

PLANNING POINTS...

First Quarter 2020

Index	2019	YTD (as of 3/31/20)	Avg. Annual Return Since 12/31/01
S&P 500	31.5%	-19.6%	6.7%
Dow Jones Industrial Average	25.3%	-22.7%	7.0%
NASDAQ	35.2%	-14.2%	7.8%
MSCI EAFE	22.0%	-22.8%	4.4%
BBG Barclays US Aggregate Bond	8.7%	3.2%	4.6%
FTSE 3 Month US T-Bill	2.3%	.4%	1.3%
The S&P 500 Index Total Return is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. It consists of 400 industrial, 40 utility, 20 transportation, and 40 financial companies listed on U.S. market exchanges. This is a capitalization-weighted calculated on a total return basis with dividends reinvested. It represents about 75% of the NYSE market capitalization.			
The Dow Jones Industrial Average Total Return covers 30 major NYSE industrial companies. The Dow represents about 25% of the NYSE market capitalization and less than 2% of NYSE issues. It is a price-weighted arithmetic average, with the divisor adjusted for stock splits. This Index includes the effects of reinvested dividends.			
The NASDAQ covers 4500 stocks traded over the counter. Represents many small Composite index company stocks but is heavily influenced by about 100 of the largest NASDAQ stocks. It is a value weighted index calculated on price change only and does not include income.			
The MSCI EAFE Net Dividend is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States & Canada. Approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI Barra uses withholding tax rates applicable to Luxembourg holding companies, as Luxembourg applies the highest rates.			
The Barclays Capital Aggregate Bond Composite index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors			
The FTSE 3 Month U.S. T-Bill Index is a measurement of the movement of 3-month T-Bills. The income used to calculate the monthly return is derived by subtracting the original amount invested from the maturity value.			
Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary.			

STOCK MARKET REVIEW

The quarter started off on a high note, but half way through, two black swan events (virus, oil prices) caused the stock market to buckle and free-fall. In only 16 days, the S&P500 fell over 20%, the quickest pace in over 80 years. Every sector in every industry was impacted as sellers of stocks raised cash and bid up U.S. bonds in search of safety.

The economic toll is significant, but the magnitude and duration of the impact is unknown. The stock market is an efficient discounter of all news but it punishes investors in times of heightened uncertainty. Volatility has been off the charts lately and we expect it to remain high through the election, but we believe the magnitude will moderate from excessive levels today.

If we subscribe to the 20% rule defining bear/bull markets, the bull market that began in March of 2009 ended in Q1, 11 years later. An incredible streak worth celebrating, but a rather sad ending given the no-fault cause. If 20% is the rule, some would argue, that the most recent bear market only lasted 12 days, because the stock market has since gained over 20% from the recent bottom on March 23rd.

We do not subscribe to rather arbitrary values of bull and bear markets, but rather listen to the voices and concerns of our clients for how they feel. We recognize that losses hurt twice as much as gains and

it is hard not to act on emotions, so we are here to guide our clients through unprecedented uncertainty, with reminders that suitable strategies don't always work in the short-run.

Our chief concern today is liquidity and the cash flow needs of our clients for the short and intermediate term. We also want to ensure the asset allocation of our clients' portfolios is appropriate, regardless of current and anticipated market conditions.

If your stock allocation has dropped below your target, consider adding to stocks in a prudent fashion. Don't dive into the pool...wade in, one step at a time!

BOND MARKET REVIEW

With so much attention on stock market volatility...we argue that the swings we have seen in the stock market pale in comparison on a relative basis to what bond investors experienced in the first quarter.

10-year U.S. bond yields started the year at 1.92%, dropped to .40% on March 9th, retraced up to 1.27% on March 18th, and finished the quarter at .70%. To the novice investor, this may not seem like much, but there was a day recently when a buyer of a 10-year bond lost 6 years of interest payments in 6 hours.

We expect bond market volatility to subside as markets begin to act more efficiently, but our expected returns for bonds for the future has fallen significantly.

IMPORTANT CHANGES

The financial planning landscape has changed significantly in the last few months. In addition to the market impact from the virus and oil shock, we argue the SECURE Act, the CARES Act and, to a lesser degree, Reg-BI are more impactful to our clients' financial well-being than recent market performance.

We have provided a separate sheet for each of these topics, including others, in the pages that follow. We encourage you to take a deeper dive into all of the changes to identify impact and opportunity for you.

The SECURE Act of 2019 - Part of an appropriations bill, this act significantly impacts most investors who own retirement accounts negatively, eliminating the Stretch IRA to force most non-spouse beneficiaries to exhaust the inherited IRA within 10 years, eliminating the option to utilize the IRA for their own retirement and wealth transfer strategies. The tax implications and opportunity costs are staggering, especially for younger investors and beneficiaries.

Positive news for 529 account owners is the option of using 529 assets to pay for registered apprenticeships and up to \$10,000 toward student loan repayments. See enclosed for additional detail.

Required Minimum Distributions are now required in the year one turns 72 instead of 70 ½. This is positive news for those that prefer to defer their distributions.

The CARES Act – Provisions in the stimulus bill are designed to help individuals and businesses combat the impact of COVID-19. See highlights in the enclosed document for provisions for individuals and contact us if you prefer detail for small businesses.

Regulation Best Interest (Reg BI) - The least impactful of all actions by the government recently, this regulation will not significantly change our already high standards of conduct and transparency, but it will require us to mail out a massive 100 page+ document and change the way we establish new client relationships.

OPPORTUNITIES

Engage. Review communication from G&A and Raymond James, including our personal updates and webinars from the professionals at RJ. We are receiving very positive feedback from those that have tuned into the webinars held every Monday. Time spent attending is worth more than hours of news.

Rebalance. Stay engaged in managing the risk and asset allocation (percentage in stocks/bonds/cash) of your investment portfolios. You may find your current allocation to stocks below your target, which could signal you to rebalance your portfolio and buy stocks. Evaluate your current and future liquidity needs before committing to any investment.

Save. Consider tax-loss selling in taxable accounts to create offsets for future tax liabilities. Significant tax savings opportunities may exist and we are skilled at executing this strategy in a cost-effective manner.

Pounce. Many investors are prioritizing Roth IRA conversions while account levels are lower in the hope that converting a lower IRA value into a Roth IRA will create a lower income tax bill and position future growth from tax deferred to tax free growth before the eventual rebound. Roth conversions are becoming very popular as a result of the new SECURE Act.

Support. Charitable Donor Advised Funds (DAF's) are also very popular as a result of tax law changes. They also offer the opportunity to potentially offset income taxes, dollar-for-dollar, created from Roth IRA conversions. DAF's are most appropriate for the philanthropic-minded who also seek tax relief that is often a challenge with new standard deduction levels.

Check your gut. If the returns and volatility in your investments are causing physical and mental manifestations such as sleeplessness, irritability, etc., please do not hesitate to call us. Now is a good time to reevaluate your goals and objectives, liquidity needs, time horizon and other circumstances. Please call us if anything has changed since we last spoke.

Refresh. Take time to refresh yourself so you can be there for others. Get outside, find a new hobby, drop an unhealthy habit and pick up a new healthy one.

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Gavin & Associates

\$10,000 Matching Funds for Client Donations



With the COVID-19 pandemic threatening the health and safety of our neighbors and families, your financial team at Gavin & Associates prides itself on remaining dedicated to the community we serve. During this unprecedented time, we can invest in a vital part of our lives: our community. United Way has a long-standing history of identifying needs and bringing people together to change lives, particularly during times of crisis.

Gavin & Associates is proudly partnering with United Way of Midland County to respond to growing local needs due to COVID-19. Through this partnership, we are providing a platform to allow our clients to take action utilizing an incentive match. **Gavin & Associates is providing a pool of \$10,000 to be used for a matching program designed to match dollar-for-dollar, up to \$250 per donor client.**

Donations will be targeted to support the needs of ALICE households in Midland County, some of the most vulnerable people in our community. In case you didn't know, nearly 23% of households in Midland County are considered ALICE (Asset Limited, Income Constrained, Employed). Examples of those in the ALICE population are the home health aide trying to find affordable food to feed her family...the grocery store cashier working extra shifts to keep his lights on...the child care provider who got diagnosed with cancer, impacting her ability to work.

Together, we will help strengthen ALICE families in our community. Your generous gift will make a meaningful difference today and forever. Here's how:

\$50 will provide a day of childcare for a frontline worker.

\$100 provides a night of shelter and counseling.

\$200 covers two months of utility bills to prevent shut-off.

\$500 helps to rescue and repurpose 10,000 pounds of food.

\$1,200 will sponsor a semi-truck of food, feeding nearly 3,600 individuals or 1,000 families.

For clients who prefer to support their local communities outside Midland County, please consider the ALICE needs of your community and reach out to your local United Way.

From the bottom of our hearts, thank you for answering the call.

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Everplans / Document Shredding

We hope that during this difficult time you remain in good health and spirits. Recognizing that extended time in quarantine provides opportunities for spring cleaning, purging of old documents, and reorganizing our life plans, we thought to remind you of two valuable services we offer you....Everplans and Document Shredding.

Everplans

You have taken smart steps to help plan for your future, but establishing your legacy is so much more than passing on financial well-being to future generations; it includes your health wishes, your family information, and even your favorite recipes. It is about organizing and sharing everything from important information about your life plan to passwords for online accounts.

Today is a great time to devote yourself to ensuring your wishes and plans are clarified and communicated to your loved ones in a personalized fashion. That is why we are offering you free access to Everplans, a highly secure online tool dedicated to transforming the way people get their life plan organized.

When you join Everplans, they can safeguard your most confidential detail regarding:

- Your life
- Your family
- Employment
- Emergency contacts
- Homes & real estate
- Vehicles
- Digital world
- Pets
- Your legal documents
- Trusts
- Will
- Power of attorney
- Attorneys
- Your health and medical records
- Health insurance
- Advance directive
- Doctors
- Health information
- Your eldercare details
- Long-term care insurance
- Eldercare living wishes
- Care providers
- Your finances
- Life insurance
- Financial advisors
- Financial accounts & assets
- Benefits & pensions
- Disability insurance
- Your legacy wishes
- Burial, cremation and donations
- Letters to family and friends
- Funeral preferences

Everplans approaches security using the following framework:

- Securing your data at rest
- Securing your data in transit
- Operational procedures to keep the site secure
- Strict limitations around administrative access to your information
- Two-factor authentication for end users

Everplans safeguards your info information while giving you control over assigning delegates (typically family members) to any of the sections of your profile so they have access to your information when needed, now or later. Customize which of your loved ones have access to which sections, ensuring your information goes to those who need it most.

Everplans takes careful, consistent precautions to keep your information secure. They regularly audit their environments and code for any security issues, and maintain strict internal procedures that allow their employees and administrators to view a limited set of your data should they help you access your account.

Please let us know if you are interested in receiving an invitation to the free platform. If you have any questions or would simply like to chat about this offering, we are happy to discuss the details at your convenience. If you enroll, you will have direct access to the Everplans support team, their webinars and a library of articles and resources devoted to ensuring a life well planned.

Document Shredding

After spring cleaning and tax season, we suspect you may have documents with sensitive personal information that you do not want at risk by tossing them in the trash. Instead enjoy the peace of mind provided by the assurance that your confidential documents will be disposed of properly.

Shred Experts will be at our office once the dust settles. If you have documents you would like to shred please let us know and we can arrange for a drop off at our office. Please allow us to help you prevent the risk of your personal information being stolen and ensure that Shred Experts confidentially destroys all of your documents.

How the SECURE Act Will Impact Your IRA and 529 Plan

Late in 2019, Congress passed the Setting Every Community Up for Retirement Enhancement or the SECURE Act (“Act”), as part of an appropriations bill. With few exceptions, the provisions in the Act are effective for retirement plans, IRAs, contributions and distributions on or after January 1, 2020.

While the SECURE Act has a number of provisions impacting employer retirement plans, this Alert focuses only on the changes that impact traditional and Roth IRAs and reviews some of the planning options under the new Act. This Alert also covers the new rules added for 529 Plans.

Individuals Under Age 59 with IRAs

For individuals who have traditional or Roth IRAs, the Act adds a new exception to the early withdrawal rules. Individuals may withdraw up to \$5,000 for the birth or adoption of a child, without paying the early withdrawal penalty.

For graduate and doctoral students, many non-tuition and stipend payments will now qualify as earned income, permitting these students to make contributions to an IRA based on that income.

Individuals Approaching Age 70-1/2

Individuals with traditional IRAs are required to take minimum distributions (RMDs) from their IRA. Previously, these distributions began at age 70-1/2. These distributions will now begin at age 72. Individuals born after June 30, 1949 will begin taking RMDs at age 72. Individuals born on or before June 30, 1949 are still required to begin taking RMDs at age 70-1/2.

Individuals Over Age 70-1/2

The age limitation for contributions to traditional IRAs has been eliminated. Previously, individuals could not make contributions to traditional IRAs after age 70-1/2. Starting in 2020, individuals who are still working (i.e., have earned income) can contribute to a traditional IRA regardless of age.

Inherited IRAs After 12/31/19

The largest change made by the Act applies to the required minimum distribution rules (RMDs) for beneficiaries who inherit traditional or Roth IRAs after December 31, 2019. For beneficiaries who inherited their IRAs before then (i.e., the IRA owner died on or before December 31, 2019), the prior RMD rules continue to apply. Previously, an individual who inherited a traditional or Roth IRA could stretch out the distributions over his or her life expectancy, with special rules for spouses. A qualified trust that was the beneficiary of an IRA could also qualify for the stretch out.

For many beneficiaries, the Act eliminates the stretch out, replacing it with a simple 10-year rule. Spouses and a few other beneficiaries (referred to as “eligible designated beneficiaries”), can still use the stretch out.

(see back)

The following summary reviews the new rules for the various types of beneficiary.

Spouse is Beneficiary

The distribution rules for an IRA where the IRA owner's surviving spouse is the beneficiary are only minimally changed. As before, the surviving spouse may rollover the IRA into his or her own IRA. Alternatively, the spouse may elect to take distributions, as a beneficiary of an inherited IRA, over his or her life expectancy. In the latter case, at the surviving spouse's subsequent death, any funds remaining in that IRA must be distributed within 10 years.

Individual Other Than Spouse is Beneficiary

Subject to a few exceptions, the distribution rules for non-spouse individuals are completely different. For these individuals, an inherited traditional or Roth IRA must be fully distributed by the end of the 10th year after the IRA owner's death. These beneficiaries can wait until the 10th year and withdraw the whole IRA or they can pick and choose the withdrawal amounts and years, so long as the IRA is fully distributed by the end of the 10th year.

In addition to a spouse, a few other individual beneficiaries are not subject to the 10-year rule. If the beneficiary is (1) disabled or chronically ill, or (2) not more than 10 years younger than the IRA owner, then the inherited IRA may be paid out over the life expectancy of that individual beneficiary. In addition, if a child of the IRA owner is the beneficiary and the child has not reached the age of majority, distribution must be made within 10 years after the child reaches majority.

Qualified Trust is Beneficiary

Under regulations in effect prior to 2020, if a qualified trust is the beneficiary of an inherited IRA, the trust could qualify for the stretch out based on the life expectancy of the oldest trust beneficiary. Careful planning and, at times, complex provisions were needed for a trust to be a qualified trust.

The qualified trust rules are provided by Treasury regulations; they are not part of the tax code. Nothing in the Act appears to change the idea that a qualified trust could benefit from the stretch out rule if the beneficiary of the trust is an eligible designated beneficiary, or from the 10-year rule. However, it is possible that the IRS could simply drop the qualified trust rules when they issue new regulations for the new tax code provisions. If the IRS keeps the qualified trust rules, it is very likely that the IRS will have such specific rules that, at best, most trusts will simply fall into the 10-year rule.

Non-Individual is Beneficiary

If an estate, non-qualified trust (or all trusts, if the IRS completely drops the qualified trust rule), charity or other entity is the beneficiary of an IRA, that inherited IRA must be distributed within 5 years of the IRA account owner's death, if the IRA owner dies before age 72. If the IRA owner dies after age 72, the inherited IRA may be distributed over the IRA owner's remaining life expectancy.

529 Plans

The Act expands the use of 529 education savings accounts to cover costs associated with registered apprenticeships, up to \$10,000 of qualified student loan repayments, and certain costs associated with elementary and secondary education, including some homeschooling expenses. Check your individual state's 529 Plan to confirm that these new rules will apply.

Planning for IRA Owners

If you have significant assets in traditional or Roth IRAs, you should revisit the question of who should be the beneficiary of your IRA with your estate planning attorney and financial adviser. These strategies will require some number crunching. Below are items to examine.

If you are married and both of you have significant traditional IRAs that name each other as the initial beneficiary, consider whether it would be better to name children or qualified trusts as the initial IRA beneficiary(ies), for at least part of the IRA. The purpose of this strategy would be to have two different 10 year periods for distributions, instead of having children or qualified trusts inheriting all these IRAs at the survivor's death, with one 10 year period.

If you have a living trust, consider whether your traditional or Roth IRAs should be paid to your living trust or directly to individual beneficiaries or charities. Although this question was often asked and analyzed under prior rules, the Act changes the pros and cons and makes this question worth re-visiting.

If your living trust is the beneficiary of an IRA, any provisions in your living trust agreement regarding IRAs should be examined. These provisions may need updating to address the changes made by the Act and/or give the trustee more flexibility.

Does a Roth conversion make sense? Those who could benefit from a Roth conversion before will likely still benefit. However, since the stretch out is largely gone for both traditional and Roth IRAs, the math supporting a Roth conversion (paying tax early at the IRA owner's income tax rate vs. tax-free growth) will be over a shorter period. On the one hand, converting a traditional IRA to a Roth IRA is beneficial when the Roth IRA has time to grow, and that time will now be shorter. On the other hand, the short distribution period for inherited IRAs means the income tax deferral in keeping a traditional IRA is much less.

Planning for Inherited IRAs

If you inherit a traditional IRA in 2020 or future years, you will want to be strategic in your withdrawals. For individuals, if you expect your income levels to be fairly steady, it may be best to spread the withdrawals over the 10 years or at least over the last few years (depending on your tax bracket). If you expect your income levels to fluctuate, you should consider larger distributions in years when other income is smaller. If you inherit a Roth IRA in 2020 or future years, the planning is simple: wait as long as you can (such as the end of the 10 year period), so long as you think the investments will be appreciating.

For trusts that inherit an IRA, the distribution requirements may not be as clear until the IRS issues further regulations. The best practice will be to consult with a knowledgeable adviser to provide guidance on the required distributions and any income tax strategies for distributions from inherited traditional IRAs.

Investments and strategies mentioned may not be suitable for all investors. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Prior to making an investment decision, please consult with your financial advisor about your individual situation. Raymond James does not provide tax or legal services. Please discuss these matters with the appropriate professional.

The CARES Act: Individuals

Given the enormity of the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act, there is much to consider in determining how provisions in the stimulus bill can help individuals.

Passed on March 27, 2020, the CARES Act provides an estimated \$2 trillion in fiscal stimulus to combat the economic impact of COVID-19, and provides the healthcare industry the financial support, equipment and protection it needs to combat the virus.

As the COVID-19 pandemic has affected life in ways we couldn't imagine, the deadly virus and efforts to contain the spread have prompted a significant government response. The legislation is intended to combat the economic risks associated with a slowdown in individual spending, and helps businesses of all sizes avoid closures and employee layoffs. It also provides necessary funds to help support states and municipalities.

This document highlights the major provisions that are aimed at providing relief to individuals.

RECOVERY REBATES FOR INDIVIDUALS

The act provides payments to taxpayers (subject to income limits) in the way of a credit of \$1,200 per individual and \$2,400 per couple filing jointly. There is also a \$500 credit per qualifying child under the age of 17. The payment is reduced by 5% of the individual's adjusted gross income over \$75,000 (\$112,500 for head of household; \$150,000 for joint filers). The payment will fully phase out when income reaches \$99,000 for single filers, \$146,500 for head of households with one child and \$198,000 for joint filers. Individuals who have no income, as well as those whose income comes from non-taxable sources, also qualify for the advance payment. The eligibility for the payment is based on the taxpayer's 2019 tax return. If the return has not been filed, eligibility is based off of the 2018 tax return. For most Americans, the credit will arrive in April 2020 through direct deposit, while others may receive a check in the mail.

RETIREMENT PLANS, DISTRIBUTIONS AND CONTRIBUTIONS

PENALTY-FREE DISTRIBUTIONS FROM RETIREMENT ACCOUNTS

A coronavirus-related distribution (CRD) of up to \$100,000 can be made from IRAs, employer-sponsored retirement plans or a mix of both by an individual impacted by the coronavirus. A coronavirus-related distribution includes one that is made to:

- An individual diagnosed with COVID-19.
- A spouse or dependent of a person diagnosed with COVID-19.
- An individual who experiences adverse financial consequences as a result of being quarantined, furloughed or laid off, or having work hours reduced due to COVID-19.
- An individual who is unable to work due to lack of childcare due to COVID-19.
- An individual who has closed or reduced hours of a business owned or operated by the individual due to COVID-19.
- Other factors as determined by the Secretary of Treasury.

While withdrawals from retirement plans will likely have a negative impact on retirement plans, such withdrawals for individuals under age 59 1/2 will avoid the 10% federal premature distribution penalty tax. The distribution will still be taxed as ordinary income.

A taxpayer can elect to include all of the income from a coronavirus-related distribution in their 2020 income or spread the income over three years (2020, 2021 and 2022).

In addition, the affected individual has up to three years after the day of the distribution to roll over all or a portion of the amount back into the retirement account. The rollover can be made as a single or multiple repayment over that three-year period. In instances where taxes have been paid on a withdrawal, the individual should consider filing an amended tax return.

LOANS FROM QUALIFIED PLANS

Employer-sponsored retirement plans such as 401(k)s and 403(b)s normally allow loans of up to 50% of the vested account balance not exceeding \$50,000. The limit has been raised substantially to 100% of the vested account balance up to \$100,000. This rule applies to loans taken within 180 days of enactment of the bill.

TEMPORARY WAIVER OF REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

Required minimum distributions (RMDs) for qualified account holders are waived for 2020. RMDs for inherited or beneficiary-qualified account holders are also waived for 2020. If an individual had a required beginning date (RBD) in 2019 and delayed until 2020, they can waive both of the RMDs for the year. This only applies to those who turned 70 1/2 in 2019. For those who have taken their RMD for 2020, the funds can be returned. This is treated as a distribution and 60-day indirect rollover rules apply.

Qualified charitable distributions (QCDs) can still be taken for individuals at least 70 1/2 who are charitably inclined. QCDs this year will not count toward RMDs for 2020 since they have been waived.

CHARITABLE CONTRIBUTIONS

For 2020, cash charitable contributions can be deducted up to 100% of adjusted gross income (AGI). Previously, a taxpayer could only deduct up to 60% of AGI for cash contributions (increased in 2018 from 50% of AGI due to the 2017 Tax Cuts and Jobs Act). Excess charitable contributions can still be carried over five years.

The act also provides for a new above-the-line deduction for taxpayers who can't itemize deductions on their federal tax return called qualified charitable contributions. The maximum amount is \$300. Contributions must be made in cash and prohibited from being made to donor advised funds or 509(A)(3) supporting charities (the supporting organization is a charity that carries out its exempt purposes by supporting other exempt organizations, usually other public charities). The act states this starts in 2020 but does not provide any ending year.

MINIMUM CONTRIBUTIONS TO SINGLE-EMPLOYER PENSION PLANS ARE DELAYED UNTIL JANUARY 1, 2021

Sponsors are able to delay 2020 required contributions to pension plans until January 1, 2021. Contributions would be due with interest accrued at the plan's effective rate.

Single employer defined benefit pension plan minimum required contributions due during 2020 can be delayed to January 1, 2021 (adjusted for interim earnings). This provision will also provide an option to use an alternative funding target percentage.

EXPANSION OF UNEMPLOYMENT INSURANCE BENEFITS

Unemployment insurance benefits are governed by each state and funded by federal and state coffers, as well as private companies that pay employment tax. Each state determines the benefit maximum and duration of benefits for recipients that qualify. The CARES Act has provided multiple unemployment protections above and beyond what each state provides.

Anyone who couldn't work because of coronavirus may receive benefits. This includes those who were furloughed, laid off, became ill or had to care for someone else afflicted with the virus. Furthermore, the act extends benefits to the self-employed and independent contractors, a group that doesn't normally qualify for unemployment. When applying for benefits, most states have a one-week elimination period for unemployment benefits. Under the CARES Act, the federal government will reimburse all states that waive this one-week elimination period. Furthermore, the federal government will fund an additional \$600 stacked on top of a recipients' weekly state benefit. The act also extends the length of time an individual may receive benefits for an additional 13 weeks on top of the state maximum.

EXPANSION OF HEALTH COVERAGE

The act provides that over-the-counter (OTC) medications and menstrual care products will now be considered qualified medical expenses for medical savings accounts such as health savings accounts (HSAs), Archer medical savings accounts (MSAs) and flexible spending accounts (FSAs). In the past, OTC medicines required a prescription to be an eligible expense.

HSAs will now cover telehealth and remote care services pre-deductible for plan years that begin on or before December 31, 2021. Generally, HSAs would only cover preventive care before the deductible is met but cannot pay for non-preventive services until the deductible has been met.

If or when a COVID-19 vaccine comes available, it will be free to those on Medicare. Medicare Part D recipients must be given the ability to have a 90-day supply of medication prescribed and filled during the COVID-19 emergency period.

HOME OWNERS AND RENTERS - FORBEARANCE OF MORTGAGE PAYMENTS

If your mortgage is backed by the federal government, this provision allows you to suspend payments for up to 12 months (initial 180 days with an option to extend an additional 180 days). To request forbearance on your federally backed mortgage, contact your mortgage company. You must affirm that you are experiencing hardships during the COVID-19 pandemic. No further documentation is required. You may halt the forbearance at any time.

During any forbearance period, you may not be charged penalties, interests or fees that would not have been charged if you had made your payments on time and in full. Additionally, you will not be reported to credit bureaus for late or missed payments provided you are in a forbearance program. This applies through July 25, 2020, or 120 days after the end of the emergency program, whichever is later.

TENANT PROTECTION

The CARES Act provides important protections for tenants during the coronavirus outbreak. It places a federal moratorium on eviction of tenants for non-payment of rent while also prohibiting landlords from charging fees, penalties or other charges to the tenant related to nonpayment of rent. Furthermore, landlords may not evict a tenant after the moratorium expires except on 30-day notice. The moratorium on evictions went into effect on March 27, 2020, and lasts for 120 days. The federal moratorium pertains to “covered dwellings” or rental properties that receive any federal assistance, which include:

- Dwellings that participate in the Covered Housing Program of the Violence Against Women Act.
- Dwellings that participate in the Rural Housing Voucher Program.
- Dwellings that have a federally backed mortgage loan.
- Dwellings that have a federally backed multi-family mortgage loan.

Landlords should know or have access to whether their properties would fall under one of these categories. Many states and municipalities are also imposing their own restrictions. If those moratoria are less strict, the federal moratorium would apply.

RELIEF FOR STUDENT LOAN BORROWERS

There are a lot of provisions for individuals affected by COVID-19, including financial aid repayments, work study grants, temporary relief for student loan borrowers, exclusions of federal direct loans and Pell Grants for student who can't complete the semester due to qualifying emergency, and modification of institutional grants.

Required payments on federal student loans have been suspended through September 30, 2020. During this time, no interest will accrue on this debt. Note while required payments are suspended, voluntary payments are not prohibited. Unfortunately, that means automatic payments will continue unless individuals take proactive measures to contact their loan provider and pause payments.

Over the next six months, borrowers will still have the opportunity to continue paying down the principal on their loans, should they choose to do so. The Department of Education has already set federal student loan interest rates at 0% for a 60-day period beginning March 20, 2020.

Some other considerations for student loan borrowers include:

- If you can continue to pay the loan, it might make sense to take advantage of the 0% rate.
- Use the funds you would have applied toward the student loan to pay down high interest debt, such as credit cards.
- Save the payments you would have made to create or replenish an emergency savings account. Ideally, an emergency fund will cover three to six months of expenses.
- Employers may provide a student loan repayment benefit to employees on a tax-free basis. The provision applies to any student loan payments made by an employer on behalf of an employee after date of enactment and before January 1, 2021. If this applies to you, take advantage of the tax-free payment.

Let's work together with your tax and legal professionals to determine how the legislation affects you directly. While we are familiar with the tax provisions of the issues presented herein, as financial advisors of Raymond James, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional.

Regulation Best Interest (Reg BI)

The Securities and Exchange Commission (SEC) recently voted to adopt the Regulation Best Interest (Reg BI) and the related rules below, which are expected to take effect on June 30, 2020.

- Establish a heightened standard of conduct for financial advisors that service commission-based accounts.
- Enhance the standard of conduct for financial advisors that service fee-based accounts.
- Require disclosure of certain information about the nature of a client's relationship with their financial advisor.
- Clarify the role of a financial advisor when servicing commission-based accounts versus fee-based accounts.

By June 30th, Raymond James will be providing the following firm-specific disclosures to all clients:

Form CRS (Client Relationship Summary): which outlines account types and service offerings, along with associated fees, charges and conflicts of interest.

Disclosure Booklet: ~100-page disclosure booklet highlighting our investment philosophy and process and provides detailed product and service descriptions.

Important: This lengthy document will be sent via regular mail unless you are enrolled in Client Access by April 24th and you are suppressing mailed documents on your accounts.

As we all look for ways to comply with social distancing guidelines and simplify our record keeping, we want to remind you that you can choose to receive your documents online through Client Access rather than through the mail. As a result of current conditions, we are experiencing a surge in technology utilization from our clients and we are here to help you take the leap into Client Access if you have not already.

Client Access is Raymond James' secure, convenient online account access system. Among its benefits are instant availability of your financial information wherever you are, the ability to receive statements and other communications electronically, and even features such as mobile check deposit.

- See the current market value of your accounts, a snapshot of your asset allocation, a customizable stock watch list and more. Download and aggregate accounts held outside Raymond James.
- Customize your preferences for secure, convenient and eco-friendly paperless document delivery. You will receive an email notifying you of available documents, and will be

able to simply log in to Client Access to view. Share digital documents easily with CPA's, banks, lenders, etc.

- Pay bills online, use mobile check deposit and transfer funds electronically between accounts when it is convenient for you.
- Use Vault, our secure online storage platform, to upload, organize and store digital copies of vital documents.
- Keep your critical data safe and private with our two-factor authentication and data encryption technology.
- Log in from anywhere with internet access 24/7, and download the free mobile app for even greater freedom.

If you're already using Client Access, just log in and go to the Account Services screen to choose paperless delivery of your documents.

If you are not a user, we encourage you to enroll today. We trust that you will quickly realize how valuable this valuable tool complements the other services we provide you.

Visit our website at www.gavinandassociates.com and click on "Client Access", then "Enroll" to get started.

If you need help enrolling please call our office and either Nora or Stacey will be able to walk you through the process.