



## 4 Surprising Facts About Finances in Retirement

Retirement is meant to be a time where you enjoy the fruits of your labor and spend time doing what you love most. Here, you'll find four ways you can keep your well-earned money working for you (even after you've stopped working).

1. **All taxpayers over age 65 are eligible for a higher standard deduction.** If you don't itemize your deductions, you can deduct an additional \$1,300 annually for individuals or \$2,600 for couples (over the standard \$12,200/\$24,400).<sup>1</sup>
2. **There is no age limit for contributing to a Roth IRA.** You can continue contributing to your Roth IRA even after age 70 ½, and you can leave money in the account for as long as you live.<sup>2</sup> Just keep in mind that for 2020, the limit for your total traditional and Roth IRA contributions is \$7,000.
3. **While Roth IRAs are not subject to required minimum distributions (RMDs), Roth 401(k) balances are (for those age 70 ½+).** RMDs, or the minimum amount you must annually take out of your retirement accounts, begin at 70 ½ (if you reached that age before January 1, 2020); if not, they begin at age 72. RMD rules don't apply to Roth IRAs while the owner is alive.<sup>3</sup>
4. **529 plan assets are one of the only assets that you can remove from your taxable estate, while still maintaining control over the assets.** 529 plan contributions—tax-advantaged savings designed to help pay for education—are treated as completed gifts, and contributions up to \$15,000 qualify for the gift tax exclusion.<sup>4</sup> However, your state may have additional estate or inheritance taxes. It's important to consult with a qualified tax professional to understand your specific impact.

With everything happening in the world right now, including changing economic conditions, you may find yourself concerned about your retirement strategy: “Can I still retire on time?” “Will I have enough money to last?” Remember: this is why we plan ahead. Working together to create your unique financial strategy allows us to forecast for downturns, consider inflation, and reallocate funds when necessary.

If you'd like to discuss the four facts mentioned above, or anything about your future strategy, please contact the office today to schedule an appointment.

<sup>1</sup> <https://www.irs.gov/individuals/seniors-retirees/tips-for-seniors-in-preparing-their-taxes>

<sup>2</sup> <https://www.irs.gov/retirement-plans/roth-iras>

<sup>3</sup> <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions>

<sup>4</sup> <https://www.savingforcollege.com/article/are-529-plan-assets-subject-to-estate-tax-or-inheritance-tax>

*Investors should consider the investment objectives, risks, charges and expenses associated with municipal fund securities before investing. This information is found in the issuer's official statement and should be read carefully before investing. Investors should also consider whether the investor's or beneficiary's home state offers any state tax or other benefits available only from that state's 529 Plan. Any state-based benefit should be one of many appropriately weighted factors in making an investment decision. The investor should consult their financial or tax advisor before investing in any state's 529 Plan.* This communication is designed to provide accurate and authoritative information on the subjects covered. It is not, however, intended to provide specific legal, tax, or other professional advice. For specific professional assistance, the services of an appropriate professional should be sought.



## Staying Active While Physically Distancing

With the sunshine and longer days of summer fast approaching—coupled with the relaxation of local stay-at-home orders—it's getting more tempting to venture out for “summer as usual.” However, without an available COVID-19 vaccine, it's important to exercise caution while participating in summer activities and maintaining a healthy body and mind.

**Stream home workouts:** Health clubs and gyms are starting to reopen, but thanks to video services like YouTube and Zoom, your home gym is always open. Staying active can also help to boost your mood and combat feelings of isolation you may have experienced over the last several months. If you're missing yoga class, or have always wanted to try salsa dancing, you'll find tutorials a plenty (with unlimited replays!).

**Choose off-times:** If you want to hike, bike, or otherwise get outside, opt for times where there are likely to be fewer people out and about. Some locations may have restricted hours specifically for older visitors to help protect your health, and some require face masks be worn.

**Socialize responsibly:** If you want to get together with others, meet in small groups of 10 people or less to avoid excess germ exposure and choose an outdoor setting so you'll have plenty of airflow. If you're planning a picnic, you may encourage guests to bring their own food and maintain physical distancing. Also consider limiting the social circle you gather with to the same people for the time being. This limits your and their potential exposure as well as anyone else with whom you come in contact.

With all your summer activities, be sure to adhere to your local health directives, and contact your health professional if you begin to feel sick. Stay safe, stay healthy, and have a great start to your summer!

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