

Open Q&A May 13, 2020

Intro (0:00 – 2:00)

(2:00) Does employment compensation (especially the additional \$600 per week from the Federal Government) count towards the Social Security earning limits on people that have not reached full retirement age?

- Short answer is “no”
- If you wait to take Social Security until full retirement age (depends on the year in which you were born), you can choose to continue to work and not have to pay money back. If you choose to take Social Security prior to full retirement age and continue to work, you can't earn more than a certain amount (\$18,240) before you are penalized.
- Unemployment is not counted as earned income towards your Social Security limit of \$18,240.

(7:00) If I have grandchildren, can I benefit from any tax shelters like creating a college fund?

- Short answer is “yes”
- College savings fall into the 3rd bucket that we talk about, which is the tax-free bucket so once you pay the taxes you would not pay them again. You would not pay taxes on the returns that you would hopefully make.
- Must use this for qualified education expenses or otherwise would pay taxes on it. You could end up paying taxes if you don't eventually use it for the right purposes.
- 529 plans are the more popular college savings vehicle and are state specific. You can get a tax credit for living in Pennsylvania and purchasing a 529 plan.
- Expected Family Contribution is a formula that dictates a family's income or assets that would need to be put towards education before financial aid kicks in. Grandparents continuing to own those assets or that 529 plan, wouldn't then disqualify them from getting certain financial aid.
- Taking money out of the plan will look like income to the student. Saving for later years in college would be best due to earned income that will impact the Expected Family Contribution.
- Structure the plan in conjunction with the parents and look at their Expected Family Contribution.

(12:30) We've heard a lot about economic shutdown and now the focus to reopen. What other “financial” disruptions or changes have occurred in finance as a result of Covid-19 that we should know about?

- The IRS is really swamped right now with questions. Tax refunds, stimulus checks and reviews are slow. Checks are still coming, they are just slow.
- The insurance world is disrupted because how do they underwrite someone with a pre-existing condition and COVID-19 risks? Maybe don't delay if you are considering an insurance change.

- Review estate plans and get together with an estate attorney. Make sure your estate documents are in order. Review, alter, update anything as needed.
- Check the fundamental financial planning boxes. Healthcare directives (living wills) and beneficiary designations on investment and insurance accounts.

(18:45) Stock Market's reaction to David Tepper's comments

- Volatility is not any new news. It could be a while as the market digests the news.
- David Tepper is a hedge fund manager. He is a little more doom and gloom than other money managers.
- We feel this is normal choppy volatility. Could possibly put some cash to work for those that have it.
- Not much has changed in 3 weeks with the market. Try to look forward to what does the end of the year look like, what does the beginning of next year look like.
- If the market goes down again, we may look to rebalance again. Once we get out of this downturn, there will be growth to be had.

(25:45) Please join us for further guest speaker discussions, such as Dr. Karch May 14 @ 7PM

- Lots of information on what reopening looks like and different opinions, but this discussion is coming from someone directly in the field.
 - Please share the invite or Zoom details with those that you feel could benefit from the discussion
- We also have another guest speaker on May 28th – Katie McKenna, motivational speaker
- We are looking to schedule an Estate attorney discussion in the near future.
- We welcome any other ideas for other professionals and topics that you'd like to learn more about.

(32:00) End

The opinions voiced in this recording are for general information only and are not intended to provide specific advice or recommendations for any individual.

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