

NEWS FROM NNP



Last summer, we wrote about pending legislation that would make changes to retirement savings rules. On December 20, 2019, President Trump signed the SECURE Act into law creating several new rules, which have broad reaching implications.

KEY PROVISIONS OF THE SECURE ACT INCLUDE—

Changes to the RMD age: The SECURE Act raises the age at which individuals must begin taking Required Minimum Distributions (RMDs) from retirement accounts from 70.5 to 72 years old. The new law only applies to those who turn 70.5 after December 31, 2019. The SECURE Act does not change the age at which an individual can make a Qualified Charitable Distribution (QCD).

Contributions to traditional IRAs allowed after age 70.5: Individuals may now contribute to a traditional IRA after age 70.5, provided they have earned income.

New rules for inherited retirement accounts: New rules apply to retirement accounts inherited in 2020 and beyond. Under the old rule, the beneficiary of an inherited retirement account could distribute those assets over their lifetime (Stretch IRAs). Under the new law, those assets must be distributed within 10 years with exceptions for spouses, minor children, disabled individuals and beneficiaries less than 10 years younger than the decedent. Non-designated beneficiaries must still receive funds within 5 years if the account owner passes away prior to turning 72.

Penalty-free withdrawals for birth/adoption expenses: New parents can withdraw up to \$5,000 from an IRA or retirement plan to pay for birth or adoption expenses—through the first year after birth or adoption. No penalties will be applied to the withdrawal, but taxes will be owed on any pretax contributions.

Kiddie Tax update: Unearned income for children

has reverted to the parents' top marginal tax bracket versus using trust tax brackets. This change may be retroactively applied to both 2018 and 2019 tax years, so consult with your tax advisor to determine the best course of action.

New rules for qualified plan sponsors: The new law contains provisions for qualified plan sponsors. Those provisions relate to part-time workers, provisions to help small businesses, annuity offerings in 401k plans and an annual disclosure of projected income requirement.

WHAT DOES ALL OF THIS MEAN TO YOU?

- If you turn 70.5 in 2020, the date of your first RMD will move to the year in which you turn 72. As before, you may be able to delay your first RMD until April 1 of the year following your 72nd birthday, but in subsequent years, you must take your RMD by December 31.
- If you have earned income past the age of 70.5, consider making a traditional IRA contribution, which may provide benefits associated with a lower Adjusted Gross Income.
- If a *Stretch IRA* is a primary planning objective, revisit your plan to assess the impact of the SECURE Act. Consider Roth IRA conversion and/or Roth 401k participation as a possible strategy to mitigate the future tax burden on beneficiaries.
- If you currently have a *conduit trust* listed as a retirement account beneficiary, revisit your trust document to determine the impact the SECURE Act may have on this structure.

The most important step is to consult with your financial advisors. The Team at NNP is ready to help you assess any potential impact the SECURE Act may have on you and your financial planning. Call us to discuss. ■■■

A LETTER FROM THE TEAM

As we send this newsletter to print, both world events and the financial markets are changing daily and evolving at an unrivaled speed. We recognize that many are concerned and feeling anxious. Please remember, we have weathered challenging and stressful times before, and we want you to know that our team at NNP is here for you and working hard. We are confident that by working together, our country and world will successfully emerge from the current crisis. It is our hope that by the time you receive this newsletter, our nation and the world will have made great strides in stopping the spread of the COVID-19 virus.

Stay healthy!

CONTACT US We value your opinion. Have a question or topic that you would like to see addressed in this newsletter? Contact Anna Britton Madden at 864.467.9800 or annabritton.madden@nnpwealth.com.

INVESTMENT COMMITTEE

As a fiduciary to our clients, Nachman Norwood & Parrott is committed to providing unbiased, independent investment advice that is in our clients' best interest. One of the ways we serve our clients in this capacity is through our Investment Committee.

The Investment Committee is guided by several sound investment principals:

- Each investment should have an identifiable role in the overall success of your portfolio.
- Risk has many forms, but the most important risk is failure to meet long-term goals.
- The math of financial loss is unfavorable. A 20% loss requires a subsequent 25% gain to break even. Focus on risk first and then work to optimize the performance for that amount of risk.
- Compound interest has often been referred to as the Eighth Wonder of the World. Participate by staying invested.

Pursuant to these principals, the Committee meets regularly to construct, implement and monitor firmwide investment strategies designed to help our clients meet their financial goals. With over \$1.7 billion in assets under management, NNP and its Investment Committee have access to research partners and sophisticated software, which we utilize

to continuously improve our investment selections, strategy allocations and implementation processes.

In addition to structuring each strategy's allocation, the Investment Committee selects and routinely evaluates the individual securities that make up our portfolios. Each holding is regularly reviewed and assigned a score based on numerous criteria. Scores function as peer percentile ranking based on investment criteria as reflected by prudent fiduciary management. Some criteria of the scores are easy to understand, such as manager tenure, fund flows, organizational stability and internal expenses; others, like risk adjusted returns, alpha, beta, Sharpe ratios and standard deviation, are more complex. While we consider analysis from independent agencies such as Morningstar, we also have access to many of the actual fund managers themselves.

Acting in the best interest of our clients also means implementing recommended portfolio changes as efficiently as possible. We have invested in technology and partner with a custodian to help ensure the best execution for our clients.

We are committed to using our people, resources and processes to fulfill our role as a fiduciary. Our Investment Committee is another example of how we are always working in the best interest of our clients. ■■■

BIRTHDAY MILESTONES

Sometimes, birthdays can be a little daunting. To help with your party, we have listed some extra reasons to really celebrate these milestone birthdays!

- 50** Eligible to make a 401k plan catch-up contribution of \$6,500; \$3,000 catch-up contribution to SIMPLE retirement accounts; and \$1,000 IRA catch-up contribution.*
- 55** Eligible to make an additional \$1,000 Health Savings Account (HSA) contribution—providing you participate in a qualifying high-deductible insurance plan.*
- 64** Prepare to file for Medicare Part A & Part B.
- 65** Consider filing for property tax relief under the SC Homestead Exemption <https://dor.sc.gov/lgs/homestead-exemption>.
- 70.5** Consider making charitable contributions from your IRA via Qualified Charitable Distributions (QCDs).
- 72** Begin taking Required Minimum Distributions (RMDs) from traditional IRAs and retirement plans.

* You can begin making catch-up contributions at the beginning of the year in which the milestone birthday occurs; no need to wait until your birthday.

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Financial Cybersecurity Tips



AVOID PUBLIC WI-FI

Try not to use public Wi-Fi when making purchases or when handling protected information.



USE A CREDIT CARD

Credit cards provide more protection against fraudulent activity than debit cards.



SET BANKING ALERTS

Many banks/credit unions offer email or text alerts when suspicious activity is detected on your account.



USE ENCRYPTED WEBSITES

Check for *https* in your web address, which signifies that the site is secure, or a padlock icon in the top left corner before shopping online.

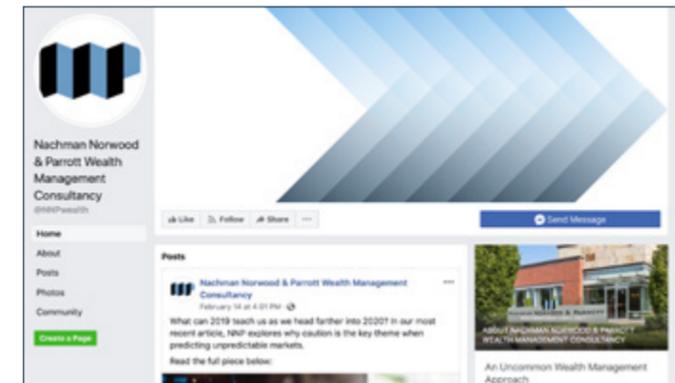


BE CAUTIOUS OF PHISHING

Never give out credit card or banking information over the phone or unverified emails.

WE ARE NOW ON FACEBOOK!

Follow us @NNPwealth to stay up to date on all things NNP.



Russ Miller has joined the 2020 Board of Directors for the Greenville Humane Society. The Board is made up of community members who help to provide leadership for the execution of the Humane Society's mission to preserve the lives and enhance the well-being of animals.



TEAM NEWS



Carter Hall is now a Guardian ad Litem for Greenville County. The Cass Elias McCarter Guardian ad Litem program recruits, trains and supervises volunteers who advocate for abused and neglected children.

Our tech team recently attended a Salentica Elements workshop in Jacksonville, FL, to learn how to enhance our use of CRM and our Client Portal.



Tyler Boswell has joined our group as an intern. Tyler recently graduated from the University of Georgia with a master's degree in financial planning.

We have filed the Annual Amendment of our Form ADV. Since the filing of the previous Amendment of the Form ADV Part 2A Brochure on April 29, 2019, there have been no material changes. There have been no material changes to our Privacy Policy. Both documents are available for your review and download at nnpwealth.com or upon your request to us, in either case without charge.