

## Monthly Commentary February 2020

February 4, 2020

### **Coronavirus, Volatility, and the SECURE Act**

Market volatility returned in recent weeks as the coronavirus spread beyond China. The death toll is over 400 and the total confirmed cases is above 20,000 with about 11 cases in the United States. Countries are scrambling to control the spread and a possible vaccine for the virus may be a year or longer away.

The economic impact includes a slowdown in growth from China as factories are temporarily closed, workplaces are shuttered, and shipments from China are delayed or halted.

However, the U.S. economy continues to move forward with low gas prices, solid earnings, and the manufacturing sector is showing signs of expanding.

#### **SECURE ACT**

On December 20, 2019 the SECURE ACT (Setting Every Community Up for Retirement Enhancement) was signed into law. A few highlights are:

- There are no more age limits for Traditional IRA contributions. If you have earned income, you are eligible to make an IRA contribution.
- Required Minimum Distributions (RMDs) do not need to start until age 72. Formerly, the RMD age was 70 ½. However, if you were already taking RMDs in 2019, you will continue taking RMDs even if you are under age 72.

- No more Stretch-IRAs. After December 31, 2019 the Stretch-IRA is replaced with a 10-year rule for most beneficiaries. If you are a beneficiary of an IRA, you will have to withdraw the funds within 10 years and not over your life expectancy. Exceptions apply for surviving spouses and certain other beneficiaries.
- If you named a trust as your IRA beneficiary, it will probably no longer work as intended and you will need to review your plan.

We will keep an eye on developments in the markets. Please let us know if you have any questions about the SECURE Act or your accounts.

We can be reached at (216) 539-8444 and have a great February!

Best regards,

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