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Compass Planning Associates

Fee-Only Financial and Investment Planning

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On Course - Special Edition

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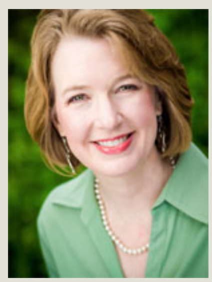
Hi Everyone,



The Compass team are all doing well -- if not getting a little tired of working from home (at least I know I am). We're also happy to see the security increases **Zoom** has been making, and we continue to meet by phone and on **join.me** as well.

Under the CARES Act, required minimum distributions from retirement accounts are not required this year, should you still take yours?

Here are some planning thoughts to consider.

Think about taking your RMD

- Your portfolio was pretty close to your asset allocation target in December so your RMD isn't unusually large due to an inflated portfolio that suffered a large drop this year.
- Your RMD is already set-up as part of your regular income, and you're not getting close to going over an income limit that would increase your Medicare premium. Click **here** for more info.
- Your other income, e.g., work, business, or rental is down so the taxable income from the RMD won't significantly increase your total income this year.
- You already took your RMD more than 60 days ago (more on this one below).

Consider skipping your RMD

- You're not using the RMD for income. If you typically transfer your RMD from your retirement accounts to your brokerage or savings -- and don't mind having the taxable income of the retirement

account withdrawal -- then this may be a good year to skip the RMD in favor of a Roth IRA conversion of the same amount.
- You have two choices if you haven't rebalanced your portfolio in a while and the value in December was much more than today. In this case, if you need the income you may still plan to make a withdrawal, but the amount won't need to meet the amount that would have been the RMD.

Chose these options if you already took the RMD and wish you hadn't

- If your RMD was within the last 60 days, you could put it back in your retirement account under the 60-day-one-rollover-per-12-months rule. If you had taxes withheld, you can include that amount in the amount you redeposit or let it count as a taxable distribution. If you redeposit money equal to the taxes you had withheld, the taxes, will appear on your 2020 tax return as tax withholding.
- If you're past 60 days or you did another rollover within the last 12 months, don't despair. The last time the IRS let us skip our RMDs was in 2009. Eventually, that year they extended the 60 day window to November 30, 2009. Watch the news, they may give us a similar break this year.

Thank you for sending your questions and for your patience when it takes us a little bit to get back!

Remember, everyone's situation is different. These are just some ideas to think about. Please let us know if you have questions about your specific situation.

Thanks! Be Well!

Jennifer

Jennifer Lane, CFP®

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.