

## HAPPY HOLIDAYS 2020

Greetings! We all know that this past year has been trying, challenging and even heart-breaking. Better times are on the horizon and we are optimistic for our future. We sincerely wish you and your family a very healthy and safe holiday season.

Last year we reviewed the soon-to-be implemented SECURE ACT of Congress, which stands for *Setting Every Community Up for Retirement Enhancement Act of 2019*. Congress now requires all beneficiaries of retirement accounts to withdraw their RMDs (Required Minimum Distributions) within TEN years of the plan owner's passing. There are only a FEW exceptions to this rule: Retirement accounts payable to surviving spouses; beneficiaries not more than 10 years younger than the Plan owner, totally disabled or chronically ill persons; and the Plan owner's own minor children, or those in college to age 26 (maybe, depending upon how a particular Plan Administrator reads the Regulations!). So, who is subject to the TEN YEAR RULE? Everyone else, including the Plan Owner's adult children, grandchildren, nieces, nephews and friends. *Now is the time to review your retirement account beneficiary designations to make sure that they will work well within the ACT and with your own Estate Plan.*

Speaking of proper beneficiary designations, please settle in with a cup of joe, tea or cider for your annual estate planning bedtime story:

We all know that Santa, with the assistance of reindeer, working his sleigh, leaves presents for children all over the world by the deadline, Christmas Day. Unfortunately, Santa's cataracts made it increasingly difficult for him to navigate the sleigh at night. Of course, using global warming as his excuse, (although the historical records are unclear), Santa some years later, finally enlisted the assistance of Rudolph, who saved the day (night, really) with his bright red nose.

The North Pole's Bureau of Reindeer Affairs recently declassified information revealed that each September, two reindeer appointed by Santa are commissioned to map out his annual route, with the assistance of the North American Aerospace Defense Command, or NORAD, as you may know it. It's quite an honor to be selected for this yearly mission. The reindeer selected must agree to "go dark", meaning they cannot have any communications with their families, nor divulge the proposed route with anyone other than Santa and the Bureau. Their commission lasts until December 1<sup>st</sup>, when the appointees fly over to an undisclosed location with Santa's final route to confer with NORAD and obtain its seal of approval.

What in the world does this have to do with beneficiary designations and estate planning, you may be asking, in between sips of cider? Well, let's take a look at each reindeer's pre-mission "estate plan":

OVER PLEASE

THE CASE OF PRANCER: Prancer was the first reindeer called to service by Santa last year. He had never been selected for the mission before. Prancer had an uneasy feeling in his stomach-what happens if I go dark and do not return to my family?

*Good question Prancer!* Prancer is married to Perri and they have fourteen reindeer, five of whom are under the age of 47, which is the North Pole's official age of majority for reindeer. They have a modest estate, spending most of each year traveling across the globe, competing in dance contests, none of which they have ever won. They also have an extensive arborvitae tree farm, but the large family ends up eating all of the profits. Luckily Prancer does have a generous benefits package from Santa, including life insurance and a nice 401(k) retirement account.

In any event, pre-mission, Prancer and Perri decide to sit down with an estate planning attorney who recommends Last Wills and Testaments, with "testamentary trusts" and guardianship provisions for their minor reindeer, along with health and financial Powers of Attorney. The attorney gave them explicit beneficiary designation instructions regarding their life insurance policies and retirement accounts, to coordinate with the estate plan. Perri was relieved and Prancer had no worries. Mission accomplished.

THE CASE OF DASHER: Dasher is single and Santa has called him to duty several times. Dasher truly loves the missions, as he has no ties. He never married and has no tiny reindeer to support. Prior to joining Santa's sleigh team, Dasher had a long career as the Bureau's Ambassador to the World. He lectured extensively around the globe, recruiting young reindeer into Santa's intensive sleigh training program. You do realize that the original reindeer are tired and replacements are in the works, right? Dasher pioneered the recruiting program, which took off exponentially. Now there is a waiting list to join, but Dasher still relishes an occasional sleigh ride.

During his tenure at the Bureau, Dasher received generous yearly bonuses and amassed an enormous 401(k). Upon his departure, Dasher had a colossal investment account and rolled over his 401(k) into a very Important Reindeer Account, or what we would refer to as an "IRA". Did Dasher have any beneficiaries named on his very Important Reindeer Account or investments? NO. Why? Because Dasher never thought about it, being single and unattached. What Dasher failed to realize is that without proper estate planning, the General Laws of the North Pole dictate who receives his assets upon his demise. Without giving it another thought, Dasher proceeded onto the mission. Mission NOT accomplished, but I'll let you decide how this story ends!

We wish you and your loved ones a happy, healthy and safe holiday season!

Kelly, Kim, Amy, Pauline, Barbara & Susan

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