



CAPTRUST



CAPTRUST Wilmington: First Quarter 2020 Client Newsletter

Thursday, April 9, 2020

Leaning In

This week marks almost a month of modified routines at home and work. We hope you're staying healthy—both physically and mentally.

As unique as the current environment is for all of us, we remain available to support you and your family. We are currently scheduling virtual visits with clients via phone, Zoom, FaceTime, Skype, and Microsoft Teams.

Here are a few topics we wanted to share:

CARES Act—Required Minimum Distributions, Tax Deadlines, IRA Contributions

The recent coronavirus relief bill, known as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, includes a provision that affords taxpayers a “holiday” from required minimum distributions (RMDs) in 2020. This impacts individual retirement accounts (IRAs), 401(k)s, and other qualified retirement plans. There is consensus that this relief applies to RMDs from inherited retirement accounts as well, although that is not specifically addressed in the bill.

For clients who do not need their RMD for cash flow in 2020, this creates the opportunity to reduce withdrawals from temporarily lower portfolio values and avoid the taxable income from the distribution.

A question created by these changes is whether making a direct qualified charitable distribution (QCD) from an IRA still makes sense this year given that RMDs are waived. If you will qualify for a charitable deduction in 2020 (this varies by client), using non-IRA assets such as cash or appreciated shares of stock could be advantageous this year. If not, using IRA assets as the source of charitable gifts can still make sense.

The CARES Act also extends the personal tax filing deadline for tax year 2019 to July 15, 2020. This generally means that 2019 IRA, Roth IRA, and HSA contributions can be extended to that date. The maximum IRA contribution for 2019 is \$6,000 if you are under age 50, and \$7,000 if you are age 50 or older. For HSAs, the limit is \$3,500 for individual coverage or \$7,000 for your family. Both IRAs and HSAs have eligibility requirements to review before contributing.



We welcome your questions and look forward to evaluating the impacts of these changes with each of our clients this year.

Portfolio Management—Tax Loss Harvesting and Rebalancing

Other than taking advantage of buying opportunities, there are few silver linings to stock declines. However, tax loss harvesting is one of them. This strategy is part of our ongoing process of managing taxable accounts that takes advantage of temporary declines to help clients offset future tax liabilities.

When clients have unique financial life events that create capital gains, such as the sale of a business or appreciated property, tax loss harvesting can become particularly beneficial. If you expect a capital gain like this in 2020 or over the next several years, be sure to let us know. This can be a valuable opportunity.

Buying low and selling high is a hallmark of a successful long-term investment process. A systematic rebalancing process helps ensure we are adding to lower-priced securities and trimming from the highest-priced securities on an ongoing basis. Significant market volatility like we have experienced over the past month gives us a chance to actively rebalance portfolios and add to solid long-term investments that are trading at discounts to recent prices.

Quarterly Performance Reports

The current stay-at-home orders will impact our normal process of printing and mailing quarterly performance reports to clients. While we are deemed an essential business and remain open for all client activity, some of our vendors are not.

Many of our clients have already elected to receive these documents through our secure online Client Portal. This will be our preferred method of delivering these reports to clients going forward, and we look forward to providing credentials for the Client Portal if you need them.

If you are not able to access the portal and would like us to email or print and mail your quarterly performance report, please let us know. We can handle either of these requests (email or mail) on a limited basis and will do our best to get the report to you without delay.

Please reach out to your advisor or send an email to Patrick.Sawrey@captrust.com to request credentials for the Client Portal, or to arrange delivery of your report by email or mail.

Shred Event

We do plan to host our annual Shred Event, but it will be rescheduled for early summer. We will be back in touch with the new date as soon as it is confirmed.

If you or your friends and family members are interested, links to the different communications we have sent to clients during this period are available on CAPTRUST's dedicated coronavirus response page [here](#).

As always, we are here to help and would love to hear from you. Please reach out if you need anything.

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