

Taxes

2020 Tax Reference Guide

We have updated our [Tax Reference Guide for the 2020 tax year](#). Highlights of new tax limits include:

- New Elective Deferral limits to 401(k), 403(b) & 457 plans
 - Under age 50 - \$19,500
 - Age 50 and over - \$26,000
- New Standard Deduction Amount
 - Married filing Jointly - \$24,800
 - Single/Head of Household - \$12,400



*For individuals over age 65, standard deduction is increased by \$1,300 if married, or by \$1,650 for single filers.

Also of note, is a change stemming from the passing of the SECURE Act. There has been an increase in the age requirement for beginning Required Minimum Distributions (RMDs). For individuals born on or after 7/1/1949, RMDs may now be delayed until age **72**. (Up from age 70.5)

Schedule for Receiving Schwab Tax Forms

The following is a summary of the timeline for delivery of specific tax forms for calendar year 2019. You will only receive the forms that are applicable to your financial situation. Please provide the forms to your tax preparer. If you do not receive a form you believe is applicable within the timeline shown below, please contact our office so that we can provide you with the documentation.

Form	Description of Information Provided	Expected Delivery ¹
1099-Composite	Depending on individual account circumstances, may include Forms 1099-DIV, 1099-INT, 1099-B, and 1099-OID.	February ²
1099-Misc	May report other income separate from the 1099-Composite.	Mid to late January
1099-R	Reports distributions from IRAs, SEP-IRAs, SIMPLE IRAs, and Roth IRAs.	Mid to late January
5498	Reports all IRA contributions made by April 15, 2020. This information is not required to file your return.	Mid to late May

¹ Documents may be available through your online access prior to this date.

² The date your 1099-Composite will be available depends on the types of investments you hold. You may receive a corrected Form 1099 if one or more issuers of the securities you hold is unable to provide tax information to the custodian before February 5, or if certain income needs to be reallocated. Revisions should be clearly highlighted.

Qualified Charitable Distributions from IRAs



Jay H. Krall, Attorney at Law

Making Qualified Charitable Distributions (“QCDs”) from IRAs is a great way to reduce your taxes while achieving your charitable giving goals. Unlike traditional gifts of cash or stock to charities, QCDs don’t create a charitable income tax deduction. Instead, the amount of the QCD is *excluded* from the donor’s gross income, allowing the donor to avoid paying income tax on 100% of the charitable distribution, up to \$100,000.

In addition to providing a dollar-for-dollar tax benefit for non-itemizing donors, there are at least 7 additional ways that excluding an IRA distribution from gross income could save taxes as compared to a “take the distribution—make a donation” strategy.

[Read more.](#)

Market News

Market Summary as of 12/31/19

Index/Market	YTD
S&P 500 Index	31.49%
DJ Industrial Average	25.34%
Russell 3000	31.02%
Russell 2000	25.52%
Nasdaq	36.69%
MSCI EAFE Index	22.01%
Barclays US Agg Bond	8.72%
10-Year U.S. Treasuries (Yield)	1.90%
WTI Crude Oil	35.42%
LBMA Gold Price	18.43%
CBOE Market Volatility	-50.94%

Index/Market	YTD
Consumer Disc	27.94%
Consumer Staples	27.61%
Energy	11.81%
Financials	32.13%
Health Care	20.82%
Industrials	29.37%
Information Technology	50.29%
Materials	24.58%
Real Estate	29.01%
Telecom Services	32.69%
Utilities	26.35%

Source: [Morningstar.com](https://www.morningstar.com)

2019 was another strong year for both stocks and bonds buoyed by a round of interest-rate cuts which allowed the market to shake off concerns around slowing global economic growth, trade wars, and political uncertainty. The three Federal Reserve cuts helped the S&P500 have its best year since 2013 and restored the yield curve after it inverted earlier in the year. The fourth quarter was particularly strong as the US market gained 8.99%, from 1.28% in Q3.

Retirement

New RMD Rules

The recently passed SECURE Act has implications for owners of retirement accounts. The two changes included in the act that would most affect our clients are changes in the age at which required minimum distributions must begin, and how quickly a beneficiary must withdraw inherited accounts. Required minimum distributions can now be delayed until the year in which an individual reaches the age of 72. This changes the previous requirement that withdrawals must begin at age 70 ½. SECURE also changes how non-spouse beneficiaries of retirement accounts are treated. Going forward, non-spouse beneficiaries must withdraw the entirety of the account within ten years beginning the year after the account owner's death. Previously withdrawals could be made based upon a "life expectancy table" furnished by the IRS.

The old rules would have directed a 50-year-old non-spouse beneficiary to take just over 3% out of the account, gradually increasing to 4% by the year they would have turned 60. The new rules require a full distribution by the tenth year, where the prior rules often resulted in the account continuing to grow.

Aging-in-Place Vs. Assisted Living

One of the diverse topics concerning aging is whether older people would prefer to update or remodel their current home — often referred to as aging in place — or look into assisted living. Many surveys, including one from AARP, indicate that most aging Americans would rather stay in their own homes. Romilla Batra, M.D., chief medical officer at [SCAN Health Plan](#), a not-for-profit, senior-focused organization that offers one of the largest Medicare Advantage plans in California, updates us about current thinking when it comes to the pros and cons of each type of planning.

[Read more.](#)

Cyber Security



Cell Phones & Location Tracking

Smartphones are a convenience to our everyday lives, but they can also serve as a sophisticated tracking device that allows companies to obtain information about our specific location. This information sharing through location tracking may be used to provide targeted advertising content, apps, and other data based on your precise movements. We share information daily about our location through apps we have harmlessly downloaded for navigation, weather forecasts, car insurance rates, news, shopping, and mobile food ordering or delivery.

In most cases, privacy settings default to the collection of location information. The important thing to remember is that many applications work just fine without location tracking. Also, if you dial 911, your location information will automatically be sent to emergency responders regardless of your location settings. To manage your location sharing on your smartphone, visit your phone's settings menu as shown below. Usually, you can manage location sharing within each app.

iPhone users

Settings > Privacy > Location Services

Android users

Settings > Biometrics and Security > App Permissions > Location

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