Majestic Oak Financial
A Registered Investment Advisor

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Happy New Year! I hope this year has been off to a wonderful start.

SECURE Act Details

To end the decade, the federal government has gifted us a mixed bag of widespread changes to the rules and regulations behind the accounts we use every day for retirement savings. Called the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, the new law signed as an attachment to the spending bill is made up of some 29 provisions and there's a significant chance that, if you're breathing, more than one of those provisions will affect you in some way. For your sanity and mine, I'll not list all 29 provisions. Here's a condensed version of the new rules that affect most of us, organized by plan type:

401k accounts:

- If you are a part-time worker with an employer who provides a 401k benefit, you may now be eligible to participate. If you have worked 1,000 hours or more in a single year or over 500 hours for 3 consecutive years and are age 21, you can contribute to the plan. This rule does not apply to collective bargain employees.
- If an employer offers auto-enrollment in a 401k with gradual increases in the contribution amount, the new maximum automatic increase cannot exceed 15%, up from 10%. An employee can still choose to contribute as much as s/he wishes, but the gradual automatic increase must stop at 15% of gross pay.
- If your 401k plan allows for plan loans via credit or debit card, this functionality will discontinue effective January 2020.
- Tax credits for small business who institutes a new retirement plan for employees can receive tax credits for the costs incurred in setting up and administering the plan.

IRAs:

- If you have not yet reached age 70 1/2 by 12/31/19 (meaning your 70th birthday is after 6/30/19), then the IRS requirement to begin taking distributions from your tax-deferred accounts like IRAs and 401ks at 70 1/2 has changed. Those required minimum distributions (RMDs) can now be delayed until age 72. If you are already required to take distributions, nothing changes.
- If you are still employed at age 70 1/2 and beyond, you can now continue making deductible IRA contributions. The former age limitation of 70 1/2 is completely removed. One little quirk here is that if you have earned income at age 70 1/2 or 72 (your RMD age, depending upon the first IRA bullet), you can make an IRA contribution but you'll still have to take the RMD. So in theory, an older worker may be able to offset some or all of the tax liability generated by the RMD by contributing to the IRA that year.
- This one is a biggie! Except for specific circumstances, the lifetime stretch IRA strategy is no longer available for inherited IRAs. If you already have an inherited IRA, the lifetime stretch provision is grandfathered in. The new rule is this: If you inherit an IRA from someone other than a spouse starting 1/2020, you will need to take a full distribution of the account within 10

years. Spouses are still able to roll the IRA into theirs and defer withdrawals. If the beneficiary is a minor, then the 10 year period begins at age 18, meaning that the full account must be withdrawn by age 28. These same rules also apply for 401ks, 403bs and other employer-sponsored plans. There are a couple of other small exemption categories. ***So, we'll be talking individually about your IRA and 401k beneficiaries, whether Roth conversions make sense and other estate planning considerations over the coming year.***

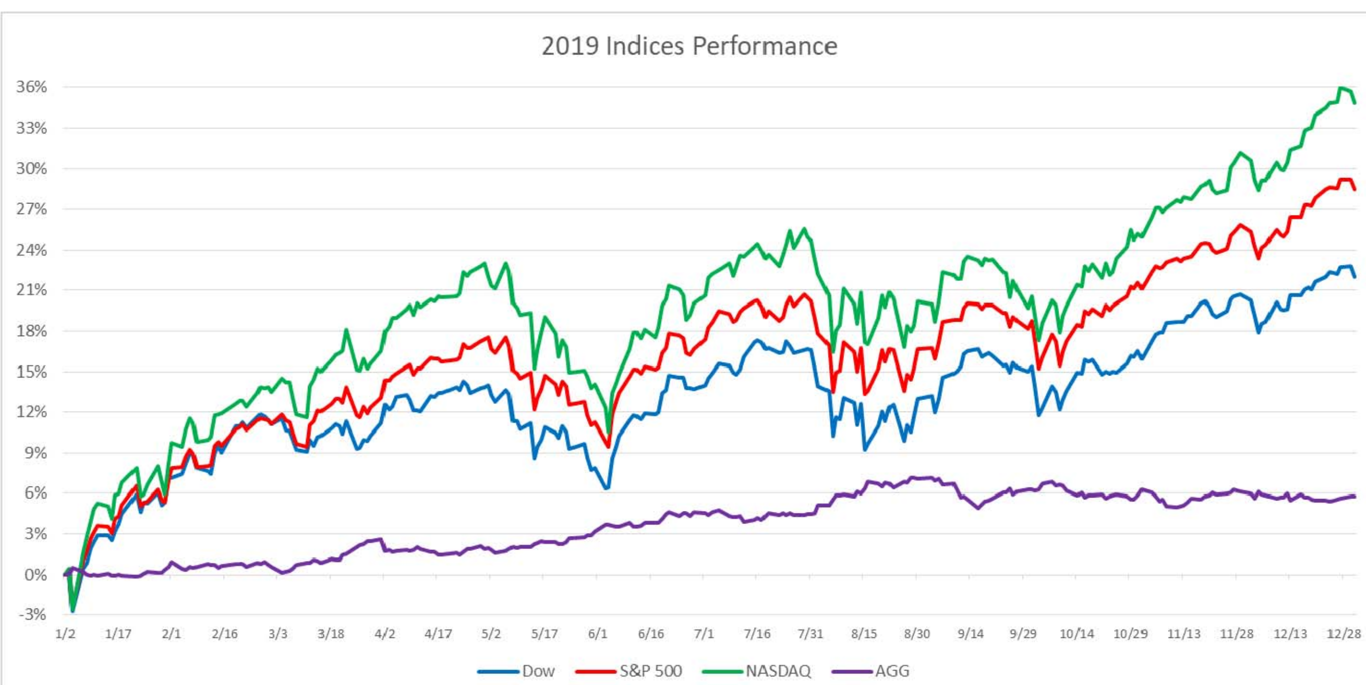
529 plans:

- 529 educational savings accounts can now cover the costs associated with registered apprenticeships, homeschooling, and private elementary, secondary and religious schools. Additionally, up to $10,000 can we withdrawn without tax or penalty if used to repay qualified student loans.

There are plenty more niche provisions not listed here and if those apply to you, I'll reach out individually. It appears that the bottom line of this act is to remove some of the roadblocks the average American might have in accumulating retirement savings. Congress has given more people free investment toolboxes but as a country, we still lack what it takes to fill those toolboxes with the right tools. Now Congress somehow needs to legislate the financial education, discipline and means to fund the accounts that Americans will need to provide some comfort in their later years.

4th Quarter & Calendar Year 2019 Market Performance

Index	*12/31/19 Ending Value*	*4Q 2019 Performance*	*Calendar Year 2019 Performance*
Dow Jones	**28,538.44**	**6.02%**	**22.33%**
S&P 500	**3,230.78**	**8.53%**	**28.87%**
NASDAQ	**8,972.60**	**12.16%**	**35.22%**
Lehman Aggregate Bond	**112.37**	**<0.70%>**	**5.52%**



Your Individual Investment Reports

The following reports for Year-to-Date 2019 are provided for your review:

- ***4th Quarter and Calendar Year 2019 Portfolio Performance*** – Compares the 4th Quarter and year-end 2019 percentage performances of the S&P 500 & Lehman Aggregate Bond Index with your portfolio performance.
- ***2019 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 each quarter of 2019.
- ***Account Summary*** **–** Current market value of each asset within your accounts as of 12/31/19
- ***Investment Billing Statement*** for the 1st Quarter 2020**: Investment advisory fees for the period of 01/01/20 through 03/31/20 (based on 12/31/19 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 TDAmeritrade and while deemed reliable, are not guaranteed.