP or matching contributions, these would likely get added to the W-2 in some fashion.

QCD rules

Some significant changes to Qualified Charitable Distributions could also be on the way including indexing the $100k limit for inflation, and possibly allowing the use of charitable trusts in some cases.

Qualified Student Loan Payments

Employers would be able to make “matching contributions” to a 401(k), 403(b), or SIMPLE IRA to the extent the participant made what would technically be known as a “Qualified Student Loan Payment.”

While this review of some of the possible planned provisions in Secure Act 2.0 certainly isn't exhaustive, we wanted to highlight the most pertinent pieces to clients in our practice. Trust that as the final version of the legislation becomes law, we will communicate with you directly about any possible adjustments needed in your plan. Please let us know if you have current questions or concerns.

Have a healthy and safe remainder of your summer, and I look forward to seeing you soon.

Jason

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Financial Advisor

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fees based on assets, or both Registered Representatives and Investment Adviser Representatives, who can offer both types of services.

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