

NEWSLETTER



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SECURE Act Summary By Erin

On Friday December 20th major changes to retirement accounts were signed into law with the SECURE Act. Below are the major changes beginning January 1, 2020:

Required Minimum Distributions (RMDs) Will Start at Age 72, not 70½

Only those who will turn 70½ in 2020 or later may wait until age 72 to begin taking required distributions. If you turned 70½ in 2019, you will still need to take your RMD for 2019 no later than April 1, 2020. If currently receiving RMDs (or should be) because you are over age 70½, you must continue taking these RMDs.

Eligible Individuals Can Contribute to Their Traditional IRA After Age 70½

For the 2020 tax year, traditional IRA contributions are allowed past age 70½ provided you have earned wage income.

Inherited Retirement Accounts

Upon death of the account owner, distributions to individual beneficiaries must be made within 10 years. There are exceptions for spouses, disabled individuals, and individuals not more than 10 years younger than the account owner. Minor children who are beneficiaries of IRA accounts also have a special exception to the 10-year rule, but only until they reach the age of majority.

Adoption/Birth Expenses

The new law allows penalty-free withdrawals from retirement plans for birth or adoption expenses, up to certain limits.

Charitable Distributions

The Secure Act still allows tax free charitable distributions from your IRA beginning at age 70 1/2. This is beneficial for those that no longer itemize since the standard deduction was raised in 2018.



(Nelsen Fur Babies Pictured)

*We wish you a very Happy New Year!
We can't change the past, but it is never
too late to write a new ending. Let's
make the most of the twenties!*

Happy New Year! by Sandy

This was a big year! The market defied all odds and continued on its upward path to a new high. Even with Brexit, China trade war tariffs and geopolitical unrest, the market paid no notice. Most projections are for continued growth for 2020 but it is an election year. We will try and sort out fake news from real news, fake videos from real ones and focus on the economy and earnings. We expect profit taking in the new year as a prudent move. The chartists say the trend in January will portray the coming year. We will see if that holds true.



My daughter Nikki is taking a gap year after she graduated from Missouri and moved to Chicago. That meant we could travel together so off we went to Antarctica (my 7th continent) in November. Wow, what a trip of a lifetime in beautiful landscapes of the mountains and icebergs. The scenery of the South Pole was spectacular.

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Updated Portfolio Reports by Carol

Based on client feedback and to provide you with the information you want, we have made some changes to the quarterly reports. Here is a guide to the report package:

Asset Allocation report – This report is a summary of your holdings broken down by the major asset classes. This report is basically the same but now the colors in the chart for each asset class correspond to the colors on the Portfolio Holdings report.

Portfolio Performance Summary report – No changes to this report but if you only look at one report then this is it. This is a concise but accurate summary of what happened in your portfolio. It starts with your portfolio balance at the beginning of the year; there is a separate line showing contributions and withdrawals for the year; the change in market value plus any capital gains for the year is shown in the line Capital Appreciation; the dividend and interest earned for the year is shown in the line Income. Management fees are shown in a separate line as is Other expenses (usually foreign tax fee) and the change in accrued bond interest is in the line Change in Accrued. The ending value at 12/31/2019 is the sum of all these components added to the beginning balance. The investment gain is the sum of the components (not including any contributions or withdrawals). The investment gain return % is a calculation of the net return as compared to the beginning balance (and adjusted accordingly for any contributions or withdrawals).

Portfolio Holdings report – this report was completely redesigned. As before, this is a detail list of all your holdings. The report now shows the acquisition date of when the holding was purchased or when it was transferred to Asset Planning to manage. The expected annual income has been added. We felt this was important to add as this income is expected to be earned no matter what happens in the market. We now show the Cash Invested (instead of the Cost Basis) as compared to the Current Value. If the holding was not purchased by us, then the transferred in Cost Basis is used for the Cash Invested. The last column is the inception to date Actual Net Internal Rate of Return (IRR) for each holding. The IRR on the last page is the inception to date return since the portfolio has been managed by Asset Planning.

Billing Statement – no changes. The billing statement is for the prior quarter and the fees are not charged to your account (unless you pay by check) until the week after the end of the quarter – usually the 10th of the month. Note: most other firms do not provide a separate billing statement, but we feel that is necessary to be as transparent as possible.



We said goodbye to some of our favorite clients in 2019. It is with great sadness that Irma H., Gary B., Marilyn E., and Al M. passed away this year. They will be greatly missed...

Happy New Year! Sandy (continued)

We saw thousands of penguins walking within feet of us.



Dream big and set some new goals for 2020 and a new decade.

Market Review by Carol

The following are the market benchmarks 2019 YTD. Note: each client's portfolio is individually constructed and the benchmarks are only presented as a comparison tool.

Benchmarks:	YTD Dec. 2019
60% Equity/40% Fixed	16.83%
50% Equity/50% Fixed	14.82%
Barclays US Agg Bond	5.52%
S&P	28.88%
DOW	22.34%
iShares (EFA)Foreign	18.14%

Other News by Carol

In November Schwab announced that it would be acquiring TD Ameritrade. We are still waiting to hear more details, but we have been told that any changes are 18 months out as they want to make it a smooth transition.

Personal news - I am going to be a grandma in 2020! My daughter Kat is pregnant and due in June 2020. I am very excited! She is living in Australia and safe from the devastating fires but not from the smoke. Our thoughts and prayers are with the people and wildlife of Australia.