**2020 Tax update – Summary of Secure Act provisions and other topics discussed with Mr. Young**

* Secure Act
  + RMDs do not start until age 72 for anyone born after June 30, 1949.
  + Contributions to traditional IRA’s allowed for all ages for 2020 (not limited to under 70 ½)
    - Trap: if working individual contributes to a trad IRA after age 70.5, any amount of QCD is reduced by the amount contributed to the IRA.
  + Now there are 3 types of bene’s
    - Eligible designated bene’s – stretch still possible
      * Spouse
      * Minor child – until age of majority – then 10 years
      * Disabled bene
      * Chronically ill bene
      * Bene less than 10 years younger than decedent
    - Other Designated bene’s – 10 years
      * Individuals who are not EDB’s
      * Accumulation trusts – will have to pay the tax over 10 years but can dribble out the principal to bene’s
      * Applies to decedents who died before RBD
      * For decedents after RBD, the w/drawal period is the longer of 10 years or decedent’s life expectancy from Uniform Life Table (Ghost Life Expectancy)
        + For decedents between 73 and 80, this would be more than 10 years.
        + Some debate as to whether this applies because it is a regulation, not Code so the SECURE act did not repeal it.
    - No Designated bene’s – 5 years
      * Unchanged
        + Death before RBD-> 5 years
        + Death after RBD -> Ghost life expectancy
* New Life Expectancy Tables – updated November 2020 for distributions after 1/1/2022
  + Uniform Lifetime Table – for RMD’s unless spouse more than 10 years younger. About 1-2 years longer than previously
  + Joint & Last Survivor Table – applies to Mr. Young since spouse is sole bene and she is more than 10 years younger
  + Single Life Table – applies to distributions after death of participant
* Charitable contribution issues
  + 100% of AGI is threshold for cash contributions in 2020 under CARES Act
    - Does not apply to gifts to DAF
    - Reverts to 60% in 2021
  + Loube v. Commissioner; TC Memo 2020-3
    - 2013 purchased home in Potomac MD with plan to demolish it and build their dream house
    - Appraisal at $297,000
    - Donation of house to 501 © (3) - Second Chance Inc for deconstruction and resale of salvaged materials.
    - Donation disallowed because appraisal summary (attached to 8283) did not disclose date of acquisition or cost basis. The 8879 was also missing the appraiser’s signature and the signature of the donee. Failed to furnish all needed information
    - Tax Court noted:

“a failure to provide the ‘cost or adjusted basis’ on an appraisal summary is a failure to substantially comply” (sic) with the

substantiation regulations, in part because “if cost basis is not explicitly

disclosed where it is required to be disclosed, the Commissioner will be handicapped in identifying suspicious charitable deductions and deterring taxpayers from ‘continuing to play the audit lottery.’’”

* Early withdrawal from IRA without penalty – CARES ACT
  + Up to $100,000
  + Tax can be paid over three years
  + Can recontribute to retirement plan over three years
  + Must be qualified (necessary because of COVID related financial hardship)
  + Form 8915-E