income. But after decades of purchasing life insurance through work, he had recently taken a new job and hadn’t yet signed up for the benefit.

For Sue, memories of financial insecurity as a child ignited a flurry of action. Within weeks of her husband’s death, she negotiated with the synagogue where she worked on a contract basis to become an employee with benefits. She then worked out a personal loan with a friend to keep her youngest child in college and cut living expenses to roughly half of her new income.

“I think I was able to do all of that because I was in shock,” she says. “I have a certain way of putting things aside when I have to.”

Of the roughly 15 million currently widowed people in the United States, about 2.8 million women and 800,000 men are younger than age 65, according to Census Bureau data. When death comes before you realize your retirement plans,
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as it did for Deutsch, it can be particularly devastating. But whether you are of retirement age or not, getting organized and making the right moves early can help.

That’s why the oft-quoted mantra of telling grieving spouses not to make any financial decisions for a year is misguided at best and can be disastrous at worst. Many decisions simply can’t be postponed for a year. And the fog of widowhood doesn’t magically lift at the end of the first year anyway.

Of course, racing to pay off debts immediately, engaging in retail therapy or rashly selling the family home can be perilous, too, notes Susan Bradley, founder of the Sudden Money Institute, which trains financial advisers to work with clients in transition.

“We advocate a much more nuanced timeline,” says Bradley.

She recommends breaking tasks down into three piles—urgent, soon and later—with those in the last pile perhaps two years or more down the road, depending on individual circumstances. A surviving stay-at-home spouse with school-age kids may have the resources to keep the family home until the youngest graduates, for example, but then may need (or want) to downsize and return to work. An empty nester who had been counting on a few more years of a spouse’s income before retirement—and at least a few years of dual Social Security checks—may need to adjust more quickly.

Acknowledging survivors’ unique circumstances is critical, Bradley says. Some of her widowed clients are also caring for adult children with disabilities or managing care for aging parents, she says.

“It’s unbelievable the complications some people have to deal with,” she says. “We do case work with groups of advisers, and three times in the last year our widows’ special-interest tract had clients who found out their husbands had been cheating for years. There are layers of complications to the grief.”

Taking the time to name all of the stresses and complications is essential to getting in the right mindset to make money decisions that can’t be put off and recognize those that can wait, Bradley says.

Get Organized

Now, for the practical matters. If it’s still early days, begin by making sure the funeral director you’re working with has notified the Social Security Administration of the death and ordered 15 to 20 certified copies of the death certificate for tasks such as retitling the mortgage and changing owner names on financial accounts.

Gather birth and marriage certificates for you and your spouse, birth certificates for minor children, life insurance policies, recent tax returns, military benefit policies and discharge papers, recent employer pay stubs, legal documents including trusts and wills, property deeds, and statements for checking, 401(k), brokerage and IRA accounts.

You’ll need one or more of these documents to apply for Social Security benefits, work with your spouse’s employer to distribute life insurance and other benefits such as final pay and retirement plans, collect private life insurance proceeds and create a cash flow statement and household budget. Get a notebook for logging conversations with your spouse’s employer, Social Security clerks and others. Advisers and survivors say this is essential in the foggy, early days of grief.

“I kept notes on everything,” says Deutsch. “Every time I made a call I wrote down a date and case number for the call so when I would call again and get a new person I could tell them the number.”

Equally important is keeping an expandable file near the notebook. The file should hold death certificates and other important papers, correspondence related to the spouse’s death and current bills due and paid. If your spouse handled the bills and you need a new system, create one box or tray for unopened mail and make sure every piece goes into that box. Look
While he didn’t need a financial windfall, he says he wasn’t prepared for all the minutiae surrounding death. Fortunately, Stephanie kept a notebook with the account numbers and passwords to the recurring bills and financial accounts the couple owned, a tremendous help in the early days before Jason received the death certificate, which most financial institutions require for a surviving spouse to retile accounts.

Manage Your Accounts
Contact the life insurance agent for any policies you own and make a claim. You’ll likely be offered an account to hold the money until you have an investment plan, but it probably won’t be federally insured and will pay little interest. Consider rolling it to a higher-interest savings or money market account backed by the Federal Deposit Insurance Corp. Remember the coverage limit is generally $250,000 per institution, so you may need more than one bank. Or, if you already have a taxable account that you and your spouse previously vetted as a safe place for shorter-term savings, use that.

The Social Security notification will trigger a one-time, $255 death benefit. It will also terminate the deceased’s monthly benefits, beginning with the month of death. If he or she had already received a check for January and then passes away in January, those benefits must be returned. If you had already begun collecting and your benefit was lower, it will be increased to match your spouse’s benefit.

If you have minor children, make an appointment at a local Social Security office as soon as possible to apply for survivor benefits for the kids because the benefit clock begins at the date of application, not the date of death. You may also qualify for benefits as the caretaker of your spouse’s children under age 16.

Otherwise, you can apply for survivor benefits if you are at least 60, 50 if you are disabled. You have an option—no longer available to married couples—to receive a survivor benefit first, letting your own work-record retirement benefit grow and earn delayed retirement credits until age 70. Then switch to the higher benefit. Or, if your survivor benefit will be larger, you can collect your work-record benefit at age 62, switching to the survivor benefit at full retirement age.

Make your preferred strategy known and double check the work of the Social Security office because the department’s own Office of the Inspector General has issued scathing reports in recent years about survivors being misinformed about their options or having their benefits calculated incorrectly.
Create a Budget
You also need to assess how the loss of your partner will affect your overall financial situation and consider whether big changes will need to be made soon. Create a list of monthly expenses and income. Include work income or any Social Security benefits and pensions you already have or can activate now, as well as all expenses that will continue. Keep in mind those expenses could include contributions to retirement accounts if you were still in the contribution years.

If there is a shortfall, that’s the amount you will need to draw off savings accounts to maintain your current lifestyle. If this amount would clearly wipe out your financial assets within a few years, you will likely need to make some major changes to either your expenses or your work income fairly soon.

Be frank and conservative when evaluating the big expenses ahead, says Ginita Wall, a financial planner in San Diego who specializes in advising people going through transitions.

“If there are kids at home, project their needs now and through the college years,” and consider how your finances might look under different scenarios—for example, if you don’t go back to work or decide to keep working part time, she says. “Then you can see what adjustments you need to make.”

When Kathy Muldoon’s husband died while hiking in Sedona, Ariz., about 25 years ago, she knew life insurance proceeds and other assets would allow her three children to finish college, as the couple had always planned. As a financial planner, however, she learned firsthand how dizzying the aftermath of a spouse’s death can be. “I was already a [credentialed planner] by then, but in the moment, there was a paralyzing fear that I wouldn’t know how to do this for my own family,” she says.

The experience still informs her work with clients who have lost a spouse. She creates what she calls a “cocoon period,” typically lasting two to three years, putting a year’s worth of expenses in a money market-type account that is readily available for cash flow. Then she layers in a few more years’ worth of expenses in shorter-term, high-grade corporate bonds, bond funds or limited-term annuities.

“This is the time to get your sea legs and it requires greater stability,” Muldoon says. Of course, the strategy is similar to financial planning for people who are right on the cusp of retirement, but it resonates with survivors of any age, she says, because it speaks to the titanic life changes that come with losing a spouse.

Tread Carefully
Building a safety net doesn’t mean you should be completely inactive. If you want to refuse or “disclaim” assets that would push you into a higher tax bracket, you generally need to do so within nine months of a spouse’s death. Tread carefully here, experts say, because giving up assets so early into widowhood can be fraught with regret.

The recently passed SECURE Act creates another wrinkle to the disclaiming decision, notes Philip Herzberg, a financial planner in Miami with The Lubitz Financial Group. The law forbids nonspouse IRA beneficiaries to stretch distributions over their lifetimes, potentially delaying tax payments for several decades. Now, the money must be distributed and taxes paid within 10 years. “A couple of years ago we advised a 61-year-old widow with a couple of adult kids in high-tax brackets to disclaim an IRA for the kids, who were in their 30s,” he says. “Today we wouldn’t do that” because the faster liquidation would create big tax bills for the kids.

Formally notifying banks and other financial institutions of your spouse’s death can be particularly frustrating because each institution has different policies about documents needed. Financial institutions also vary in how well they train employees to treat those who have just lost a spouse. Even if you had joint accounts, for example, requirements for removing one of the names are not the same across institutions.

Don’t feel pressure to change names on accounts
immediately. In fact, keeping some accounts open and in the name of the deceased spouse is important if you’ll be receiving money in that name.

It’s only money, but this process can be raw and emotional.

“Sitting in the bank taking my wife off all our accounts,” said Sevy in a post to an online grief support group. The post garnered 544 reactions from other survivors. In an interview, he says sharing the experience with other survivors was a way to acknowledge the depth of meaning in these tasks.

Sevy was able to access the couple’s joint accounts online because Stephanie kept those passwords in a place he would find. But she also had a store credit card and accounts for the couple’s children in her name that needed to be retitled, which took a few months.

**Think Ahead**

Once the major financial tasks are complete, it’s time to think about the future. Begin to envision what you want to do and how your expenses will need to change as you make these moves and, perhaps, as children leave home.

Calculate your net worth by adding up all your assets (including a realistic value on a home or other properties) and subtracting all debt, including mortgages and other loans. For a retirement snapshot, tally just the accounts you’re planning to use for retirement, and figure out what multiple of your new living expenses that represents. As a general rule of thumb, financial advisers often recommend having 25 times your projected annual living expenses at retirement.

For the year in which your spouse dies, you can choose the status under which you file your tax return: “married filing jointly” or “married filing separately.” The IRS recommends taxpayers “choose the one that allows them to pay the least amount of tax.” In subsequent years, if you have dependent children, you can file as a qualifying widow(er), which essentially keeps the same rates as married filing jointly. Later, with dependents still at home, you could qualify for the head of household status, which offers more favorable brackets than filing as a single. Particularly if your income has declined substantially with the loss, think about using these years to make conversions from a traditional IRA to a Roth IRA.

If you’re the beneficiary of your spouse’s 401(k) or IRA, are younger than 59½ and will need to access the money before you retire, you may want to establish an inherited IRA, which allows withdrawals without the typical 10% penalty for accessing the money early.

If you are certain you won’t need these funds before 59½, or you have already passed that threshold, you can roll the money into your own IRA and reset the clock for making required minimum distributions, using your own age, not your spouse’s.

If your spouse’s 401(k) plan allows it, you can leave the money in the plan, taking withdrawals if needed without penalty, though you’ll still owe ordinary income taxes. If you’re 72 or older, you will need to take required minimum distributions, though they have been waived in 2020. If the plan offers lots of low-cost investment options, make sure anyone who suggests rolling it out of the plan has an alternative that is at least equally attractive.

**Look for Trouble**

Financial adviser Robin Young has worked with widows in their 40s and 50s who wanted to keep up their previous lifestyle while children were still at home, with a plan to scale back spending and possibly go back to work later on to replenish retirement savings.

**Watch Out for Scams**

Scam artists and unscrupulous debt collectors often prey on the recently bereaved, warns Cindy Housnell, president of the Women’s Institute for a Secure Retirement.

“We still hear stories about people coming to widows’ doors with a shady document about debts owed and [a surviving spouse] feels bad and writes a check on the spot,” says Housnell, whose organization recently published a financial guide for widows at wiserwomen.org/resources/widowhood.

And it’s not always strangers who present a threat. “All kinds of people took advantage. You’re so vulnerable,” recalls Susan Ogan, who was widowed two decades ago at age 45. In one example, she says, she gave an acquaintance a five-figure donation for a charitable fund that never materialized.

“The more affluent the family, the more the adult kids suddenly need a new house or to start a new business” when a parent dies, says Larry Stein, a financial adviser in Deerfield, Ill. “The doors to the ‘family bank’ are wide open.”
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That strategy can work, but be sure to look down the road and see if the spending is truly sustainable. For a client who was widowed at 55, Young ran projections on her cash flow, determining the client could continue making payments on her main home and a vacation home she loved sharing with her young adult children. But down the road, the expenses took a toll on her retirement picture, according to portfolio simulations Young performed.

“This allowed her to understand that although keeping the vacation home in the short term was not an issue, it could be in the longer term,” Young says. But if she sold the vacation home, she “really tapped into her goal of financial security.”

The widow had a talk with her family, sold the vacation home and ended up renting a place. The family memories continued, and so did her portfolio, Young says.

Understand Your Risks

Figuring out your own tolerance for investment risk is a tricky business. It becomes even more complex if the loss of your spouse was at an unusually young age and you have many decades to plan, your job security is uncertain or you just haven’t thought about it before. So, working with an adviser or not, take the time to think through your ability to withstand market gyrations.

“The basic way to think about it is how much of your spending do you want to expose to the stock market?” says Wade Pfau, a professor at The American College of Financial Services and author of Safety-First Retirement Planning: An Integrated Approach for a Worry-Free Retirement. For people living on a portfolio, he generally recommends covering basic living expenses with annuities and Social Security (if available), then investing the rest in stocks. Some annuities are complex, expensive products, so you may want to stick with low- or no-commission fixed annuities.

Finally, remember that while completely ignoring your financial picture for a year is risky, this is a marathon, not a sprint. Along the way, expect to encounter a few different paths to retirement, and don’t be surprised if your ultimate destination changes over time. “In our experience the transition [into widowhood] takes about six years,” says Bradley. “Beginning in about the third year there is an awakening to more detail and more choices, and you begin the reinvention process. It takes time, but this can be a beautiful process if you give yourself time to explore possibilities.”

MANAGING YOUR FINANCES

Active Funds Get Another Look

This has been a particularly nerve-wracking year for retirees and people approaching retirement: Not only have they had to cope with the deadly COVID-19 pandemic, they also are watching stock market volatility make mincemeat of their retirement savings.

Market tumult has dragged indexes down by more than 20%, snapping the longest bull market in history. Not surprisingly, passive index funds, which mimic the composition and performance of the S&P 500, Nasdaq 100 and other indexes, also fell. So, too, have target-date funds, which dial down risk as owners approach retirement age and are the default investment in many 401(k) plans. Wide intraday price swings for passive and target-date funds have shaken retirees who can’t always wait months or years for markets to recover.

Because of their higher costs and lower returns, actively managed funds have taken a backseat to passive funds in defined contribution plans. More than 90% of 401(k)s and similar plans include target-date funds among their investment options; fewer than 40% offer managed funds, according to a 2017 survey by the Callan investment consulting firm. Most, if not all, 401(k) plans offer at least one index fund.

But last summer, Morningstar found that actively managed funds outperformed passive funds in the year through June 2019, with 66% of active growth funds beating the average returns of their category’s passive peers. That has some financial professionals wondering if actively managed funds, which buy and sell assets based on the fund manager’s analysis, could overtake target-date funds as the default strategy in defined contribution retirement plans.
“Target-date funds are the dominant default in defined contribution plans today, although interest in more personalized solutions, such as managed accounts, has been growing,” David Blanchett, head of retirement research at Morningstar Investment Management, says in a recent white paper on default investments.

Tumult on trading floors often creates transient bargains that savvy fund managers can identify. Brad McMillan, the chief investment officer at Commonwealth Financial Network in Waltham, Mass., says investors’ rush to blindly sell equities has led some stocks to fall well below their fair value.

“Right now, investors have priced in enormous losses, but that will change,” McMillan says. “I’m not an optimist; this is a matter of math.” Not every stock will recover to the same degree at the same time, he adds. That is the opening for managed funds to pick the best and leave the rest until the recovery is over. Index funds will come back as well, but not as far because they will buy entire indexes, not just top performers.

Even Hendrik Bessembinder, an Arizona State University professor who has written extensively about why active management is unlikely to outperform passive funds, isn’t ready to dismiss active management yet.

“A simple strategy of investing in one or a small number of broadly diversified, low cost index funds, on a buy-and-hold basis, is hard to beat,” says Bessembinder, whose widely read paper, “Do Stocks Outperform Treasury Bills?” has been published by the Journal of Financial Economics. His research shows that active management is likely to underperform passive funds.

“But does that mean that active management is a waste of time? No, I don’t think so,” he says. “The markets are not perfectly efficient. While it is difficult to time the market or to identify misvalued securities, it is not impossible for people with the right skill set.”

That skill set must be enough for fund managers or management teams to consistently outperform passive funds after accounting for fees and taxes. Portfolio managers of actively managed mutual funds don’t always have the best track record for doing so.

“We know that overconfidence can be an issue” when fund managers meet plan trustees, Bessembinder says. “It should be kept in mind that it is easier for a manager to say they are as skilled as Warren Buffett than to actually be as skilled as Warren Buffett.”

K MARK A. STEIN

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**How to Pick an Actively Managed Fund**

No one knows how to choose actively managed funds better than our own experts on staff who compile the Kiplinger 25, which is *Kiplinger’s Personal Finance* magazine’s annual list of favorite no-load mutual funds (kiplinger.com/links/kip25). Here are their tips for what to look for:

- **Start by screening for no-load funds with above-average long-term performance, low-to-moderate expenses and a reasonable initial minimum investment.** But it’s not enough to look at a fund’s long-term returns. One superb year may make a mediocre fund look better than it really is. So pay attention to year-by-year results. How did a fund weather the catastrophe of 2008? Or the market correction in 2018?

- **Compare the fund against other funds in its peer group and against its benchmark.** You want a fund that consistently shows up in the top half of its category.

- **Pay attention to risk.** Look at standard deviation (a measure of volatility) and how a fund has performed in down markets. In the case of a bond fund, you don’t want one that craters as soon as interest rates start to rise (bond prices and interest rates usually move in opposite directions).

- **Is the current manager or team of managers responsible for the long-term record? If not, don’t automatically rule out a new manager if he or she has compiled a fine record elsewhere.**

- **The size of the fund is important, too.** The bigger a fund is, the less nimble it can be, and that can hurt returns. This is particularly true of funds that focus on small firms, but asset bloat can also drag down the performance of funds that invest in large companies.

- **Get to know the managers of the funds you like.** Read their missives to shareholders and media reports about them. Look for clear-thinking managers who have a passion for investing and a disciplined investing methodology.

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INVESTING

Bond Funds to Buy for Protection

As the stock market keeps taking a beating, nervous investors look to bond mutual funds and exchange-traded funds for protection. After all, fixed income typically provides regular cash and lower volatility when markets hit turbulence, as they’ve done recently.

Bonds offer ballast, “not only downside protection but also moderate upside potential as investors tend to seek out the safety of U.S. government and investment-grade corporate bonds amid stock market uncertainty,” says Todd Rosenbluth, senior director of ETF and mutual fund research at CFRA, a New York-based investment research company.

These three funds—an index fund tracking a major bond benchmark and two short-term ETFs—can help protect your portfolio. They range from a fund that invests in thousands of bonds to one with a select 15 bond issues, and primarily rely on debt such as Treasuries and other investment-grade bonds. But in this unprecedented environment, even the bond market is acting unusually, so be mindful of your risk tolerance.

**MINT** is among the more conservative bond ETFs you can buy. The fund currently has more than 840 holdings, with a stated goal of “capital preservation, liquidity and stronger return potential relative to traditional cash investments.”

The trade-off? A bit more risk than, say, a savings account or money market fund—but far less risk than most other bond funds. The ETF’s holdings are 93% invested in bonds with less than a year to maturity, with the remaining 7% invested in debt with no more than three years left. More than 75% of the fund’s bonds have investment-grade credit ratings—the majority is investment-grade corporate debt, though it also includes Treasuries and other bonds.

MINT offers a “relatively attractive yield given its minimal interest-rate risk and can be a stronger alternative to sitting on the sidelines,” CFRA’s Rosenbluth says.

**ASSETS UNDER MANAGEMENT:** $15.3 billion
**SEC YIELD:** 1.97%
**EXPENSES:** 0.136%

The **SPDR Bloomberg Barclays 1-3 Month T-Bill ETF** (BIL, $91.57) is a liquid way to get access to the short end of the yield curve. This is a tricky time to be buying bonds since “yields are in a race toward zero,” says Charles Sizemore, a portfolio manager for Interactive Advisors, a registered investment adviser based in Boston.

“Buying longer-term bonds at these prices exposes you to interest-rate risk. If yields bounce off of these historic lows, bond prices will fall,” says Sizemore. It’s better, he says, to stay in bonds with shorter-term maturity “rather than reach for a slightly higher yield that won’t really move the needle that much anyway.”

BIL invests in an extremely tight portfolio of just 15 bond issues with thin maturities of between one and three months—good for the truly risk-averse. BIL hardly moves in good markets and in bad. Over the past month, for instance, BIL has gained 0.2%, with a chart that looks like a straight line compared to most major bond and stock market indexes alike.

“The yield is a moving target and may approach zero soon due the Federal Reserve slashing rates,” Sizemore says. “But you have essentially no interest-rate risk and you’re parked in the safest corner of the bond market.”

**K ELLEN CHANG**

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**ASSETS UNDER MANAGEMENT:** $76.3 billion
**SEC YIELD:** 2.6%
**EXPENSES:** 0.05%

The **iShares Core U.S. Aggregate Bond ETF** (AGG, $115.21) is an index fund that tracks the Bloomberg Barclays U.S. Aggregate Bond Index, or the “Agg,” which is the standard benchmark for most bond funds. This portfolio of more than 7,600 bonds is heaviest in Treasuries, at a 42% weight, but also has significant exposure to mortgage-backed securities (MBSes, 28%) and corporate debt (24%), as well as sprinklings of agency, sovereign, local authority and other bonds.

This is an extremely high-credit-quality portfolio with nearly 75% of its assets in AAA debt, the highest rating possible, and the rest invested in other levels of investment-grade bonds.

**ASSETS UNDER MANAGEMENT:** $14.9 billion
**SEC YIELD:** 2.56%
**EXPENSES:** 0.36%

If you prefer a human being overseeing your short-term bond investments, look to an actively managed ETF such as **PIMCO Enhanced Short Maturity Active ETF** (MINT, $99.00).
How to Participate in a Clinical Trial

ALL HIS LIFE, STEVE SULTANOFF, 66, HAD HIGH CHOLESTEROL, a problem that runs in his family. When he was younger and didn’t have great health insurance, he decided to participate in clinical trials to get better health care and help discover new medicine that would benefit him.

He was put on statins, but those gave him terrible muscle aches. It took 30 years of participating in some 10 to 15 clinical studies before Sultanoff hit pay dirt—an injectable medication that lowered his cholesterol with almost no side effects. “I couldn’t be happier,” says Sultanoff, who lives in Irvine, Calif.

The health industry needs clinical trials to test new medications before they are brought to market, and clinical trials need participants—healthy people and those with chronic conditions. But Americans, especially those age 65 and older, often aren’t part of the very studies for new medications that could treat an aging population.

“Historically, aging adults are not in clinical trials, even when testing for diseases that disproportionately impact older adults,” says Lindsay Clarke, vice president of Health Education and Advocacy at the Alliance for Aging Research in Washington, D.C.

There are several reasons for this. Some studies impose arbitrary age limits for enrolled participants. Others may use criteria that disproportionately affect older people, such as excluding those with multiple health problems or physical or cognitive impairments, writes Barbara Radziszewska, health scientist administrator, Division of Geriatrics and Clinical Gerontology for the National Institute on Aging, on the institute’s website.

As a result, the National Institutes of Health and the Food and Drug Administration have created new policies and guidelines to ensure that more people, especially those age 65 and older, are included in clinical trials.

Be Proactive
If you want to participate in a clinical trial, the first step is to ask your general doctor or specialist if they know of any that you could participate in. If the answer is no, it is easy to search and apply for such trials. All clinical trials nationwide—and there are typically thousands going on at one time across the country—are listed on the National Institutes of Health’s searchable database Clinicaltrials.gov.

The nonprofit Center for Information and Study on Clinical Research Participation uses information from Clinicaltrials.gov, but in easy-to-understand language. Submit a brief form on its website and the group’s staff might be able to help you find a clinical trial.

For trials that address a particular health condition, check out the website of a well-regarded organization for that condition. For example, the Michael J. Fox Foundation for Parkinson’s Research provides information about clinical studies for Parkinson’s, while the National Organization for Rare Disorders does the same for its constituency.

Review the Terms
Before starting any trial, you will be screened and, if accepted, given information about the trial and asked to sign that you understand the terms for participating. You should not sign on the spot, but take the paperwork home, read all the information and talk it over with a family member or friend.

Experts say, among other things, it should be clear:
- How long the trial will take (they can be as short as a day or last for years).
- How often you’ll need to visit a doctor’s office or hospital.
- What the potential side effects are.
- If you can continue taking your regular medication.
- If researchers will talk with your regular doctor.
- If you will be paid for travel and other expenses, or a stipend (sometimes you are, sometimes you’re not).

For Genma Holmes, 52, from Hermitage, Tenn., taking part in clinical trials was a matter of health and principle. As an African American woman, she is well aware of the negative association clinical trials have for black people, who have been subjected in the past—without their consent or knowledge—to sterilization and syphilis studies with horrific results.

She is in the maintenance phase of a three-year clinical study for a medical procedure to treat hypertension. Holmes said the ongoing monitoring during the trial helped her change her lifestyle and lose weight; that plus the procedure means she is now completely off blood pressure medication. She also recruited about 20 people to participate in hers and other clinical studies.

Doing a clinical trial, she says, was about “self-preservation and how to move the conversation in this community—not just for people of color, but for everyone.”

K ALINA TUGEND
**Understanding Delayed Benefits**

We applied for Social Security benefits in 2016 after our birthdays in January. My wife was 66 and I was 63. We began receiving benefits in June. Our plan was for me to receive early reduced benefits and for my wife to receive spousal benefits, which were more than her full benefits because I am the higher earner, and I let her benefits earn delayed credits. That worked OK. It turned out that because we have a disabled dependent child, the combined benefit for the household maximum reduced her benefit. It made it a little less than her own full benefit and less than spousal benefits alone.

Now she is 70 and would like to begin receiving her delayed benefit on her record, which should be higher based on the calculator when we filed. Is she allowed to do this? Assuming your wife filed a restricted application only for spousal benefits at her full retirement age and her own retirement benefit at age 70 will be higher than what she is receiving now, she most certainly can file for her own retirement benefit. That’s according to Jim Blair, a former Social Security district manager and partner at Premier Social Security Consulting, in Sharonville, Ohio. This will end the benefit payment from your record, which will allow your disabled child to receive his or her full benefit, as it will no longer be subject to the family maximum.

If this is your situation, the conversion at age 70 is not automatic, and your wife will need to contact the Social Security office to file her application. If the employees at the local office cannot answer her questions about filing, she should ask to speak to either the technical expert or supervisor. These are specialized employees at Social Security Administration offices, who should be able to help her.

**Gifting an RMD**

I gave my RMD (Required Minimum Distribution) to my granddaughter. She is in law school, so she will use the money to pay tuition, books, fees and some living expenses, such as rent. Is this taxable? How do I report it to the IRS?

You are a very thoughtful grandparent! But yes, the RMD is taxable to you, as the account owner. The subsequent transfer of money to your granddaughter is a nontaxable gift to her. However, if the total amount you gave to your granddaughter over the year is more than $15,000, you will have to file a gift tax return. But you likely won’t owe any gift tax unless total gifts during your lifetime exceed your lifetime estate and gift tax exemption ($11,580,000 for 2020, and $23,160,000 for couples). In the future, you may want to consider writing a check directly to the school to cover her tuition. It’s then not considered a gift.

**Figuring Estimated Tax Payments**

We’re both 66, retired, but not receiving Social Security yet. We’ve been living off after-tax investments, so the only federal tax we pay is from interest and dividends. This year we’re thinking seriously about making a Roth conversion of some of the traditional IRA money. That move would throw us into the 22% tax bracket.

So if we wait until the fourth quarter of 2020 to make that move, do we have to make estimated tax payments, with the first one as early as April, or just wait until Dec. 15, 2020, to make one big payment? We don’t want to get caught with any underpayment penalties.

Taking the interest and dividend payments out of the equation, since it’s not clear how much you might have, you probably can wait to make estimated payments for the conversion. According to the IRS, “You don’t have to make estimated tax payments until you have income on which you will owe income tax. If you have income subject to estimated tax during the first payment period, you must make your first payment by the due date for the first payment period.”

If you don’t have income subject to estimated tax until a later payment period, you must make your first payment by the due date for that period, the IRS says. You can pay your entire estimated tax by the due date for that period, or you can pay it in installments by the due date for that period and the due dates for the remaining periods. For more details, see IRS Publication 505 (https://www.irs.gov/publications/p505#en_US_2019_publink1000194646). But please also note: The interest and dividend payments could also trigger an estimated tax requirement on their own.
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Information to Act On

**ECONOMY**

- **Consumer goods shortages.** Some consumer goods are getting scarce, and we don’t just mean hand sanitizer and toilet paper. Expect a number of products to be in short supply this spring. Many imports from China didn’t make it onto cargo ships in January or February. Inventories are falling because of delayed shipments of raw materials and components sourced from Asia, but breakdowns in the supply chain go beyond China.

  Businesses that import parts or materials from Southeast Asia are finding out that many of those suppliers depend on China for raw materials. One-third of Cambodia’s garment factories have shut down for lack of Chinese fabrics. Myanmar, Bangladesh, Thailand, Pakistan and other countries are experiencing similar China-related shortages. China’s factories are slowly getting back to normal, but it will take time for them to make up for lost production and restock inventories.

  In the meantime, shortages likely will include some medicines and prescription drugs—such as generics, some antibiotics, the heart drug heparin, acetaminophen and others. India manufactures many of these, but the ingredients tend to come from China.

  The U.S. Food and Drug Administration is monitoring the situation and maintains a list of drug shortages at [www.accessdata.fda.gov/scripts/drugshortages/default.cfm](http://www.accessdata.fda.gov/scripts/drugshortages/default.cfm). If you use a generic drug, consider asking your doctor to check on name-brand alternatives or get a prescription for a longer supply. For more details on other expected shortages, see “10 Products in Short Supply Due to the Coronavirus” at Kiplinger.com.

- **Recession Ahead.** The interruption to U.S. and global economic activity will cause a brutal recession this year, with GDP down 4%, worse than the Great Recession. This best-case scenario assumes that government restrictions on businesses and movement are relaxed in May and that the economy rebounds solidly in the second half of the year. Consumers will be reluctant to make major purchases while their employment status is in jeopardy. Businesses will be reluctant to hire or invest in new equipment if the economic future is uncertain. Expect home sales to drop this spring but then soar when health fears subside.

- **Stimulus checks.** Congress is doing its part to help the economy. Most U.S. residents with gross income of up to $75,000 ($150,000 if married) will receive a one-time check for $1,200 ($2,400 for married couples).

**TAXES**

- **Bankruptcy protection limits.** Be aware that your retirement funds aren’t always exempt from bankruptcy creditors. A recent divorcée was awarded half of his wife’s 401(k) and her entire IRA. He later filed for bankruptcy and tried to shield these accounts from his creditors. Under bankruptcy law, 401(k)s and $1,362,800 in IRAs are exempt. But a bankruptcy court ruled that the exemption applies only to the person who created and funded the accounts. It’s important to note the divorce decree in this case regarding the 401(k) wasn’t a qualified domestic relations order. For tips on handling finances when you divorce late in life, see “Dividing Your Assets in a Gray Divorce” at [www.kiplinger.com/article/retirement/T065-C000-S004-dividing-your-assets-in-a-gray-divorce.html](http://www.kiplinger.com/article/retirement/T065-C000-S004-dividing-your-assets-in-a-gray-divorce.html).

**HEALTH**

- **Supportive help.** Older adults with chronic health conditions are at the highest risk for the coronavirus. The National Council on Aging has issued what it describes as an intergenerational call to action, with a tip sheet for what seniors can do to help themselves, along with suggestions for how neighbors and friends can be supportive. According to the NCAO, “it is everyone’s responsibility to slow the outbreak and protect ourselves and our older loved ones, neighbors, and friends.” Among the tips: Be a source of accurate, trusted information for your family, friends and neighbors. Don’t assume that everyone knows what you know about how to protect themselves and others. Urge the younger people in your life to take this seriously. Reach out especially to isolated older adults you know. Check in on them. Let them know you care. See if they need help and, if they do, help them figure out how to get it. See more at [www.ncoa.org/blog/do-your-part-to-stem-covid-19-an-intergenerational-call-to-action](http://www.ncoa.org/blog/do-your-part-to-stem-covid-19-an-intergenerational-call-to-action).

**FRAUD**

- **Coronavirus cure claims.** Stay on the lookout for companies marketing false claims and cures for the coronavirus. A growing number of companies are allegedly selling unapproved products that may violate federal law by making deceptive or scientifically unsupported claims about their ability to treat the virus, the Federal Trade Commission says. Keep in mind that according to the Food and Drug Administration, there are no approved vaccines.
drugs or supplements available that can treat or prevent the virus. Companies are increasingly advertising teas, essential oils, and other products as cures. Scammers also are setting up websites to sell bogus products, with fake emails, texts and social media posts, aiming to also steal your personal information. Seek coronavirus advice from your doctor or government agencies. The FTC has more tips on avoiding coronavirus scams at www.consumer.ftc.gov/blog/2020/02/coronavirus-scammers-follow-headlines.

CONSUMERS

■ Resource list. The coronavirus is creating financial upheavals for consumers, but there are resources to help, the National Consumer Law Center notes. The NCLC is compiling a regularly updated list of resources for finding legal assistance such as a bankruptcy attorney, reaching a consumer advocate, getting help with utility bills, and more. See the list at www.nclc.org/for-consumers/how-to-get-legal-assistance.html.

■ Consumer rights. If you made travel plans before the coronavirus crisis and want to cancel your trip, you need to research whether you will be eligible for a refund. And if there is price-gouging of consumer goods in your area, there are ways to report it. The Consumer Federation of America has guidance for consumers on its site at consumerfed.org. If you have booked a trip and no longer want to go, whether because you are worried about the virus or because your event has been cancelled, be aware you are not automatically entitled to refunds or credits, the CFA says. Companies set their own cancellation and refund policies, but many are now making exceptions in light of the situation. Contact the businesses to ask about your options, and ask if you have protections as a benefit from your credit card issuer.

Also, if you find sky-high prices at your local store when you are shopping for necessities, be aware that price hikes may be illegal in some states, if the governor has declared an “emergency.” Plus, your state or local consumer protection agency wants to know about sudden hikes for items like face masks or toilet paper. Contact your agency at www.usa.gov/state-consumer. And tell companies like eBay and Amazon if you see sellers charging exorbitant prices.

TAX TIP

Timelines for the Paper Trail

Deadline extension. If you haven’t filed your 2019 tax return, the IRS has extended the filing and tax payment deadline from April 15 to July 15. The relief also extends to self-employment tax of sole proprietors and the first quarterly estimated income tax payment for 2020 normally due April 15. The IRS won’t charge interest or penalties.

Keeping tax records. If you’ve already filed your taxes, you may be wondering what you should do with all the forms, receipts, cancelled checks and other records scattered across your desk. Do you need to keep them, or can you throw them away? The IRS generally has three years after the due date of your return (or the date you file it, if later) to kick off an audit of your return, so you should hold on to all of your tax records at least until that time has passed.

But you can do more to protect yourself. Keep in mind that you might want to retain certain documents for nontax purposes. For example, it might be wise to save W-2 forms until you start receiving Social Security benefits so you can verify your income if there is a problem. And you should know that the IRS has up to six years to kick off an audit if you’ve neglected to report at least 25% of your income. For self-employed people, who may receive multiple 1099s reporting business income from a variety of sources, it can be easy to miss one or overlook reporting some income. To be on the safe side, if you fall into this category, you should generally keep your 1099s, your receipts and other records of business expenses for at least six years.

Here’s something else to consider. Sometimes your stock picks don’t pan out, or you lend money to your deadbeat brother-in-law who cannot pay you back. If that’s the case, you might be able to write off your bad debt (and worthless securities). But make sure you keep related records and documents for at least seven years. That is how much time you have to claim a bad debt deduction or a loss from worthless securities. For more details on what forms to keep, which ones to shred, and timelines to consider, see “How Long Should You Keep Tax Records?” at www.kiplinger.com.
List all accounts, assets, debts and liabilities in one place, with passwords for online accounts and digital assets, as well as the names and contact information of professional advisers like lawyers and accountants. Include tax records, insurance policies and that safe deposit box or credit union account from two decades ago. “Your job is to pass things from that person to whoever inherits it. You need to know what’s there,” says Mary Randolph, author of The Executor’s Guide (Nolo, $40). Sometimes just the onerous process of listing all accounts inspires people to simplify their finances, which makes the executor’s job easier. They may even list heirlooms and designate which family members should receive which items.

The best executors are organized, comfortable with details and numbers, and methodical in what can be a long process. “You don’t have to be a financial wizard,” Randolph says. “You need to be honest, patient and conscientious, and not engage in self-dealing.”

**Stay Organized**

After the testator dies, don’t rush to distribute assets immediately. Take time to grieve and honor the decedent with a funeral. The executor should secure household possessions, so nobody walks off with a valuable wine collection or the family Bible. “A lot of times it’s the things that are of sentimental interest that generate the most conflict,” says Drake. “For the executor to have the ability to change the locks on the house and inventory everything is great.”

Request multiple copies of the death certificate,
which you'll need to close and transfer the decedent's accounts, says Alexandra Owens, 58, a New York City-based association executive, who served as executor for a work colleague.

Consider whether you should hire an attorney to file legal and tax forms or if you can manage most tasks on your own. “You can get lots of help at a bank or from a lawyer or government websites,” Randolph says. You can get an attorney’s advice without turning over everything—and the estate will pay the attorney’s fees. The decision likely hinges on the complexity of the estate, the state the decedent lived in and how easily you can manage the disposal of the assets. Some states provide a simplified probate procedure for smaller estates.

Only assets held solely by the decedent go into probate. You don’t include life insurance policies or retirement accounts that named a beneficiary, or any real estate held with a living spouse or other individual.

Meet Your Deadlines
The bulk of the executor’s job involves spreadsheets, forms, court dates, phone calls and email. Once you file with the court and receive authority to act on behalf of the estate, you can create a calendar of deadlines for notifying creditors and heirs, filing forms and completing taxes. Again, state rules will hold sway. Illinois, for example, requires executors to pause the probate process for six months to make sure potential creditors have ample time to file claims on an estate, Drake says.

As the executor, you also should consider creating one centralized system to keep track of accounts, tasks and the distribution of assets. Open a bank account for the estate so you can pay all bills and deposit proceeds from assets in the same place. Keep good records and preserve the value of assets by, for example, maintaining the decedent’s house. Notify all heirs of the process and timing of probate, and keep them updated.

Unless the decedent has a valuable collection or antiques, you should be able to divide up household assets without an assessment. Families can agree on a method, such as taking turns choosing items. At the end of the claims period, you determine which creditors need to be paid and in what order. Then heirs receive assets as designated in the will.

“It was so much work,” Alexandrov says. “The most positive part is it brings you close to the person that has expired. I gained an incredible amount of respect for my mom, for all her accomplishments.”

Katherine Reynolds Lewis

When Ruth Wooden Was President and CEO of Public Agenda, a nonprofit research organization, she found herself dreaming at night that she was sitting in a classroom. At the time, Wooden, who had worked in advertising and public service for decades, was turning down offers to teach college courses about advertising. She wanted to do something else. Wooden decided to try teaching—about conflict resolution, not advertising. Once on campus, she realized that she really wanted to study, not teach.

Having retired from Public Agenda, Wooden began teaching in the fall of 2011. Soon after, she entered a master’s program in theology and religious studies, taking one or two courses per semester for four years. “It just energized me,” says Wooden, now 73.

Prepare for the Ride
Transitioning to retirement can be bumpy, but having a plan (or stumbling upon one) can make the switch smoother, experts say. That’s important because people are living longer and staying in the workforce well into their 60s and beyond. Many of them consider this an opportunity to try a new field.

Wooden found her path through connections and introspection. Others seek retirement coaches to help them through the transition. To help people ages 55 and older adjust to changes later in their lives, Wooden has been teaching the Encore Transition Program, a four-month class at the Union Theological Seminary.

Most of the participants “are in unfamiliar territory, particularly if they’ve had a long career,” Wooden says. “They’re kind of like lost sheep.” Many “have a sneaking suspicion that there’s something good waiting.” They just have to figure out what it is.

Start a New Chapter
People don’t always realize just how much of their identity, status, daily social connections, structure and purpose are tied to their work. “It sounds great to have all that freedom,” says Joe Casey, an executive coach in Princeton, N.J., who also became a retirement coach five years ago. Yet, with increased longevity, people who quit their long-time occupation at 55 or 65 often find that
unstructured retirement “can be a long stretch,” he says. “It can veer into drifting if you don’t have a plan.”

Planning for the nonfinancial side of retirement is crucial to success. “It’s a shocker to see how hard it is to replace what you had at work,” says Robert Laura, author of Naked Retirement: Living a Happy, Healthy, & Connected Retirement (Retirement Project, $15) and founder of the Retirement Coaches Association. Finding a path takes some effort. “We have to be realistic,” he says. “It’s not an easy transition if we’re not prepared for it. It doesn’t come automatically.”

Laura recommends having a written plan for your everyday life in retirement. How are you going to replace status, social network, structure, purpose and challenge? “How am I going to stay relevant and connected? Money doesn’t buy anything unless you figure out how you’re going to use it or spend your time.”

For Cynthia Heath, who worked as a corporate lawyer for 30 years in St. Louis, retirement was daunting. Her husband had passed away 12 years earlier. “My whole identity was two things: my children and my career,” she says. “Your own mortality is clearer the moment you retire.” She found herself thinking, “How many more years do I think I have?” She first retired at 67 in December 2016, then worked on retainer as a consultant and was called back to her law firm to work again as a consultant until December 2018. Considering the longevity in her family, she’s “counting on” 20 more years of life.

The second time she wanted to retire, she knew she wanted to, but “I did not know who I was. I knew what I did,” says Heath, now 71. So, she contacted a retirement coach, Joanne Waldman, for help. Though Heath already served on a number of boards, including Washburn University’s, she says she was confused about her identity. “I was living the status (I had) with the company,” she says. “I knew I had things I could do. I wanted to get to my heart.”

Build Your Network
Heath has numerous personal and business connections yet still found developing a new social network a challenge. “The social network is the hardest part,” she says. “We lose those connections when we leave that job,” says Waldman, who is director of training for Retirement Options and owner of New Perspective Coaching in Chesterfield, Mo. Once retired, though, you can create a new social network; reconnect with childhood friends, college friends and relatives; or get involved in new activities and classes.

Waldman suggests that you ask yourself, “Who do I want to be with in retirement?” Heath enjoys the company of her daughters and grandchildren, sister, old friends and other sports fans who join her at St. Louis Cardinals games.

Intergenerational connections can be a way to stimulate new ideas and friendships. “People wanted more of those opportunities,” says Charlotte Japp, founder of Cirkel, a New York-based intergenerational network and mentoring organization. “When not making these meaningful connections face to face, the less connected we actually feel to people.”

Plan for Purpose
Planning for the nonfinancial aspects of retirement is best done three to five years before you retire, Laura says, yet many people wait until much later. Retirement work can range from being a porter at a rental car company to running the pro shop at a golf course. For others, retirement is the time to take a painting class or learn how to cook. Some people start a business on their own or with their adult children.

Having a variety of interests, activities and contacts typically makes for the most successful retirement. Yet, meaning can be elusive. Grief or sadness can be part of aging. “Look inward to find what’s important to you,” says Jacob Brown, a psychotherapist in Corte Madera, Calif., who counsels adults about aging and grief. “Look outward to how you can express that in the world, rather than trying to fill it with cruising, golf or fishing.”

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THE COVID-19 STIMULUS PACKAGE, KNOWN AS THE CARES Act, waives required minimum distributions from retirement savings accounts for 2020, granting a reprieve for retirees age 70½ and older who might otherwise be required to take distributions just when their account balances have plummeted from a nosediving stock market.

The bill also allows people younger than 59½ to take an early distribution, up to $100,000, from a traditional individual retirement account to pay for a coronavirus-related hardship, such as a job loss. The early distribution is penalty free, though not necessarily tax free. The tax bill can be avoided if the money is returned to the IRA in three years; if not, the taxes can be repaid over three years instead. Distributions are taxed as ordinary income.

With the RMD waiver, retirees can skip their 2020 distribution, leaving the money an extra year in an IRA or an employer’s savings plan, such as a 401(k), to recover without penalty. “That’s a huge relief for people who would otherwise be taxed on a value that has vanished,” says Ed Slott, founder of IRAhelp.com.

RMD amounts are based on the recipient’s life expectancy and the value of retirement account balances at the end of the previous year. An RMD taken in 2020 uses account values on Dec. 31, 2019, when the Dow Jones Industrial Average was 25% higher than in early April 2020. On top of those losses, the RMD adds another in the form of a higher income tax bill, often a sore point for retirees with pensions or other income because distributions have the potential to push taxpayers into a higher bracket.

Instead, the waiver gives those retirees more breathing room with the IRS at no cost. In any other year, skipping an RMD would come with a stiff 50% tax penalty on the amount that should have been withdrawn. Distributions from inherited IRAs are also waived and will not need to be taken in 2020.

And what about individuals who just missed the new higher-age cutoff for taking RMDs thanks to the SECURE Act of 2019? “This buys them one more year,” says Ray E. LeVitre, founder of Net Worth Advisory Group. The SECURE Act raised the age that individuals must begin taking distributions, from 70½ to 72. But anyone who turned 70½ in 2019 still had to abide by the older rule and had until April 1, 2020, to take the first distribution.

Usually, financial planners discourage their clients from delaying the first distribution to the next calendar year to avoid having both RMDs taken in the same year rather than over two. This time, procrastinators may have had the last laugh. “The ones who benefited the most are the people who didn’t listen to us,” says Slott. For them, the 2019 and 2020 distributions are both waived. But if you already took your 2019 distribution last year, you’re out of luck; the distribution cannot be undone.

A 2020 distribution taken within the last 60 days, however, can still be put back into an IRA in what is called an indirect rollover, provided you haven’t made any other indirect rollovers in the past year. If you have taken more than one distribution in the past 60 days, those additional distributions could be put into a Roth IRA, using a strategy called an indirect Roth conversion. Although you won’t avoid the tax on those distributions, you’ll have the benefit of letting that money grow in a tax-free Roth account, says Brian Vnak, vice president of advisory services for Wealth Enhancement Group.

For distributions taken more than 60 days ago in 2020, thanks to the CARES Act, the money could potentially be repaid into the IRA over the next three years if you can show that it was withdrawn for a coronavirus-related hardship.

For those who need the money now, whether it’s an early distribution or an RMD, financial planners recommend tapping any cash in the account first, before bonds, and leaving stocks as a last resort. Otherwise, they have the double whammy of locking in their losses and paying taxes on the distribution, says LeVitre.

Catherine Siskos
Invest in your children’s future

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It’s not unusual to feel sad after someone close to you dies, like a parent or spouse. But sometimes your emotions—yearning, anger, bitterness—become so intense they derail the grieving process and interfere with your ability to function. That type of grief is called complicated grief, and older adults are especially vulnerable. In this lightly edited interview, Colleen Bloom, a social worker and manager for the Center for Complicated Grief at Columbia University, explains what complicated grief is, how to recognize it and how to find help.

What is complicated grief?
► When we lose someone close, there are unique challenges we face, and meeting these challenges helps us adapt to the loss. Adapting doesn’t mean that grief is gone, or we’ve moved on. When we lose someone we love, we will always grieve. What it means is that grief becomes integrated into our lives in a way that allows for purpose and meaning and joy and satisfaction.

In complicated grief, something gets in the way of adaptation. Grief remains intense and continues to dominate a person’s life. The future seems bleak and empty. A person feels lost and alone. It’s important to know that derailers, or the things that get in the way, are natural to experience. Some examples of derailers are judging grief too harshly or trying to control its intensity, having no one to share the pain with, blaming yourself or others and avoiding reminders of the loss.

What are some ways complicated grief can be treated?
► It’s really important to have someone to talk to. Grief is often confused with depression, and they can overlap. But they are different. A special therapy has been developed and tested called Complicated Grief Therapy. It identifies what’s getting in the way and helps foster adaptation to loss. Our center’s website maintains a directory of therapists trained in this approach. Or if you find someone you are comfortable working with, have them contact us and we will help them learn about this.

What else can sufferers do to deal with their grief?
► You don’t want to push grief away or judge it too harshly. Practice being kind to yourself rather than self-critical.

Additionally, there are likely calendar days that are especially difficult for you, like a holiday or anniversary. It’s natural to want to avoid thinking about these days, but it can be helpful to plan ahead. Think about ways you might honor your loved one on that day. Maybe there’s something special you can do by yourself or with others. Maybe it’s going around the table and sharing a favorite memory. Also think about how others can support you and lighten the load. K
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