

## Retirement Planning

### IRS Update for 2020

This year has been quite disruptive in many ways, including the IRS rules governing required distributions from retirement accounts. To remind you, important updates that became effective in 2020 include:

- Required minimum distributions from all plans were suspended (only for 2020) as part of COVID 19 relief legislation.
- The required beginning date for minimum distributions was moved from age 70 ½ to 72.
  - Notably, the eligibility to make charitable gifts (QCDs) from IRAs was left at age 70 ½.
- The rules governing required distributions for non-spouse beneficiaries of retirement plans were substantially revised, such that account balances must be withdrawn over ten years.



While there are no required distributions for 2020, we do expect those distributions to resume in 2021. Those making charitable gifts from IRAs may want to consider waiting until January to make them, which would allow the gift(s) to count against the 2021 required distribution. Please contact your advisor to discuss how these IRS rules may impact your circumstances.

### Could a Revocable Trust Be Beneficial?



A revocable trust can provide several benefits as a part of an estate plan. A revocable trust that you create as the grantor can be controlled during your lifetime with you as the trustee. You retain legal title to the assets in the trust and, the trust can be revoked or amended during your lifetime. The following are three of the benefits.

**You gain more flexibility when you plan for your estate.** The trust allows you the flexibility to add or remove assets during your lifetime. You can also make changes to income beneficiaries or cancel the trust altogether. Be sure to exercise caution before creating, amending, or canceling a trust.

**A revocable trust avoids probate** and limits the costs that your estate and heirs will generally have to

pay. Probate is the court proceeding in which the executor named in the last will and testament petitions the court to declare the document as valid and allows the executor to collect and distribute assets according to the terms set out in the will.

With a revocable trust, the trustee can more efficiently distribute the assets. Moreover, the cost savings can be significant because the trust avoids the paperwork, court intervention, hearings, and legal filings that make up the probate process.

Also, because probate of a revocable trust is generally unnecessary, the trustee can keep the terms of the trust private rather than having it become a part of the public court record.

**The trust can be used as a beneficiary for certain assets that are distributed outside of a will**

These are assets that do not require probate, such as retirement accounts, life insurance, and certain brokerage accounts with payment upon death to a named beneficiary (along with jointly-owned accounts). With care and proper advice, an individual can name the trust the beneficiary for some of these assets. When the assets are distributed to the trust, the trustee then disperses them according to the terms of the trust.

*You should discuss the merits of a revocable trust for your circumstances with an estate attorney*

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## Market News

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### Market Summary as of 10/31/20

Index/Market	YTD
S&P 500 Index	2.77%
DJ Industrial Average	-5.38%
Russell 3000	3.14%
Russell 2000	-6.77%
Nasdaq	22.50%
MSCI EAFE Index	-10.80%
Barclays US Agg Bond	6.32%
10-Year U.S. Treasuries (Yield)	0.86%
WTI Crude Oil	-41.71%
LBMA Gold Price	24.24%
CBOE Market Volatility	204.89%

Index/Market	YTD
Consumer Disc	19.76%
Consumer Staples	1.20%
Energy	-50.38%
Financials	-20.87%
Health Care	1.15%
Industrials	-5.36%
Information Technology	22.13%
Materials	4.65%
Real Estate	-9.88%
Telecom Services	9.46%
Utilities	-0.93%

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

U.S. equity indexes closed the month of October with two consecutive weeks of decline. The Dow, S&P 500, and NASDAQ dropped around 6%, which marked the second month in a row they moved lower (after five straight months of gains April - August). Election uncertainty, the lack of congressional agreement on a stimulus package, and a drastic increase in coronavirus cases weighed heavily on investors. With all these setbacks, the majority of S&P 500 companies reported higher than expected earnings expectations at record levels creating optimism moving into the last two months of 2020.

## Cyber Security & Office Updates

### Use Caution with The Cloud

Almost a decade ago, cloud technologies burst onto the scene and quickly became the go-to storage solution for many businesses. With this wide-scale, global adoption of cloud-based technologies, along with the rapid pace at which these technologies are evolving, cyber threats and bad actors have the potential to threaten nations, industries, organizations, and even individuals.



Much like traditional, on-site storage options, cloud-based systems are also at risk for security breaches via improper password or access control policies, service disruptions, and improperly configured systems. This [Forbes article](#) stated, “Reports indicate that about 20 percent of enterprise data is currently cloud-based, a number that will increase leaps and bounds as new cloud-based technologies move into the picture. But, while these new technologies have the power to drive transformation and innovation, they also create new opportunities and attack surfaces for threat actors to exploit.”

Typically, when a cloud provider agrees to house your data, they are not agreeing to secure it, meaning that any sensitive information could be exposed or vulnerable to a breach. As these breaches become more common throughout the country, many states are passing legislation that requires an individual to be notified if their data has been compromised, and instituting fines for companies that do not comply with these rules. As cyber threats and legislative measures are increasing nationwide, businesses must

increase security measures as necessary to ensure their data is secure no matter the storage solution.

The default settings for cloud-based technologies do not typically meet the business or regulatory needs required to maintain compliance. Sometimes businesses or organizations believe their data is continually backed up to the cloud and therefore is retrievable at any point, but this is not always the case. Fortunately, network security experts can provide recommendations for a business's unique situation and ensure the appropriate preventative measures are taken when handling sensitive information.

## Portfolio Management Software Changes

We will implement a new portfolio management software system in the coming months. We use this software to generate periodic client reports, and it assists us in managing your assets. This software is also the foundation for the consolidated portfolio information provided to you through our client portal, CCMconnect®.

You Can Expect to See the Following Enhancements/Additions:

- Improvements in report layouts and contents.
- An improved client portal. Values will be updated earlier in the day. Intraday pricing of stocks and exchange-traded funds (ETFs) will allow us to update portfolio valuations during market hours.
- A two-way document portal, within CCMconnect®, to securely upload/share sensitive documents, including account-related forms for signature, disclosures, and reports.
- A CCMconnect® App available in the App Store for iOS and Android devices.
- An option that allows you to add other non-managed accounts within your CCMconnect® view, including bank accounts, credit cards, mortgages, etc., for a more comprehensive financial picture. For privacy reasons, these outside accounts would only be accessible from the client's view and not shared with your advisor.

This transition will require a period of data transfer, auditing, and testing to ensure accuracy, and we hope to begin full use of the portfolio management software by the beginning of 2021. Once the transition period is complete, we believe you will be pleased with the results. We will keep you updated during the transition and provide tools and optional training opportunities to help you understand and navigate our reconfigured client portal.

[Contact us](#) with any questions.

## Upcoming Virtual Client Events

Collegiate Capital Management is pleased to present a series of complimentary virtual events through the North Carolina Museum of Art. December through February, we will offer monthly docent-led tours or lectures focused on special exhibits or unique artworks. More details to come.

Collegiate Capital Management, Inc. | (800) 333-1701 | [www.collegiatecapital.com](http://www.collegiatecapital.com)

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