



CLIENT NEWSLETTER

BY: JONATHAN SARD, CFP®

4<sup>th</sup> Quarter - 2020

### IMPORTANT INFORMATION!

Thank you to those of you who completed our annual Client Survey in August as we gained a lot of valuable information from the feedback received! Also, we have provided our Privacy Policy at the end of this newsletter.

We will refrain from writing about the upcoming election and possible impacts on the markets. The reason for this is that at this point everything would be pure speculation so we will wait to provide an analysis until we know the outcome and what policy changes we could see. Remember, in addition to the presidential election, a total of 35 Senate seats and 435 Congressional seats will be on the ballot.

## Annual Financial To-Do List

*Things you can do for your future as the year unfolds*

What financial, business, or life priorities do you need to address for the coming year? Now is an excellent time to think about the investing, saving, or budgeting methods you could employ toward specific objectives. You have plenty of choices and here are a few ideas to consider:

**Can you contribute more to your retirement plans this year?** In 2021, the contribution limit for a Roth or traditional individual retirement account (IRA) is expected to remain at \$6,000 (\$7,000 for those making “catch-up” contributions). Your modified adjusted gross income (MAGI) may affect how much you can put into a Roth IRA. With a traditional IRA, you can contribute if you (or your spouse if filing jointly) have taxable compensation, but income limits are one factor in determining whether the contribution is tax-deductible.<sup>1</sup>

Remember, withdrawals from traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty starting again in 2021. Roth IRA distributions must meet a five-year holding requirement and occur after age 59½ to qualify for tax-exempt and penalty-free withdrawal. Tax-free and penalty-free withdrawals from Roth IRAs can also be taken under other certain circumstances, such as a result of the owner’s death.<sup>2</sup>

**Make a charitable gift.** You can claim the deduction on your tax return, provided you follow the Internal Revenue Service (I.R.S.) guidelines and itemize your deductions on Schedule A. The paper trail is important so if you give cash, you should consider documenting it. Some contributions can be demonstrated by a bank record, payroll deduction record, credit card statement, or written communication from the charity with the date and amount of the contribution.

**See if you can take a home office deduction for your small business.** If you are a small-business owner, be sure you are aware of your options. You may be able to write off expenses linked to the portion of your home used to conduct your business. Using your home office as a business expense involves a complex set of tax rules and regulations so you may wish to consider working with a professional who is familiar with home-based businesses.<sup>4</sup>

**Open an HSA.** A Health Savings Account (HSA) works a bit like your workplace retirement account. There are also some HSA rules and limitations to consider. You are limited to a \$3,600 contribution for 2021 if you are single; \$7,200 if you have a spouse or family. Those limits jump by a \$1,000 “catch-up” limit for each person in the household over age 55.<sup>5</sup>

If you spend your HSA funds for non-medical expenses before age 65, you may be required to pay ordinary income tax as well as a 20% penalty. After age 65, you may be required to pay ordinary income taxes on HSA funds used for “nonmedical” expenses. HSA contributions are exempt from federal income tax; however, they are not exempt from state taxes in certain states.

**Review your withholding status.** Should it be adjusted due to any of the following factors?

- \* You tend to pay the federal or state government at the end of each year.
- \* You tend to get a federal tax refund each year.
- \* You recently married or divorced.
- \* You have a new job, and your earnings have been adjusted.

**Did you get married in 2020?** If so, it may be a great time to consider reviewing the beneficiaries of your retirement accounts and other assets. The same goes for your insurance coverage. If you are preparing to have a new last name in 2021, you may want to get a new Social Security card. Additionally, retirement accounts may need to be revised or adjusted.

**Consider the tax impact of any upcoming transactions.** Are you planning to sell any real estate this year? Are you starting a business? Are you set to receive any commissions or bonuses in 2021? Do you anticipate selling an investment that is held outside of a tax-deferred account?

**If you are retired and in your 70s, remember your RMDs.** In other words, Required Minimum Distributions (RMDs) from retirement accounts. Under the SECURE ACT, in most circumstances, once you reach age 72, you must begin taking RMDs from most types of these accounts. This RMD rule applies only to those who will turn 70½ in 2020 or later.<sup>6</sup>

Keep in mind, this article is for informational purposes only, and not a replacement for real-life advice. Also, tax rules are constantly changing, and there is no guarantee that the tax landscape will remain the same in years ahead.

There are always a lot of strategies to think about and we always stress how important it is to plan. Be sure you are sitting down with us on a regular basis to discuss your entire financial situation. Each quarter we want to remind you to alert us to changes in your financial situation or investment objectives to ensure that we are aware of any situation that might require changes in the management of your accounts. Please remember to contact us to discuss how these changes impact your investment accounts!

#### Citations

1. thefinancebuff.com, August 12, 2020
2. usnews.com, February 12, 2020
4. nerdwallet.com, July 31, 2020
5. msn.com, August 19, 2020
6. thestreet.com, December 21, 2019

*We wanted to thank those of you who have participated in our Client Introduction program. As you know, marketing for new clients takes a great deal of money, time, and energy and we would much rather spend our resources improving your financial health. We, like most businesses are looking to grow; however, for the benefit of our existing clients we are only able to take on a limited number of new clients each year. Over the years, we have learned that encouraging you to introduce us to people you know works well for all of us...we help you, and you help us. If you aren't familiar with our friends helping friends program, please call our office or be sure to ask us at your next meeting. The few minutes it takes to learn about how it works will be well worth your time and energy!*

*Also, if you would like some of your friends, coworkers, relatives, business acquaintances, etc. to receive a FREE subscription to this newsletter, please call our office and we'll add them to the mailing list. We'll also send them a note with their first issue telling them that you had suggested they receive the newsletter, and to contact us if they would like to stop at any time. If you enjoy this newsletter, why not share it for FREE with people you know, with no hassle for you?*

**This information is solely advisory, and should not be substituted for legal, financial or tax advice. Any and all financial decisions and actions must be affected through the advice and counsel of a qualified attorney, financial advisor and/or CPA. We cannot be held responsible for actions you may take without proper financial, legal, or tax advice!**

## *Sard Wealth Management Group, LLC Privacy Policy*

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Effective: March 2, 2020

### **Our Commitment to You**

Sard Wealth Management Group, LLC (“SWMG” or the “Advisor”) is committed to safeguarding the use of personal information of our Clients (also referred to as “you” and “your”) that we obtain as your Investment Advisor, as described here in our Privacy Policy (“Policy”).

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. SWMG (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

SWMG does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### **Why you need to know?**

Registered Investment Advisors (“RIAs”) must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### **What information do we collect from you?**

Driver’s license number	Date of birth
Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### **What Information do we collect from other sources?**

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### **How do we protect your information?**

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client’s personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

**How do we share your information?**

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<p><b>Servicing our Clients</b>                      We may share non-public personal information with non-affiliated third parties (such as administrators, brokers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting.</p>	Yes	No
<p><b>Marketing Purposes</b>                      SWMG does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where SWMG or the client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b></p>	No	Not Shared
<p><b>Authorized Users</b>                      Your non-public personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].</p>	Yes	Yes
<p><b>Information About Former Clients</b>                      SWMG does not disclose and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our Clients.</p>	No	Not Shared

**Changes to our Privacy Policy**

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically we may revise this Policy and will provide you with a revised Policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

**Any Questions?**

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (404) 843-4483 or via email at [mmeyers@sardwealth.com](mailto:mmeyers@sardwealth.com).