



THE DOLLAR CHASE

DECEMBER 2019 | WWW.PBFADVISORS.COM | PBF@PBFROUNTREE.COM | (303) 238-5123



IT'S THAT TIME OF YEAR AGAIN!

Required Minimum Distributions (RMDs) are the minimum amount you must withdraw from your IRA's or retirement plan accounts when you reach age 70½. This distribution needs to be taken by December 31 unless you turned 70 ½ this year, then you have until April 1, 2020. Any required amount which is not taken can have a 50% penalty assessed.

You can withdraw more than the minimum required amount. The withdrawal will be included in your taxable income unless you have a non-qualified IRA and part was taxed before you deposited it into the IRA.

You can choose to take your RMD however you want. You can take a series of payments throughout the year, or you can take your RMD in one lump sum. If you have more than one IRA, you can choose to withdraw your total RMD from just one IRA, or from a combination of them, as long as the overall minimum amount is withdrawn during the year. This isn't true for 401 (k)s, 403 (b)s (work retirement accounts). For those you must take a withdrawal from each account.

What's exempt from RMDs? After-tax retirement accounts -- specifically Roth IRAs. Any portions of 401(k) or similar accounts that came from Roth contributions do have RMD requirements. The primary reason RMD rules exist is to ensure that you eventually pay taxes on the funds in your account. Qualified Roth withdrawals are tax-free, so the IRS doesn't really care how long you leave your money in the account.

TAX STAT BANK

\$2,879...Average refund that taxpayers who filed, as of late May 2019, received from 2018 taxes. *(The Wall Street Journal)*

\$2,908...Average refund that taxpayers who filed, as of late May 2018, received from 2017 taxes. *(The Wall Street Journal)*

Two-thirds...Number of households that received tax cuts under the Tax Cuts and Jobs Act. *(The Wall Street Journal)*

6...Percentage of households that paid more taxes under the Tax Cuts and Jobs Act. *(Tax Policy Center)*

10...Percentage of the population that itemized deductions in tax year 2018. *(Tax Foundation)*

30...Percentage of the population that itemized deductions in tax year 2017. *(Tax Foundation)*

433.7 million...Number of visits to IRS.gov during the 2019 tax season, up 8.6 percent from 2018. *(Accounting Today)*

92...Percent of United States taxpayers who e-filed their returns in 2019, up from 67 percent in 2018. *(eFile.com)*



STUDENT OF THE MARKET: NOVEMBER 2019 FACTOID'S

- 1. The power of rebalancing.** Over the last 20 years, an annually rebalanced portfolio of 60% U.S. stocks and 40% U.S. bonds outperformed 100% U.S. Stocks or 100% U.S. bonds, with close to half the risk.
- 2. Seasonality tracking.** Stock market seasonality is a consistent force in the market. Historically, "Turkey to Tax" (November 1 to April 30) has been the best performing 6-month period for U.S. stocks, averaging 7.4% since 1926. The gap between these returns and those during "Mommies to Mummies" (May 1 to October 31) has only grown more during recent years.
- 3. Federal Reserve "mid-cycle rate cut adjustments."** The Federal reserve has cut short term interest rates 3 times this year, decreasing rates a total of 0.75%. This has some striking similarity to "mid-cycle rate cut adjustments" during the market cycle from 1995 – 2000, which were followed by strong returns in stocks and positive returns in bonds.
- 4. Presidential election years throughout history.** Historically, the U.S. stock market has performed best when an incumbent president has won reelection.

HOME ALONE

The home is often a retiree's largest asset, and their largest expense. Eighty-three percent of retired homeowners want to stay in their current home, but that is not always realistic if not planned for. (Kiplinger)¹

¹ Jamie Hopkins, "What's Your Retirement Housing Strategy?" Kiplinger, May 14, 2019

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Here is a list of our current email addresses:

| | |
|------------------------|---------------------------|
| pbf@pbfrountree.com | jill@pbfrountree.com |
| sharla@pbfrountree.com | regina@pbfrountree.com |
| eric@pbfrountree.com | lynae@pbfrountree.com |
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~unknown



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