



# Majestic Oak Financial

A Registered Investment Advisor

Anna M. Popke, CFP®, RICP®  
4411 Pasada Lane  
Round Rock, Texas 78681  
(512) 291-3546  
anna@majesticoakfinancial.com  
www.majesticoakfinancial.com

July 6, 2020

Just like last quarter, the most important thing is that this letter finds you, your family and your loved ones safe, healthy and sane.

If you have not already filed them, 2019 tax returns are due 7/15/2020, along with 1<sup>st</sup> quarter estimated tax payments. Awkwardly, 2<sup>nd</sup> quarter estimated tax payments were still due 6/15/2020. For those you have provided a copy of their 2019 tax returns, thank you! *And if you have not already done so, please send me a copy.* The reason it's important for me to have these on file is that taxable income and tax rates play a role in investment decisions. Many reached out in March to ask whether they would be receiving a stimulus payment. Without the previous year's tax return on file, I couldn't give you an answer. For the second half of this year, I will be reviewing each client's investment, income, and tax situation individually to see if it makes sense to do any Roth conversions. It is my strong belief that increases in tax rates will be necessary in the near future to pay for all of the federal government stimulus. But if I do not have a tax return, I cannot determine if this is a strategy worth discussing with you.

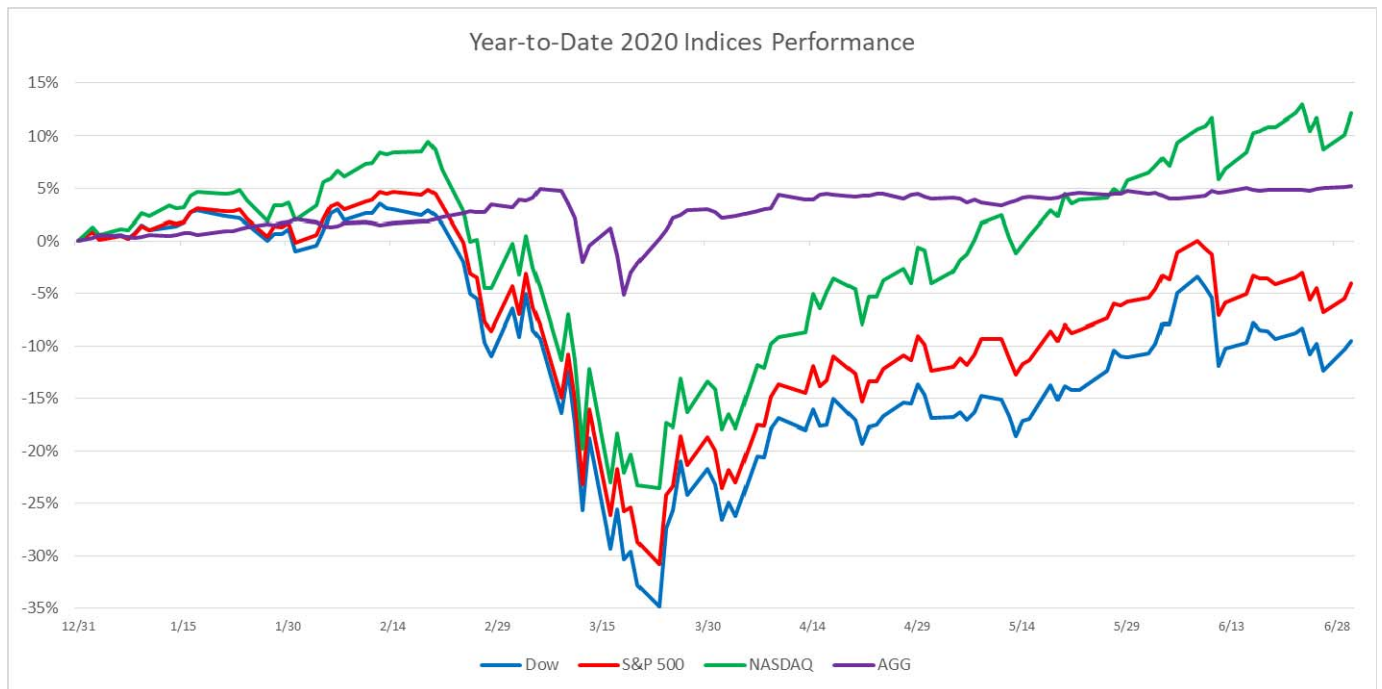
## 2020 Basic Tax Changes

And speaking of tax returns, while we've been hanging on for dear life through this roller coaster of a year, taxes still march on. There have been some updates and changes for the 2020 tax year.

- ◆ **Standard deductions** for 2020 increase to \$12,400 (single), \$24,800 (married filing jointly) and \$18,650 (head of household).
- ◆ **Retirement plan and catch up contributions** increases for 401(k)s and Simple IRAs while Roth IRAs remain the same:
  - **\$19,500** for 401(k), 403(b), and 457 plans + **\$6,500** catch up for those 50 and older
  - **\$13,500** for Simple IRA plans + **\$3,000** catch up
  - **\$ 6,000** for IRA and Roth IRA accounts + **\$1,000** catch up
- ◆ **IRA contributions for retirement plan participants** are fully deductible as long as AGI is less than \$104,000 (married filing jointly) or \$65,000 (single or head-of-household).
- ◆ **Adjusted Gross Income limits for full Roth IRA contributions** are \$196,000 (married filing joint) or \$124,000 (single or head-of-household)
- ◆ **Flexible Spending Accounts** contributions have increased to \$2,750 per year.
- ◆ **Health Savings Account (HSA)** allowable contribution amounts have increased for those taxpayers with high-deductible health insurance plans. If your annual deductible is at least \$2,350 for self-only insured or \$4,750 for families, you may be able to contribute up to \$3,550 (individuals)/\$7,100 (families) to your HSA account. A catch-up contribution of \$1,000 is available to those age 55-65.
- ◆ **Social Security Retirement Benefit Reductions** for retirees younger than full retirement age begin after the retiree earns over \$18,240 in earned income for 2020. Earned income is defined as wages, pensions, and self-employment income.
- ◆ **The mileage rates deductions for 2020** have decreased to \$0.575 for business usage and \$0.17 for medical or moving. \$0.14 for miles driven in service of charitable organizations is unchanged.

## Year-to-Date Quarter 2020 Market Performance

<i>Index</i>	<i>06/30/2020 Ending Value</i>	<i>2Q 2020 Performance</i>	<i>YTD 2020 Performance</i>
<b>Dow Jones</b>	<b>25,812.88</b>	<b>17.7%</b>	<b>&lt;9.55%&gt;</b>
<b>S&amp;P 500</b>	<b>3,100.29</b>	<b>19.9%</b>	<b>&lt;4.04%&gt;</b>
<b>NASDAQ</b>	<b>10,058.77</b>	<b>30.6%</b>	<b>12.11%</b>
<b>Lehman Aggregate Bond</b>	<b>118.21</b>	<b>2.4%</b>	<b>5.20%</b>



## Your Individual Investment Reports

The following reports for 2<sup>nd</sup> Quarter 2020 are provided for your review:

- **Year-to-Date 2020 Portfolio Performance** – Compares the January - June 2020 percentage performances of the S&P 500 & Lehman Aggregate Bond Index with your portfolio performance.
- **Year-to-Date 2020 Portfolio Performance vs. Inflation** – Performance of your investment portfolio compared to the rate of inflation as measured by the Consumer Price Index (CPI) for both the since inception period of your accounts and the 1<sup>st</sup> half of 2020.
- **Account Summary** – Current market value of each asset within your accounts as of 06/30/2020
- **Investment Billing Statement** for the 3<sup>rd</sup> Quarter 2020<sup>\*\*</sup>: Investment advisory fees for the period of 07/01/2020 through 09/30/2020 (based on 06/30/2020 values). *This is an informational billing only.* Your account is automatically debited unless other arrangements have been made.

*Please remember that this investment reporting is for informational purposes only. You should also refer to the monthly account statements you receive from TD Ameritrade Institutional.*

If you happen to know anyone who might benefit from the services I provide in assisting you in managing your investment portfolio and reaching your financial goals, I would enjoy speaking with

them. Don't keep me a secret! ☺ And as always, please do not hesitate to contact me if you have any questions about your reports or wish to discuss any other financial matters.

Sincerely,

Anna M. Popke, CFP®, RICP®

\*Index performance is provided as a benchmark only. The performance of your individual investment portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results.

\*\***PLEASE NOTE:** Clients who hold "cash reserves" within their brokerage accounts will have slightly different portfolio balances depicted on the Statement of Assets Summary and the Billing Statement. This is because "cash reserves" are excluded from the advisory fee. However, cash held awaiting investment in the upcoming quarter *will* be subject to the normal quarterly fee.

***Investment Advisory Fee Calculations:***

Fees are paid in advance on the 7th (or prior closest business day) of the month following the end of the quarter. The amount due is calculated by applying the prorated annual fee percentage to the previous quarter-end account value(s). Fees are further prorated for accounts opened after the beginning of a new quarter. Fees may be paid directly from the investment account(s) or consolidated and paid from a specified account. Money market/cash reserves are excluded from totals. Statements have been prepared by Majestic Oak Financial from information provided by TD Ameritrade and while deemed reliable, are not guaranteed.