Hart Patterson
FINANCIAL GROUP

2020 New Year's Newsletter

Election Year Jitters

If history is our guide, we should all expect a good deal of volatility in the markets this coming year. Election years are generally filled with uncertainty, and this election year is certainly no exception.

The markets, in other words investors, are always seeking clarity on issues such as taxes and regulations. Our current income tax policy would likely change dramatically if a Democrat were elected President. The same thing holds true for changes to various regulations. For all of us, it is easier to handle things when we know what we are dealing with versus constantly wondering what might happen. Whether certain outcomes are to our liking or not, dealing with the hand that we are dealt often brings less anxiety than the unknown.

This year market volatility will likely present us with some very significant gyrations. During unsettled times like these, it is important to keep focused on the fact that our portfolios are designed to be well balanced while not taking any big bets in any direction. Long-term personal financial goals do not change based on whether Democrats or Republicans are leading our country.

As the year progresses and we get closer to Election Day, it will be important to put on our seat belts and be prepared for what is likely to be a wild ride.

We know that it can be very challenging to stay calm during periods of intense volatility. Please do not hesitate to contact us at any time to discuss any concerns that you may have.

Thank you Barbara for an Incredible 18 Years!

Barbara retired at the end of the year after being an incredibly important part of our team for over 18 years. How do you thank someone who took care of so many things behind the scenes before you even knew they needed to be done? Not only has Barbara been greeting you for appointments, scheduling appointments, ordering office supplies and juggling all kinds of tasks… she has done it all with such grace and kindness. We wish Barbara many years of good health enjoying time in her garden, visiting with her friends and family and reading good books!

Barbara has agreed to help with special projects, so know that she is still behind the scenes working with us though not in a full-time role.

Barbara – thank you for everything - you will be missed but never forgotten! All of us look forward to seeing you at future H&P events!

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Sweeping Changes to Retirement Reform

One of the largest retirement reforms in recent history has recently been signed into law with the goal of improving the retirement savings crisis in our country. The Setting Every Community Up for Retirement Enhancement (SECURE) Act went into effect on Jan. 1, 2020, and includes an extensive 29 provisions.

Some of the key takeaways include improving access to retirement plans for part-time workers, adding incentives to increase employer adoption of retirement plans, changing distribution requirements for inherited IRAs, and changing age requirements for retirement contributions and required distributions from retirement accounts.

The following is a brief review of several of these key provisions and their impact on retirement planning:

- Save more: The SECURE Act repeals the age cap of 70.5 for making a Traditional IRA contribution. This benefits employees who work longer, allowing them to contribute to Traditional IRAs past the age of 70.5. Though not a part of the SECURE Act, keep in mind that your Traditional IRA contribution is tax deductible if you meet certain income limits.

- Defer taxes: Prior to the passage of the SECURE Act, required minimum distributions (RMDs) from retirement accounts must start in the year you reach 70.5, or April 1 of the following year at the latest. For those who have not reached age 70.5 by the end of 2019, RMDs do not need to be taken until age 72. Note that RMDs are not required from your employer retirement plan as long as you are still working and do not own more than 5% of the business.

- Plan carefully: If you inherit a retirement account in 2020 or later and are not a spouse, minor child of the owner or other excluded group, the inherited account needs to be fully emptied within 10 years. Prior to this change, you were allowed to extend IRA distributions over future generations. Since IRA distributions are 100% taxable, tax and income planning will be especially important. For your own retirement account, review how this change will impact your beneficiaries.

Online Scheduling

Later this month, we are introducing the option to schedule meetings via our online calendar. Of course, if you are not interested in using online scheduling and would prefer to schedule over the phone or through email as you've done in the past, please know that option is still available!

When it is time for your review meeting, you will receive an email from "The Team at Hart & Patterson" with a link to our online calendar showing available dates and times. Simply click the link to go to our online calendar and select your requested date/time slot. You will receive a meeting reminder via email two days prior to the meeting date. If you need to cancel or change your appointment, you are able to do this via the online calendar as well, or feel free to call or email us.

Tax Year 2020 Retirement Plan Contributions

Please note that we need to receive your 2020 retirement plan contribution checks by April 9, 2020 or contact us if you would like to set up an ACH from your bank account. This will allow us time to process your transaction before the deadline. If you are not able to make this April 9th date, you may send your checks directly to the appropriate investment company. Remember to write the contribution year in the Memo field (e.g. IRA or Roth IRA 2020 contribution) so that it can be coded to the proper tax year.

Tax Year 2020 Retirement Plan Contribution Amounts

IRAs

Individuals under age 50 may contribute $6,000 and individuals age 50 and older may make an additional “catch-up” contribution of $1,000 for a total of $7,000.

TSA/403(b), 401(k)

The contribution limit for participants under age 50 is $19,500. Participants age 50 and older may make an additional “catch-up” contribution of $6,500 for a total of $26,000.

Simple IRA Deferral Contributions

Participants under age 50 may contribute $13,500 in 2020. The “catch-up” contribution provision available for participants age 50 and older allows for an additional $3,000 for a total of $16,500.

Profit-Sharing Plan Contribution/Deduction Limits

The employer deduction limit for profit-sharing plans remains at 25%. This continues to allow substantially increased annual contributions for employers who use or allow multiple contribution options, such as profit sharing, matching, and after-tax contributions.

RMDs (Required Minimum Distributions) from Retirement Plans for Individuals Turning 70½ in 2020

If you have retirement accounts through our office and are going to reach the age of 70 ½ in 2020, you do not need to take required distributions from this account until the year you reach 72. If you have are already taking required distributions, you will still be required to do so.

Please contact us if you retired last year or are planning to retire in 2020 and are making systematic investments to retirement accounts through our office.

If you are no longer working, we will need to terminate any automatic/systematic investments that you may have had established for your various retirement accounts (i.e. IRAs, Simple IRAs, and SEPs) so that contributions are not made in 2020.

2020 Limits for Tax Deductibility of Long-Term Care Insurance Premiums

Premiums up to the limits below are considered unreimbursed medical expenses and are deductible to the extent that they, along with other unreimbursed medical expenses, exceed 10% of your adjusted gross income.

Amounts above the limits specified below are not treated as a deductible medical expense.

Attained Age before the Close of 2020	**Maximum Deduction**
40 or less	$430
more than 40, but not more than 50	$810
more than 50, but not more than 60	$1,630
more than 60, but not more than 70	$4,350
more than 70	$5,430

1099s - **Just a reminder – revised or late 1099s from investment companies are always a possibility***

FYI – SEI usually mails out their 1099s on the last day of February. 1099-R's are usually mailed from investment companies on the last day of January.

**Representatives of Cambridge do not offer tax advice.*

ADV Annual Offer (fee-based clients only)

Each year, the Securities and Exchange Commission (SEC) requires that we offer our Fee Based Asset Management clients (i.e. SEI, IWM (Institute for Wealth Management)) the opportunity to request a copy of Cambridge Investment Research, Inc.'s ADV filing. If you are interested in receiving this ADV filing, please contact our office and we will forward a copy to you.

As always, please do not hesitate to contact us at any time with your questions or concerns.

Vikki D. Lenhart
Registered Principal/Investment Advisor Representative
Cambridge Investment Research, Inc.

From Lorraine's Kitchen

Chocolate Molten Cake

I have used this recipe from Jean-Georges Vongerichten for years. Don't be afraid to give it a try. It's great for a special occasion like New Year's or Valentine's Day.

Ingredients for the Cake

1 stick (4 ounces) unsalted butter
6 ounces bittersweet chocolate, preferably Valrhona
2 eggs
2 egg yolks
1/4 cup sugar
Pinch of salt
2 tablespoons all-purpose flour

Ingredients for the Raspberry Sauce

1 10 oz bag of frozen raspberries
1 jar of Smucker's Seedless Raspberry Jam - you only use a few tablespoons
2-3 tablespoons confectioners' sugar, more if desired

Directions for the Cake

1. Preheat the oven to 450°. Butter and lightly flour four 6-ounce ramekins. Tap out the excess flour. Set the ramekins on a baking sheet. Instead of flour, you could substitute unsweetened cocoa powder, if desired.
2. In a double boiler, over simmering water, melt the butter with the chocolate. In a medium bowl, beat the eggs with the egg yolks, sugar and salt at high speed until thickened and pale.
3. Whisk the chocolate until smooth. Quickly fold it into the egg mixture along with the flour. Spoon the batter into the prepared ramekins and bake for 12 minutes, or until the sides of the cakes are firm but the centers are soft. Let the cakes cool in the ramekins for 1 minute, then cover each with an inverted dessert plate. Carefully turn each one over, let stand for 10 seconds and then unmold. Spoon the raspberry sauce around the outside of the cakes. Serve immediately.

Directions for the Raspberry Sauce

1. Empty half of the bag of frozen raspberries, 2 tablespoons of confectioners' sugar and 2 tablespoons of raspberry jam to a small sauce pan. Stir to combine over warm heat, just enough to melt the ingredients. Taste for sweetness. Add more sugar or jam to taste.
2. If desired, strain the sauce to remove most of the seeds.
3. After plating the cakes, spoon the sauce around the outside of each cake and serve.

The cake batter can be made ahead, refrigerated for several hours, then bring to room temperature before baking.