

## December 2020 Council Newsletter – Insurance Agent Report

Greetings to All Clergy, Officers, Members and Families:

### It's Year 2020 Income Tax Planning Time!

This is the season of the year when I suggest beginning Income Tax Planning for the current (2020) tax period. Why? Because you have December to act upon those tasks that might change your controllable income up or down depending upon your goals. As a reminder, we are in the 3<sup>rd</sup> year of Tax Cuts and Jobs Act effective from 01/01/2018 until 12/31/2025. Under this code, most Americans enjoy low income tax rates (< 24% for up to \$326,600 for 2020 for example M.F.J.). Also, the standard deduction for Married, Filing Joint is \$24,800 which may move you into even a LOWER Effective (Marginal) tax bracket making your actual tax due lower.

Capital Gains Tax both Long & Short Term are also a bargain for individuals, families and small businesses this year! If you're retired or planning retirement you should pay close attention to these variables (or pay a tax advisor). Many families plan to "live on" Social Security or Retirement Pension Income and supplement their income from regular investment withdrawals. Saving their Retirement, Tax Qualified IRA's, 401K's, 403b's, SEP's, etc., etc. if they need them or "leave behind" any undistributed funds trying to save income taxes and allow continued growth. This approach is probably not the best for your heirs; but, very wise if you will your estate to a tax exempt 501, c,3 charity.

Our future is so uncertain with highest ever national debt, a new President and Legislature and the pandemic cost. I hope your personal predictions allow for higher future income tax as well as higher capital gains tax rates. Consider the advantages of withdrawing higher amounts now from your tax qualified accounts in 2020 (if over 59 ½) even though you are not "required" during 2020 because the tax tables and capital gains rates are known and still in force.

If you act now and distribute qualified funds not needed to "live on" and you are blessed with health, why not transfer them into a financially leveraged Knights of Columbus Tax Free Survivor benefit for your loved ones OR donate to your favorite Charity. If you are not so healthy, consider a time phased "Conversion" transfer to a Tax-Free Roth Plan.

Lastly, if you do not have a future forecast that will pay for your retirement living expenses that includes reasonable and probable cost for long-term care expenses, then I submit you probably have an understated future expense plan. Ignoring a minimum of about \$250,000+ of incremental old age cost for one person's care should be added to your Overall Retirement Expense Forecast. Or you may choose Knights of Columbus Long Term Care *Plus* Insurance not only to offset financial risk; but, to save expenses for equipment and services needed but also to shift care giving to care management.

Whatever your situation, you have Fraternal Benefits and me at your service. As we approach Advent...

Here is a Christmas Gift that every father can give his Catholic son or friend or relative over 18 years old. Give the Gift of Instant, On Line Membership by simply sharing this link [www.kofc.org/joinus](http://www.kofc.org/joinus) If your candidates join before December 31, 2020 through this method and use the promo code **CMALBURG** at checkout, they will get **FREE first-year of membership dues worth \$30.00**

Have a safe Advent and I pray we will meet face-to-face very soon. Until then, please contact me anytime, Chuck