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Retirement Planning Insights

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Up Front

“Flocking” and a Rock Retirement Club meet-up

My daughters both do competitive dance through a local dance studio. This month we’ll be going to a week-long national dance competition in Myrtle Beach, South Carolina.

As part of the prep, planning and team-building leading up to the competition, the kids in the studio are going around and “flocking” the yards of other dancers.

I’ve never heard of flocking until it happened to us; it’s when a bunch of plastic flamingos are secretly put on your front yard during the cover of night.



It would have been cooler if they used live flamingos instead of plastic, but I guess that’s not feasible here in the Northeast. 😊 At least flocking is a lot less offensive than some of the shenanigans I used to do to friends’ yards when I was younger!

In other news, I’m looking forward to the in-person meet-up I’ll be hosting for the **Rock Retirement Club** on July 24th right here in New Jersey.

I’ve been involved with the Rock Retirement Club, or RRC, for a couple of months now and it’s going really well. For those who don’t know, the Rock Retirement Club is a membership group of a few hundred retirees and people nearing retirement. It’s a place to share thoughts, concerns and experiences with other folks walking the same stage of life as you.

The Club makes available lots of great tools and resources, including regularly scheduled “meet-ups,” both virtually and in-person. Additionally, the RRC is moderated by a few great hosts/coaches/faculty, of which I’m one.

If you’re not already a member of the RRC, definitely check it out. And if you are a member and you’re in the New Jersey/Philadelphia/NYC area, I hope to see you on July 24th!

-Andy

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Retirement Planning News

The Securing a Strong Retirement Act of 2021

On May 4, 2021, Representative Richard Neal (D-Massachusetts) introduced a bill titled the **Security a Strong Retirement Act of 2021 (“SSRA”)**.

While it’s only draft legislation at this point, it does appear to have bipartisan support (which is rare nowadays). Therefore, assume you may eventually see some of this bill make it into law.

The legislation has unofficially been dubbed “SECURE Act 2.0,” as it builds on some of the retirement-strengthening provisions of the SECURE Act, which was signed into law on December 20, 2019.

Some of the key proposals in the SSRA include:

- Gradually increasing the Required Minimum Distribution (“RMD”) start age from 72 to 75
- Reducing the penalty for not taking RMDs from 50% to 25%
- Allowing SEP and SIMPLE IRAs to be opened as Roth accounts
- Allowing matching contributions made in employer-sponsored retirement plans to be made as Roth contributions; no longer just pre-tax contributions
- Indexing the \$1,000 IRA catch-up contribution, for those 50 or older, to increase with inflation
- Allowing larger catch-up contribution amounts for those 62 and older
- Indexing the \$100,000 annual limit on Qualified Charitable Distributions (“QCDs”) to increase with inflation
- Limiting the loss of tax-deferred treatment to the portion of an IRA involved in a prohibited transaction
 - This one is tremendously important, in my opinion. A “prohibited transaction” is when you make a transaction in your IRA that is deemed prohibited by the IRS. If/when you engage in a prohibited transaction, your ENTIRE IRA becomes disqualified from tax-deferral and the WHOLE account gets forcibly distributed as a taxable distribution at the time of the prohibited transaction. For example, if you have a \$1,000,000 IRA and engage in a \$5,000 prohibited transaction, you must distribute AND PAY TAX ON the whole \$1,000,000 even though only \$5,000 was involved...that would not be good. The SSRA would make it such that only the \$5,000 would need to be distributed and taxed.

Even though the legislation is still in the draft stage, the SSRA is nonetheless something to have on your radar. There are multiple things in there that are likely to pertain to you and your retirement planning.

Practical Retirement Planning

Understanding bonds, bond prices and bond yields

Virtually everyone has heard of stocks and bonds. While most people have a good understanding of stocks and how they work, the same cannot be said for bonds.

While bonds aren’t nearly as glamorous as stocks, they are no less important. In fact, bonds are arguably MORE important than stocks.

For example, the global bond market is larger than the global stock market. According to the **International Capital Markets Association**, the global bond market was valued at

