

WELCOME TO: COVID 19 PRACTICE SURVIVAL GUIDE

Week 7 of a series

Guest Speaker:

**What Retirement Savers Should Know
About the CARES Act & the Secure Act**



Deanna Filosa, CLU, ChFC

Moderators:



Michael King, DPM, FACFAS



Ira Kraus, DPM, FACFAS



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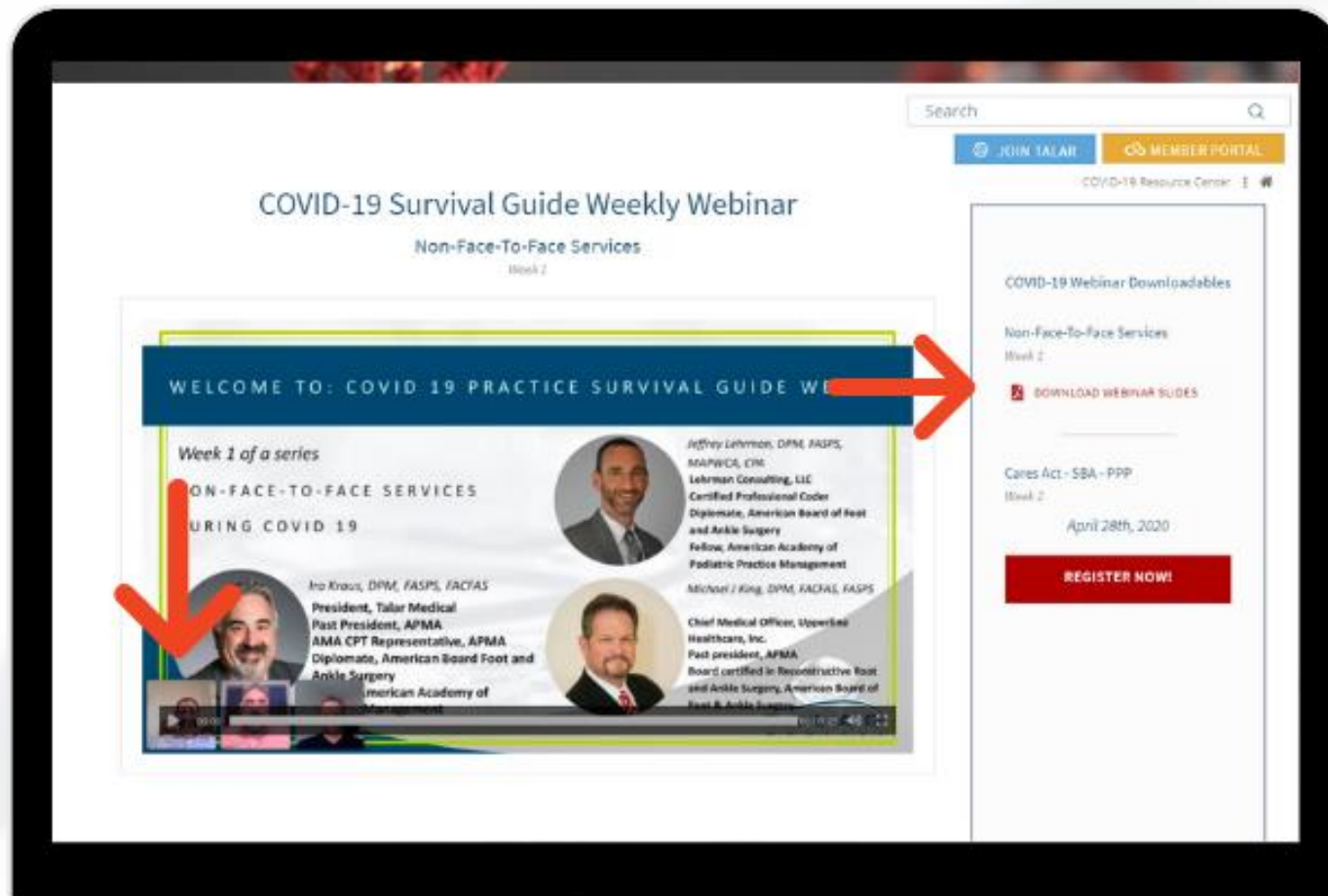




Would you like to find a replay of tonight's webinar? Find it on our website today!

1. Visit our website www.TalarMedical.com
2. Look for our COVID 19 Resource Center located in the upper right hand corner





- Inside the COVID 19 Resource Center you will find:
- An archive of the entire webinar series “COVID 19 Practice Survival Guide”
 - A downloadable version of the lecture slides.
 - Updates, news, and information regarding COVID 19 and your practice

Want to receive a personalized, no obligation medical supply cost analysis?

This is how

1. Send us the products you are currently ordering in excel spreadsheet format. Please include:
 - Current Vendor
 - Item Description
 - Manufacturer Number/SKU
 - Unit of Measure
 - Price
2. Email the spreadsheet to admin@talarmedical.com or visit our website at talarmedical.com/complimentary-medical-supply-cost-analysis/
 - * Can't easily provide the information in an Excel format? We have you covered! Just send us a copy of your most recent receipts. Please note, comparisons presented in receipt format do require longer to turn around.

Deanna Filosa, CLU, ChFC



- Managing Partner, Sterling Physician Planning of Sterling Wealth Management, LLC
- Financial Advisor 30+ years. Serving 800+ physicians in the areas of insurance, investing and retirement planning
- Annual speaker (25+ years) at Stony Brook School of Medicine and NYIT College of Osteopathic Medicine's Exit Interview, lecturing alongside the American Association of Medical Colleges on student loan management, budgeting, and financial planning for young physicians
- Executive Committee Chair (2020-2021), Product Development, MassMutual Life Insurance Company for Retirement Services
- Women's Advisory Board, MassMutual Life Insurance Company
- Graduate of Rutgers University, College of Engineering. Chartered Life Underwriting (CLU), Chartered Financial Consultant (ChFC), Special Needs Planner.



WHAT RETIREMENT SAVERS SHOULD KNOW ABOUT THE SECURE and CARES ACTS

Tonight's Agenda

The **SECURE ACT**- overview of the provisions and what they mean to you

The **CARES Act** – what you need to know re: Retirement Accounts

- Who qualifies?
- What are the CARES Act provisions?
- How do I use the provisions if I need to?

The **CARES Act** – what you need to know re: Student Loans

The information provided is not written or intended as specific tax or legal advice. MassMutual, its subsidiaries, employees, and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

Overview- SECURE ACT

- The Act was signed into law on December 20, 2019
- Modified certain requirements for employer-provided retirement plans, IRAs, and other tax-advantaged savings accounts
- The SECURE Act is made up of six parts:
 - (i) Expanding and Preserving Retirement Savings;
 - (ii) Administrative Improvements; (iii) Other Benefits; (iv) Revenue Provisions; (v) Tax Relief for Certain Children; and (vi) Administrative Provisions



FOR FINANCIAL PROFESSIONAL AND EMPLOYER USE ONLY.

Increases Age for Required Beginning Date for Mandatory Distributions

EFFECTIVE DATE:
**Applies to
distributions required
to be made after
December 31, 2019**

with respect to
individuals who attain
70 1/2 after such date

- The **SECURE Act increases** the age that triggers required minimum distributions from 70 ½ to 72
- Participants who turned 70 ½ prior to January 1, 2020 remain subject to the old rules

Repeals Maximum Age for Contributing to Traditional IRA

EFFECTIVE DATE:
Taxable years
beginning after
December 31, 2019

- Allows contributions to a traditional IRA past age 70 ½

Modifies Required Distribution Rules for Designated Beneficiaries

EFFECTIVE DATE:

Applies to distributions with respect to employees who die after December 31, 2019 (December 31, 2021 for governmental plans and collectively bargained plans)

- The Act changes the post-death required minimum distribution rules for defined contribution plans and IRAs
- Generally requires all accounts be distributed within 10 years following the death of participant, except for “eligible designated beneficiaries” – a beneficiary that is a:
 - Surviving spouse
 - Minor child of employee
 - Disabled
 - Chronically ill
 - Not more than 10 years younger than employee

Permits Penalty-Free Distributions In Case of Birth or Adoption



EFFECTIVE DATE:
Applies to
distributions made
after December 31,
2019

- An individual may take a penalty free distribution of up to \$5,000 from their qualified defined contribution, 403(b), and governmental 457(b) Plan and IRAs for expenses related to the birth or adoption of a child
- The distribution must be taken during a 1-year period beginning on the date on which a child of the individual is born or legal adoption is finalized
- Repayment – An individual can repay amount to an eligible retirement plan which accepts rollover contributions

Coronavirus Aid, Relief and Economic Security Act ("CARES Act")

- Signed into law March 27, 2020 ("Enactment Date")
- Provides significant relief to individuals, businesses and other organizations in response to the Coronavirus - COVID-19
- Specific retirement provisions
 - Allows tax-favored withdrawals from retirement plans: 401(k), 403(b), governmental 457(b)
 - Provides option to suspend participant loan repayments
 - Increases maximum amount a participant can take as a loan
 - Eliminates minimum distribution requirements in 2020





Qualified Individuals

- Plan sponsors must opt into CARES Act provisions
- Defined as an individual
 - Diagnosed with SARS-CoV-2 or COVID-19 by a test approved by the Centers for Disease Control and Prevention; OR
 - Whose spouse or dependent is so diagnosed by such a test; OR
 - Who experiences adverse financial consequences as a result of
 - Being quarantined; OR
 - Being laid off or furloughed or having work hours reduced due to the virus; OR
 - Being unable to work due to lack of child care due to the virus; OR
 - Closing or reducing hours of a business owned or operated by the individual due to the virus; OR
 - Other factors as determined by the Secretary of the Treasury

Taking a Coronavirus-related Distribution ("CRD")

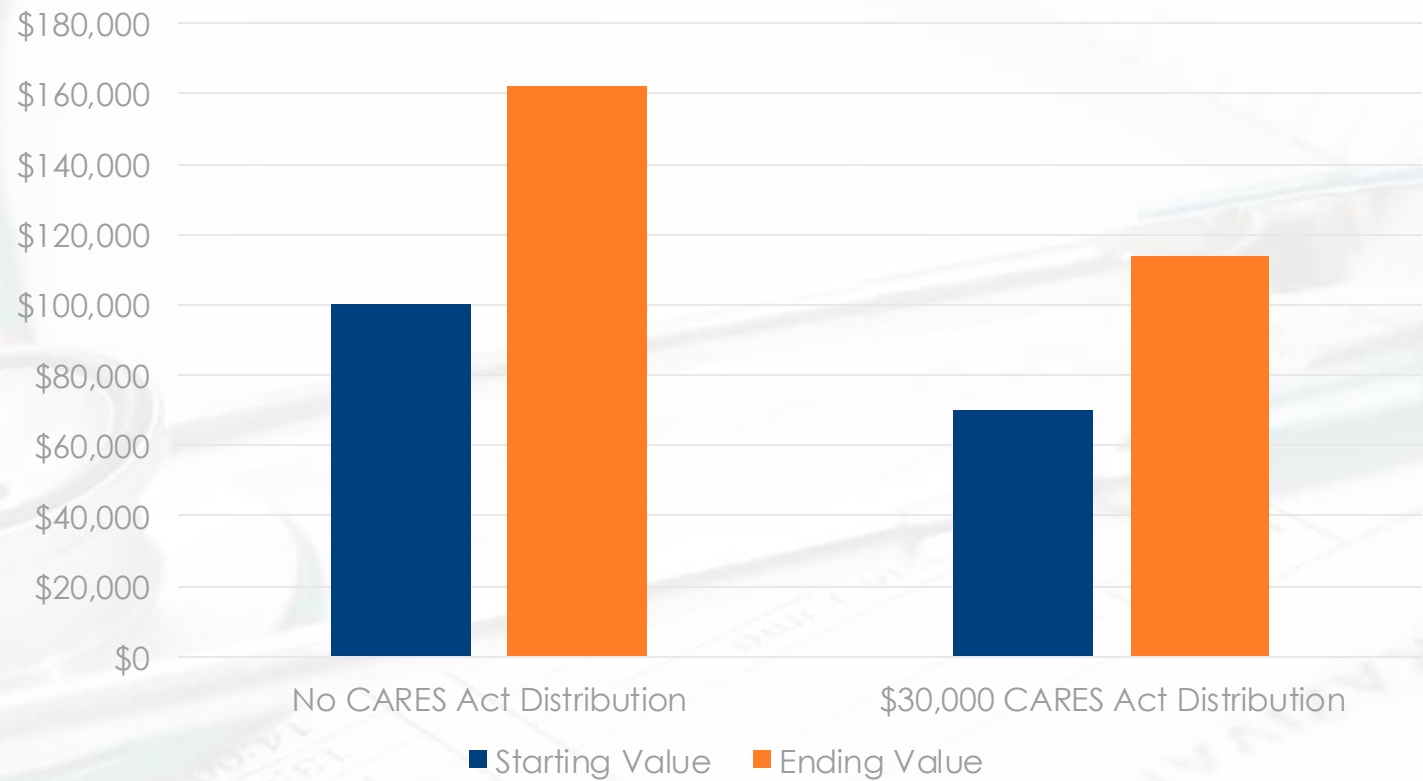
- Distribution only allowed to Qualified Individual
- Distribution made on or after January 1, 2020 and before December 31, 2020
- Capped at \$100,000 in aggregate, per individual
- Exempt from 10% penalty tax
- Not subject to 20% mandatory federal withholding
- Still subject to federal income tax (if taken from taxable source)
 - Participant can choose to spread tax impact over 3 years in equal amounts
- Option to repay distribution within 3 years



Proceed with caution

Consider potential long-term impact on retirement savings and think of an early withdrawal as a last resort

Anne is deciding whether or not to take a \$30,000 distribution from the \$100,000 she's saved in her retirement account



Assuming 10 year period, 5 percent annual return and no repayment of distribution.



Increases maximum loan amount

- Increases maximum loan amount
- The lesser of:
 - 100% of the participant's vested balance or
 - \$100,000 reduced by the participant's highest outstanding balance in the last 12 months

Suspending RETIREMENT loan repayments

- Only allowed for Qualified Individual
- Applies to payments due:
 - From date of enactment (March 27, 2020)
 - Through December 31, 2020
- Repayments may be suspended for one year
- When payments resume loan must be re-amortized
- Interest continues to accrue during suspension period
- Upon resuming payments, loan does **not** need to be paid off within five years of original loan date

What the CARES Act Means for Student Loans

- The US Dept of ED has Suspended loan payments MARCH 13th- SEPT 30th for borrowers with **DIRECT LOANS- and FFEL held by the Dept of Education**. (Private loans, FFEL loans held by commercial lender and Perkins loans are not eligible)
- Interest rate on these eligible loans is set to 0% for this period of time
- If you were in an Income Driven Repayment, for the purpose of Loan Forgiveness, prior to March 13th, then the \$0 payments during this period of time will be considered qualifying payments under the Forgiveness Programs.
- Be sure to look out for a communication from loan servicers in August regarding the start up of payments. You will be responsible for payments in October. If they are not made, there could be a hit to your credit



QUESTIONS...



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Thank You!

Join us #TalarTuesday, June 9, 2020 at
5 PM PST/8PM EST for *“No More Excuses: Reinventing your
Practice During a Forced Slow Down”*

with guest speaker

Cindy Pezza, CMA

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