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EPIC CAPITAL

A Good Life Well Lived™ INSIGHTS

New Inherited IRA Rules

Some potential benefits of the Securing a Strong Retirement Act

Recently, you may have seen headlines regarding the Securing a Strong Retirement Act, also referred to as the second version of the SECURE Act, or SECURE Act 2.0.

As the bill moves from the House of Representatives to the Senate, many hopeful investors are anticipating further retirement support as the majority of the bill stems from the original SECURE Act of 2019. However, it's worth noting that the bill may change drastically before being signed into law. With that in mind, here are some potential benefits of the Securing a Strong Retirement Act.

Required Minimum Distributions (RMD): For those who contribute to a 401(k) or IRA, the Securing a Strong Retirement Act may allow you to wait until age 74 to start taking RMDs from your retirement accounts.[1]

Catch-up Contributions: Those who own an IRA and are over age 60 may be allowed to contribute an additional $10,000 per year to their retirement accounts.[1]

Student Loans: Employers may be allowed to match retirement contributions for employees who are paying off student loans.[1]

There's little doubt the bill will benefit many retirees or those approaching retirement; the only question that remains is "how." If you have any questions about how this new legislation may impact your retirement strategy, or you just want to chat, give me a call anytime. We're always here to help.

Inside this Issue

FEATURES

Debate Starts on Capital Gains Tax

Here is what you need to know.

Now and again, the price action on Wall Street can surprise even the most seasoned investors.

Look no further than when President Biden in late April proposed an increase in the tax on capital gains to 39.6% from 20% for those Americans who earn more than $1 million.[1]

Stocks dropped on the news, with the Standard & Poor's 500 index down nearly 1% for the day.[2]

The "sell first, analyze later" reaction was curious since both Main Street and Wall Street largely expected the proposal. Several times on the campaign trail Biden said he wanted America's wealthiest households to contribute more as a percentage of their income.[3]

It's critical to remember that any capital gains tax proposal will likely face a long, uphill battle before becoming law. One prominent investment bank already has said it projects a more modest increase in the rate, which may land at around 28%.[4]

So at this point, it's uncertain what type of legislation will be taken up by Congress but challenging yourself to be patient during this period of debate and uncertainty may be helpful.

Remember, this article is for informational purposes only. It is not a replacement for real-life advice. Any portfolio changes may require input from your tax or accounting professionals.

Understanding Extended Care

Separating some eldercare facts from eldercare myths.

Addressing the potential threat of extended care expenses may be one of the biggest financial challenges for individuals who are developing a retirement strategy.

The Administration for Community Living estimates that by 2060, 94.7 million Americans will be aged 65 and older. Of those, it's estimated that someone who just turned 65 has an almost 70% chance of needing some type of extended care.[1,2]

What Is Extended Care? Extended care is not a single activity. It refers to a variety of medical and non-medical services needed by those who have a chronic illness or disability that is most commonly associated with aging.

Extended care can include everything from assistance with activities of daily living, like providing help with dressing, bathing, using the bathroom, or even driving to the store. Extended care may also include more intensive therapeutic and medical care requiring the services of skilled medical personnel.

Extended care may be provided at home, at a community center, in an assisted living facility, or in a skilled nursing home. It's also important to recognize that extended care is not exclusively for the elderly; it is possible to need extended care at any age.

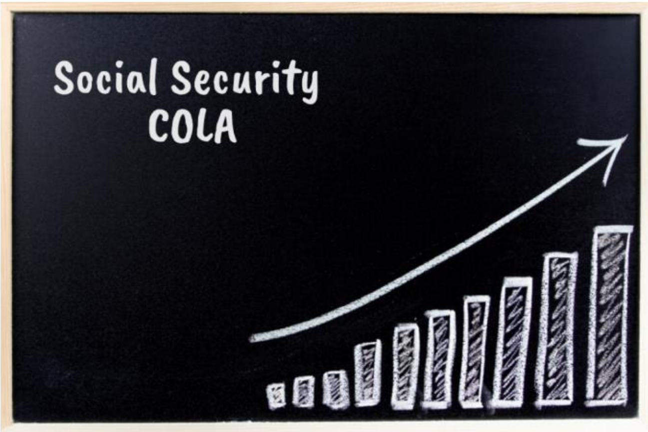
How Much Does Extended Care Cost? Extended care costs vary state by state and region by region. The national average for extended care can cost anywhere from $50,000 to $100,000 or more a year. The cost for a home health aide starts at an average of $20 per hour, but can be expected to increase if skilled nursing is involved.[3]

Individuals who would rather not burden their family and friends have two main choices for covering the cost of extended care: they can choose to self-insure or they can purchase extended-care insurance.

Many self-insure by default, simply because they haven't made other arrangements. Those who self-insure may depend on personal savings and investments to fund any extended care needs. The other approach is to consider purchasing extended care insurance, which can cover all levels of care, from skilled care to custodial care to in-home assistance.

Several factors will affect the cost and availability of extended-care insurance, including age, health, and the type and amount of insurance purchased. You should consider determining whether you are insurable before implementing a strategy involving extended-care insurance. Any guarantees associated with a policy are dependent on the ability of the issuing company to continue making claim payments.

When it comes to addressing your extended care needs, many look to select a strategy that may help them protect assets, preserve dignity, and maintain independence. If those concepts are important to you, consider your financial approach for extended care.



A COLA with Your Social Security?

Preliminary estimates call for a 4.7% cost-of-living increase.[1]

If there is a "silver lining" to all the inflation talk, it may be that Social Security benefits are expected to see a larger-than-normal increase in 2022.

Preliminary estimates call for a 4.7% cost-of-living increase (COLA) in Social Security benefits next year, which would be the highest since 2009. Benefits rose 1.3% in 2021.[1]

The Social Security Administration makes its official announcement in January 2022. The Bureau of Labor Statistics bases its annual adjustment on the Bureau of Labor Statistics data in the Consumer Price Index for Urban Wage Earners and Clerical Workers, known as the CPI-W.[2]

A lot can change between now and January 2022, but remember that data from the third quarter of 2021 will be the basis for the COLA for next year.

In my experience, Social Security is one of the most misunderstood sources of retirement income. For example, only 33% of people in 2021 expected Social Security to be a major income source during retirement. In reality, it was a major source for 62% of retirees.[3]

Retirement may hold many surprises. But your sources of retirement income shouldn't be one of them. It's critical to have a strategy that keeps your expectations in line with reality. We'd welcome the chance to hear what you think about Social Security.

If you would like to further discuss any of the topics written about in this newsletter, or inquire about any of our other services, please feel free to contact us

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