

WINTER ISSUE
2021

IN THIS ISSUE >>>

- * Add JOY Everyday!
- * Our Building Misses You & So Do We!
- * Q & A - Loved Ones
- * Winter To Do List
- * Abundance 360 - What is it?
- * Secure ACT & IRAs
- * Getting Personal with your Gentian Team
- * Get to Know...Ken!
- * Important Dates



Easy Ways to Add a Little More Joy to Your Day

February is a month of hearts, love and Valentines. It's THE PERFECT month to look for little opportunities to add extra splashes of happiness to our regular routines. Give these a try!

- ♥ **Have something to look forward to.** This can be anything, from your favorite cup of coffee to a planned Zoom catch-up session with a friend.
- ♥ **Kiss (or hug) someone you love.** Psychologists believe that starting the day with affection can help foster a positive attitude and healthier lifestyle. In fact, a 10-year study concluded that men who kiss their spouse before work live five years longer, make 20-30% more money and are 50% less likely to get in a car accident.
- ♥ **Say thank you.** Help others feel appreciated and boost your own mood by actively practicing gratitude.

End your evening on a good note:

- ♥ **Practice.** Instead of spending your evening watching TV, a habit that's been linked to lower life satisfaction, try practicing something you enjoy, such as knitting, creative writing or Sudoku.
- ♥ **Remember the good.** Write down at least three good things that happened during the day, including why they were good. Don't forget to use your Gentian Gratitude journal!
- ♥ **Dim the lights.** Ease into a good night's sleep by turning off your phone, TV and computer at least one hour before bedtime. Using a smartphone for 10 minutes is the equivalent of spending an hour in bright daylight.
- ♥ **Don't go to bed angry.** Instead, aim to go to bed feeling grateful!



Our Building Misses You and So Do We!

Here's What We're Doing About it!

We'll Be Ready When You Are! We truly miss seeing you in person which is why we have been hard at work, configuring outdoor meeting spaces that will allow us to safely meet once warmer weather is upon us! Watch this space—updates coming soon!

Communication Enhancements! You should now be receiving our NEW GENTIAN MONTHLY bulletin email, with all the important happenings and registration links for events and webinars in one place—Easy peasy!

Learning From You! We could plan content and events we THINK you'll enjoy but isn't it smarter to come right out and ask? Expect a reach from us, and be encouraged to dream and share, being a small firm means we get the freedom to dream big with you! Until then, please take care.

Q&A | What Can I do NOW to help my loved ones?

- 1) Keep a physical list of logins, passwords and account numbers for others to reference should they need it.
- 2) There are five estate planning documents that you may need, regardless of your age, health, or wealth:
 1. Durable Power of Attorney
 2. Advance Medical Directives
 3. A Will
 4. Letter of instruction (also called a testamentary letter or side letter)
 5. Living trust

NOTE: A living trust, isn't always necessary, but it's included here because it's a vital component of many estate plans.



FIRST QUARTER TO DOS:

Organize for tax time: By early February, you should have tax forms in hand. Make sure to organize them, as well as any receipts if you itemize.

Brush up on benefits: Research your company's open enrollment schedule and decide if you need to make changes.

Prepare to turn 65: This is the age you become eligible for Medicare; a 10% premium penalty applies for each year you go without Part B coverage beyond this birthday in most cases. You have seven months to enroll, starting from three months before your birth month. Any questions? Ask us!

Think through a work windfall: Plan how you want to use your year-end bonus before it hits your checking account. Consider paying down high-interest debt, shoring up your emergency fund or increasing your 401(k) contribution.

Set savings to automatic: If you haven't automated retirement contributions, start now. It's also a good time to reconfirm your employer match and increase your contributions to allow more time to generate tax-deferred gains.

Abundance 360: A Planning Resource No One is Talking About!

Abundance 360 is a curated global community of 360 entrepreneurs, executives, and investors committed to understanding and leveraging exponential technologies to **transform their businesses for their clients**. It is based around 6 key mindsets: Abundance, Exponential, Longevity, Purpose Driven, Moonshot and Gratitude.

Why is a finance focused business focused on this? Chris participates in this network to share the MIND BLOWING advances that will influence how we look at financial planning, as well as how we live our everyday lives.

Some fear these advances, but if molecular science, longevity, space, crypto currency, transportation and energy interests you, we've prepared a WINTER FORUM on our Gentian Financial YouTube page that you will not want to miss!

TECHNOLOGY:

No Fear.

Revere!



SECURE Act Changes to IRA & Retirement Plan Inheritance Rules'

You have heard about the SECURE Act since the Spring of 2020. With this article we will seek to answer some commonly asked questions regarding the SECURE Act and the affect it may have on your retirement account(s).

What is the SECURE Act?

At the end of 2019 President Trump signed a federal spending package that included the Setting Every Community Up for Retirement Enhancement (SECURE) Act. A provision in this legislation effectively eliminated the "Stretch IRA." Which was an estate-planning strategy that allowed an IRA to continue benefitting from tax-deferred growth, potentially for decades. Most nonspouse beneficiaries, including children and grandchildren can no longer "stretch" distributions over their lifetimes.

Who should know about it?

If you have an IRA or a retirement plan and have intentions to leave it to heirs. Those of you who stand to inherit retirement assets. Even though we are actively working on the planning involved with the SECURE Act changes and how it may affect you and your family, the purpose of this article is to share some of the specific details with you.

What are the old "stretch" rules?

For retirement accounts inherited before January 1, 2020, a nonspouse beneficiary had to begin required minimum distributions (RMDs) within a certain

time frame after inheriting the account. However, annual distributions could be calculated based on the beneficiary's life expectancy. This ability to "stretch" taxable distributions over a lifetime helped reduce the beneficiary's annual tax burden and allowed large IRAs to continue benefitting from tax-deferred growth.

What changed because of the SECURE Act?

Beginning in January 2020, most nonspouse beneficiaries are required to liquidate inherited accounts within 10 years of the owner's death. The shorter distribution period could result in unanticipated and potentially large tax bills for nonspouse beneficiaries who inherit high-value IRAs. There are no required minimum distributions over the 10 year period, so beneficiaries can take any amount and any time frame they chose, as long as the account balance is zero at the end of the 10 year period. Any funds not liquidated by the 10-year deadline will be subject to 50% penalty.

Are there any exceptions to the 10-year distribution rule?

Yes. Key exceptions apply to those who are known as "eligible designated beneficiaries." A few eligible designated beneficiaries are: 1) Spouse
2) Minor child of account owner
3) Those who are not more than 10 years younger than the account owner
4) Disabled or chronically ill individuals (as defined by the IRS)

Eligible designated beneficiaries may use the old stretch IRA rules and take required minimum distributions (RMDs) based off their own life expectancies.

SECURE Act Changes to IRA & Retirement Plan Inheritance Rules' (continued)

Do beneficiaries HAVE to take ownership of the IRA?

No. A beneficiary may disclaim an inherited retirement account. If the initial beneficiary doesn't need the funds and/or want the tax liability, the assets may pass to a contingent beneficiary who has great financial need or may be in a lower tax bracket. A qualified disclaimer statement must be completed within nine months of the date of death.

What if my spouse is my primary beneficiary?

Spousal beneficiaries can roll over the IRA assets to their own IRA or elect to treat a deceased account owner's IRA as their own (presuming the spouse is the sole beneficiary and the IRA trustee allows it). By becoming the account owner, the surviving spouse can make additional contributions, name new beneficiaries, and wait until age 72 to start taking required minimum distributions (RMD's)

Do both a Traditional IRA and Roth IRA have the same 10-year distribution rule?

Yes. They are both required to have \$0 left in the account by the end of the 10th year. However, Roth dollars will be distributed tax-free. Whereas, Traditional IRA dollars will be distributed as ordinary income.

Idea to consider: a beneficiary of a Traditional IRA may want to spread the distributions equally over 10 years to manage the tax liability, whereas a beneficiary of a Roth IRA may want to leave account for up to 10 years to allow for tax-free growth as long as possible.

If I have a trust as a beneficiary, what should I do?

Review. You will want to review with your estate planner to check to see if your beneficiaries and/or your trust needs to be updated.

What are some planning ideas to potentially reduce a tax burden for my heirs?

- ⇒ Roth Conversion(s)
- ⇒ Role of life insurance
- ⇒ QCD's (Qualified Charitable Distributions)
- ⇒ Family Tax Bracket Management

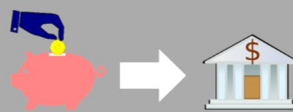
What are some of the other changes with the SECURE Act?

Required Minimum Distributions age changed from 70 ½ to 72.

Qualified Charitable Distributions eligibility age stayed at 70 ½

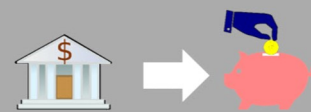
Individual Retirement Account

Traditional IRA



Pay tax later

Roth IRA



Pay tax now

GETTING PERSONAL WITH YOUR TEAM

Q: What is your fondest memory of 2020?

ASHLEY - 2020 meant lots of outside time for the Neuworth Family. Ashley & her family enjoyed everything from catching tadpoles, picking apples, swimming & hiking to snowmobiling. They look forward to sledding this winter!



PETER - 2020 was a year of major life events for Peter. After purchasing their first home in March, Peter and Lindsay ended the year by getting engaged in December!
Congrats Peter & Lindsay!!



LISA - "My daughter is beautiful, unique, mighty & strong. She never stops teaching, challenging or loving me. She keeps me grounded & constantly surprises me. The love I have for her is inexplicable. My daughter has made my life whole."
Happy 21st Calliya!



JULIE enjoyed the great outdoors and learned a new sport. This was her first time hunting. She loves spending time outside with her husband, Doug and their dogs.

ANGIE'S daughter, Isabella graduated from WI Lutheran High School and became a member of the Class of 2024 at DePaul University in Chicago. She plans to study Criminal Justice and Psychology. We wish her nothing but success!



JENNY- FIRST camping trip!
The Podolak family had no agenda outside of mini golf, hiking, collecting rocks to paint, cooking over the fire, dancing, togetherness and disconnecting from the world. We think it sounds like the perfect outing!



MIKE - "In March of 2020 my girlfriend moved to Washington D.C. With an inability to fly, I made numerous road trips out to visit her. We enjoyed the sun on the North End beaches of Virginia Beach."



KRISTIN - "My fondest memories of 2020 are spending time in northern Wisconsin at our lake house & backpacking with my family through Pictured Rocks National Lakeshore Park in Michigan. Being with the ones you love most, is truly priceless."

We are not A TEAM because we work together.

We are A TEAM because we *respect, trust* and *care* for each other.



GENTIAN | Team Member Spotlight

Let's Get to Know... **Ken Flannery!**

For those of you who have yet to meet Ken, he is a cherished member of the Gentian Family. Ken began his financial career in 2005 where he worked as an Investment Consultant for B.C. Ziegler. In that same year, Chris and Ken were introduced and formed a friendship which has spanned the course of the last 12 years. In 2016, the GENTIAN Team welcomed Ken as a CERTIFIED FINANCIAL PLANNER™ professional and as a result gets to witness the work of someone who is truly fueled by the passion to serve our clients in a way our entire team is proud of! Ken loves to create personal financial plans for his clients that allow them to pursue their passions with less worry. A graduate of the University of Wisconsin– Milwaukee, Ken continues to enhance his education through Ed Slott and Empowered Wealth Ambassadors.

Originally from Sheboygan, Ken currently lives in Mequon with his wife, Sarah and their four children, Adriana, Parker, Isabella and Asher. In his free time he enjoys playing basketball, golfing, running, woodworking and most of all spending quality time with his family. **FUN FACTS ABOUT KEN:** his favorite get-away is St. Germain, WI for outdoor adventures with his family, his favorite scent is pine, he enjoys flying drones and collects cribbage boards. We enjoy Ken's humor and friendly demeanor. Make sure to say hello when you can!

Ph 262.518.7591 Ken.flannery@raymondjames.com



12740 N River Rd
Mequon, WI 53092
262.518.7575 ph
844.592.9887 Toll Free
262.512.9475 fax

IMPORTANT TAX DOCUMENT TIMELINE

Raymond James is very careful with their tax documents. Other firms tend to send them out as soon as they possibly can, but Raymond James likes to do all they can to prevent clients from having to amend their completed taxes. While we can't promise yours won't be amended, please know they are doing all they can to avoid sending amended 1099s.

- ♥ **February 15th:** Raymond James begins mailing 1099 tax statements.
- ♥ **February 28th:** Raymond James mails amended 1099s and those delayed due to specific holdings and/or income reallocation.
- ♥ **March 15th:** is the final day for Raymond James to mail any original 1099s and continued amended 1099s.
- ♥ **April 15th: Tax Day** - the deadline to file your return and pay taxes or request an extension. It is also the last day to contribute to traditional and Roth IRAs or Coverdell education savings accounts for 2020.

www.gentianfinancial.com