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Congress Just Changed the Rules for Retirement: What You Should Know and What You Should Do

The Secure Act became law on January 1, 2020. It affects everyone who owns a qualified plan, such as an IRA, 401(k), 403(b), or other such tax-deferred retirement account. The failure to update estate plans to address the new law may have dire tax consequences.

The law has some benefits. People may now contribute to their traditional IRAs at any age, and the age at which required minimum distributions are required increased from seventy and a half to seventy-two.

Unfortunately, the law also has significant drawbacks, the greatest of which is the end of "stretch IRA" planning. Under the former law, a beneficiary who inherited a qualified plan could stretch the period of tax-deferred growth by taking small required minimum distributions over his or her life expectancy. For example, a twenty year old grandchild designated as the beneficiary of an IRA could enjoy tax-deferred growth for approximately sixty-three years. This is no longer the case: the new law generally requires tax-deferred growth to end within ten years of the original owner's death. Moreover, the new law can have particularly severe consequences where a trust is the designated beneficiary of a qualified plan. If the language of the trust so requires, the beneficiary may be prevented from receiving *any* distributions until the tenth year, and then be compelled to receive, and pay tax on, the *entire* distribution in that single year. This may subject the beneficiary to a higher tax bracket.

Though exceptions exist for qualified plans left to a surviving spouse, a beneficiary fewer than ten years younger than the owner, a beneficiary who is disabled or chronically ill, or a minor, the sweeping changes to the law demand the attention of anyone who owns a qualified plan.

In sum, January 1, 2020 brought a drastic overhaul to the rules for estate planning with retirement assets. Owners of qualified plan assets must take action to address the new law in their estate plans.

Crisafulli Gorman Launches Maintenance Plan

We want your estate plan to grow with you so that all of your goals will be met. After all, life changes, laws change, assets change, and health changes over time.

Consequently, we are pleased to announce a maintenance plan intended to help our clients keep their estate plans up-to-date.

Clients who enroll will benefit from:

- quarterly newsletters to stay current on key developments in estate planning and asset preservation;
- an annual maintenance workshop, the first of which will address the SECURE ACT and its impact on estate planning with qualified plan assets;
- an annual maintenance meeting, during which we review and help update, as appropriate, existing estate planning documents, asset titling, and beneficiary designations;
- complimentary word processing changes to existing documents;

- a complimentary consultation with client's family/fiduciary upon disability, admission to long-term care, or death;
- special pricing for additional estate planning, if needed; and
- special pricing for estate planning for family members.

You cared enough to create your estate plan in the first place. Call us at (315) 309-8211 to keep it current by enrolling in the maintenance plan.

Workshops: Essentials of Estate Planning

Do you know anyone who might benefit from learning about estate planning and asset preservation? Would you like a refresher?

We regularly host free, easy-to-understand, informative workshops at various locations throughout Central New York. Attending offers a wonderful opportunity to explore how best to retain control of one's assets and decision-making, to review options for preserving assets against the costs of long-term care, and to learn how assets can be left to loved ones in a tax-efficient, responsible manner. Please encourage your friends and relatives to attend.

Call (315) 309-8211 to reserve your seats at any of the following:

January 30, 2020 from 5:00-7:00 pm @ Fulton Public Library, Fulton, NY

February 27, 2020 from 5:30-7:30 pm @ Seneca Brew Pub, Manlius, NY

March 30, 2020 from 5:30-7:30 pm @ Lafayette Public Library, Lafayette, NY

April 30, 2020 from 5:30-7:30 pm @ Maxwell Memorial Library, Camillus, NY



Timothy P. Crisafulli, Esq. at a recent workshop

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