

PURSuing YOUR
PHILANTHROPIC DREAM

RETIREMENT PLANNING

PROTECTING YOUR IDENTITY
IN THE DIGITAL AGE

WITHUM WEALTH MANAGEMENT PERSPECTIVES

Wealth Management Ideas for 2020 and Beyond



Welcome To Our First Edition of Perspectives

Welcome to our first edition of *Perspectives: Wealth Management Ideas for 2020 and Beyond* where we will present timely and relevant wealth management topics. We hope you will find tremendous value in the content we will carefully curate for you in each edition.

In our first annual edition of *Perspectives*, we examine Donor Advised Funds as a tool to pursue your philanthropic goals. On the tech corner, we find that in today's technology-abundant world it is becoming more and more important to be aware of the cyber threats lurking around, so we put together some action steps that you can take to protect yourself. Finally, we include a quick reference on the new limits for gifting and retirement plan contributions. We hope you find this information helpful and welcome any feedback you might have related to this edition or suggestions for future issues.

~The Withum Wealth Team



Pursuing Your Philanthropic Dream

Given the reduced limits on itemized deductions, it may be wise to combine annual charitable deductions into one year. You can combine a few years' worth of donations into one year to help increase total eligible itemized deductions. Donor-advised Funds (DAFs) can be a terrific way to achieve this charitable donation in a lump-sum format. A donor-advised fund is an account where an individual can make a charitable gift to enjoy an immediate tax benefit and retain advisory privileges to disburse charitable gifts over time.

DAFs are the essence of simplicity – working with a DAF provider, the individual establishes a charitable giving account with an initial, tax-deductible contribution and later recommends grants from the fund to the provider.

While there are limitations, generally all recommended grants to so-called 501(c) organizations are allowable. The initial contribution varies by provider but is generally low (\$5,000) and additional contributions are allowed. Grants out of the DAF may take place over many years. In this way, the DAF allows the donor to front-load charitable contributions and trigger the tax deduction now on potentially several years' worth of donations.



EACH DAF PROVIDER SETS ITS OWN PARAMETERS SUCH AS:



MINIMUM INITIAL
CONTRIBUTION



INVESTMENT
CHOICES



GRANT SIZE



FEES

Contributions may include cash, appreciated stocks and certain types of illiquid investment that often require the use of a professional appraisal. Using highly appreciated securities held for more than one year, avoids having to pay the capital gains tax due if the shares were sold in your account. Therefore, it can be more tax effective than donating cash. In this case, the market value of the gifted shares is what's used to calculate the charitable deduction and the shares can be sold inside the DAF with no tax consequence. The account can then reinvest the proceeds in a more diversified solution or keep proceeds in cash for distributions to the charitable organizations of the individual's choosing.

And don't worry about over-funding — a 5-year carry forward provision currently exists in the tax law if the deduction is limited in the first year.

A Donor Advised Fund can typically be opened in a matter of days. Unlike Private Foundations, DAF's can be opened at no cost with many qualified custodians and provide for the retention of the donor's privacy.

Retirement Planning

As you plan for your retirement account funding for this year, please note that some retirement plan contribution limits have been increased for 2020. Taking advantage of the tax-qualified plans to their fullest extent can make a big difference in your ability to meet retirement goals. The earlier you begin contributing to retirement plans, the more confident you will possibly be as you get closer to retirement.

IRS 2020 RETIREMENT PLAN CONTRIBUTION AND BENEFIT LIMITS

Here are some details about the changes that might affect your retirement planning this year:

	2020	2019	CHANGE
RETIREMENT PLANS			
401(k), 403(b)-402(g)(1) - Maximum employee elective deferral	\$19,500	\$19,000	\$500
Defined Contribution Plan Total Limit (Employee + Employer)	\$57,000	\$56,000	\$1,000
Catch-up Contribution (age 50 or older, above annual limit)	\$6,500	\$6,000	\$500
Annual Compensation Limits for Defined Contribution Plans	\$285,000	\$280,000	\$5,000
SOLO 401 (K)			
Maximum Contribution (Employee + Employer)*	\$57,000	\$56,000	\$1,000
Catch-up Contribution (age 50 or older, above annual limit)	\$6,500	\$6,000	\$500
SEP IRAs			
SEP Maximum Contribution*	\$57,000	\$56,000	\$1,000
SEP Minimum Compensation	\$600	\$600	\$0
SEP Maximum Compensation	\$285,000	\$280,000	\$5,000
Catch-up Contribution (age 50 or older)	NOT permitted in SEP IRAs		

	2020	2019	CHANGE
SIMPLE PLANS			
SIMPLE Maximum Contributions	\$13,500	\$13,000	\$500
SIMPLE Catch-up Contribution (age 50 or older, above annual limit)	\$3,000	\$3,000	\$0
IRAs			
IRA Contribution Limit	\$6,000	\$6,000	\$0
Catch-up Contribution (age 50 or older, above annual limit)	\$1,000	\$1,000	\$0
ROTH IRAs			
Roth IRA Contribution Limit	\$6,000	\$6,000	\$0
Roth IRA Catch-up Contribution (age 50 or older, above annual limit)	\$1,000	\$1,000	\$0
2020 ROTH IRA CONTRIBUTION PHASEOUTS			
Single filers (covered by a retirement plan at work):	\$124,000 to 139,000		
Married, Filing Jointly	\$196,000 to \$206,000		
Married, Filing Separately	\$0 to 10,000		

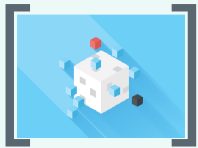
Your contribution to a Roth IRA may be affected by the amount of your modified AGI (MAGI) and subject to a phaseout. Full contribution amount is allowed if MAGI falls below the lower threshold of the phase-out and no contributions are allowed if your MAGI exceed the upper limit. If your MAGI is within the lower and upper limits of the phase-out “band”, you can make a partial contribution.

OTHER LIMITS	2020	2019	Change
Highly Compensated Employee Threshold	\$130,000	\$125,000	\$5,000
Defined Benefit Limits	\$230,000	\$225,000	\$5,000
Key Employee	\$185,000	\$180,000	\$5,000
Social Security Taxable Wage Base*	\$137,700	\$132,900	\$4,800

*Assessed at 6.2%; no Social Security taxes due on wages above \$137,700; Medicare tax (1.45%) does not have a wage base limit.

Protecting Your Identity In The Digital Age

Identity theft is a serious crime which, unfortunately, can strike at any time. In today's technology-abundant world, it has become critical to be aware of threats lurking around and be proactive in protecting yourself. Fixing the damage caused by identity theft can cost significant time and money and can destroy your credit. Here are some steps that might help mitigate the risk of identity theft



PROTECT YOUR PERSONAL INFORMATION

Know who you are sharing your personal information with and ask questions before deciding to share. Store and dispose of your personal information securely, especially your Social Security number

SET STRONG PASSWORDS AND CHANGE THEM REGULARLY.

Make sure that you use a password that is not only something that you can remember but something that is not easily deciphered. You can test your password using simple online tools, such as: howsecureismypassword.net

Password managers have become increasingly popular to ease the burden of remembering large number of user name and passwords. A password manager is an encrypted digital vault that stores the login information you use to access apps, websites and other services. It aims to keep your identity, credentials and sensitive data safe, as well help generate strong, unique passwords to ensure you aren't reusing them across your devices and services.

MAINTAIN APPROPRIATE SECURITY ON YOUR COMPUTERS AND OTHER ELECTRONIC DEVICES:

- Set strong passwords and change them regularly
- Enable account alerts



MONITOR YOUR ACCOUNTS

Review your account statements regularly to make sure there are no unauthorized transactions.

REVIEW ANNUAL CREDIT REPORT.

Run and review your credit reports annually to ensure that there are no errors or fraudulent activities. You can get a free report yearly from Equifax, Experian, and TransUnion at the official site: www.AnnualCreditReport.com.

CONSIDER ID THEFT MONITORING SERVICE.

You might want to consider signing up for a service that will monitor your credit report and alert you to any changes. It could be critical for early intervention.

DON'T GET PHISHED!

Be mindful of emails for phishing attacks. Phishing is a fraudulent practice of sending emails purporting to be from a reputable company in order to get you to reveal personal information, such as passwords and credit card numbers. Stick to the basic principles to protect yourself against "phishing attack:"

- Never click a link or open an attachment that you did not expect to receive.
- Go directly to the website instead of using the link in the email if you would like to check the status of your order or package.
- Don't take a chance!

BE CAREFUL WITH PUBLIC WIFI AND HOTSPOTS:

Public Wifi and hotspots are beneficial but can create a significant risk to allow individuals to gain access to your device or trace your activities. Even if you think it is safe, resist logging into free Wifi. If you do log in, limit what you do. Don't log into accounting or make purchases that you wouldn't want compromised. Public Wifi and hotspots are prime locations for cybercriminals to sit and wait for you to log into a site and enter your details. This is not uncommon.

FOR MORE INFORMATION ON THE TOPICS DISCUSSED, VISIT US ONLINE AND WE CAN HELP YOU PLAN FOR THE FUTURE AT WITHUM WEALTH MANAGEMENT.



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