UPDATE

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Dwight Darby & Company

Certified Public Accountants

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In Memory of Wayne Bond

The partners and staff of Dwight Darby & Company are saddened to announce the passing of Wayne Bond, 76 on December 8, 2019 at Bayfront Medical Center as a result of injuries sustained from a motorcycle accident.

Wayne was born in Greenwich, CT in 1943, and grew up in the Miami area, attending Archbishop Curley High School.

Wayne joined Dwight Darby in 1967 and served as its managing partner from 1986-2000. Wayne spent two years studying at Florida State University before he served in active duty as a Marine Corps reservist. Afterwards, he returned to resume his degree at the University of South Florida aided by a scholarship awarded by Dwight Darby & Company. Although Wayne provided a wide range of services, his expertise was within the automobile and steel fabrication industries. His dedication, expertise and friendship to his clients, partners and co-workers are what made his successful career exceptional.

Wayne wasn't your typical looking CPA either. In his spare time, Wayne loved to ride his Harley Davidson motorcycle and went on many trips across the country (hitting all 50 states!) and internationally (8 countries!), traveling with his wife and friends. He was so dedicated to his work and his Harley that he had been seen riding on his Harley with a calculator strapped on the back. He also recently served as President of the motorcycle club at the Saint Petersburg Yacht club. He loved fast cars (Fords only!), scuba diving, soccer, boating and water skiing. Over the years he volunteered in various positions. He was a director for the Tampa Area Safety Council, served as an officer in the formation of a youth soccer club in Central Pasco, as well as coaching and refereeing; all positions held for many years.

Wayne was as dedicated to his family as he was the firm. As busy as tax season was, Wayne found the time to coach his son's soccer team. He had been married for over 50 years and has three children and eight grandchildren.

Wayne is survived by his loving wife Jean Bond, his sister Joan Kelly, his three children, Carey Bond, Shawn Noser and Kevin Bond and his eight grandchildren Stori, Saxon, James, Piper, Castle, Kingsley, Sienna and Amelia. He enjoyed spending time with his wife, kids and grandkids and had several loyal dog companions over the years including his recent best friend "Callie". He lived life to the very fullest and he will be deeply missed by all those who had the privilege of knowing him.

Significant Retirement Savings Law Changes Starting in 2020

Dave Bove

Congress has passed significant changes to retirement savings laws that will affect individuals in or nearing retirement, new parents, small business owners and employees, and could have a major impact in estate planning.

The retirement savings bill, known as the SECURE Act, was included as part of a massive government spending bill that was approved by Congress in mid-December 2019. The SECURE Act is an acronym for the "Setting Every Community Up for Retirement Enhancement." It puts into place numerous provisions intended to strengthen retirement security across the country.

Key provisions in the retirement savings portion of the bill include:

1. **Change to RMD age.** The law raises the age from 70 ½ to 72 at which individuals must begin taking RMDs from their retirement accounts. The new law only applies to people who turn 70 ½ after December 31, 2019. If a person turned 70 ½ in 2019 then the law does not apply and that person must take an RMD in 2019, 2020, and beyond.

2. **Contributions to Traditional IRAs after age 70 ½.** The law ends the prohibition on contributing to an individual retirement account (IRA) after 70 ½. Individuals may continue contributing to an IRA at any age, as long as they have earned income.

3. **New rules for inherited retirement accounts.** Under current law, inherited retirement accounts (often referred to as "Stretch IRAs") can distribute those assets over the beneficiary's lifetime. Under the new law, those assets must be distributed within 10 years. This provision has potentially significant estate planning implications. There are exceptions for spouses, minor children, disabled individuals and people less than 10 years younger than the decedent. The new law does not affect existing inherited accounts but rather only applies to accounts that are inherited in 2020 and beyond.

4. **Penalty-free withdrawals for birth/adoption expenses.** New parents can withdraw up to $5,000 each from an IRA or an employer-sponsored retirement plan to pay birth and/or adoption expenses, through the first year after the birth or adoption. Taxes still need to be paid on pre-tax contributions, but no penalties apply to the withdrawal.

5. **Part-time workers can participate in a 401(k) plan.** Under current law, employers did not have to invite employees who worked less than 1,000 hours every year to participate in a retirement plan. The new law drops the threshold for eligibility down to either one full year with 1,000 hours or three consecutive years of at least 500 hours.

6. **Makes it easier for annuities to be offered in 401(k) plans.** The new law lowers barriers to offering annuities in employer-sponsored plans, though plans are not required to do so. Currently, employers hold the fiduciary responsibility to ensure these products are appropriate for employees' portfolios, but under the new law, the onus falls on insurance companies, which sell annuities, to offer proper investment choices.

7. **Multiple employer plans for small businesses.** The new law widens access to multiple employer plans for small businesses. Previously, companies may have avoided participating in that type of program because of the so-called one bad apple rule that stated if one employer did not meet the plan requirements, the plan would fail for all others involved. Under the new law, employers will no longer have to share "a common characteristic," such as being in the same industry. As employers pool together, they will enjoy the economy of scale which is access to more features at affordable prices.

8. **Tax credit to employers.** The new law increases the tax credit available for 50% of a small business's retirement plan start-up costs with a maximum credit up to $5,000. A brand new $500 tax credit is created for a small business's start-up costs for new 401(k) and SIMPLE IRA plans that include automatic enrollment. The credit is available for three years and is in addition to the existing credit described above. The credit is also available to small businesses that convert an existing retirement plan to an auto-enrollment plan.

9. **Change to 529 plans.** In some cases, families have money remaining in their college savings plans after their student graduates. Under the new law, they can use a 529 savings account to pay up to $10,000 in student loans over the course of the student's lifetime.

10. **Lifetime income disclosure.** To help savers gain a better understanding of what their monthly income might look like when they stop working, the new law requires 401(k) plan administrators to provide annual "lifetime income disclosure statements" to plan participants. These statements will show how much money you could get each month if your total 401(k) account balance were used to purchase an annuity. (The estimated monthly payment amounts will be for illustrative purposes only.) The new disclosure requirements aren't required until one year after the IRS issues interim final rules, creates a model disclosure statement or releases assumptions that plan administrators can use to convert account balances into annuity equivalents, whichever is latest.

What should investors do?

Investors who have turned or will turn 70 ½ before December 31, 2019, should ensure that they have taken their RMD or have plans to do so prior to the deadline of April 1, 2020. If you turn 70 ½ on or after January 1, 2020, you will not need to begin taking required minimum distributions until 2022.

Investors who have estate plans that include leaving retirement accounts to heirs should consider reviewing those plans with a financial planner to determine whether any changes need to be made based on the new law.

Investors over 70 ½ who have earned income should consider discussing with a financial planner whether the new rule permitting ongoing contributions to an IRA makes sense for their situation.

New W-4

Lise Seedroff

As advised in our December 6, 2019 Weekly Tax Tip, there are big changes in the new Form W-4 effective after 2019. The redesigned form is intended to improve accuracy and reduce complexity. However, as is often the case with new government forms, you and your employees may have some questions about how the form should be completed and used to calculate payroll tax deductions.

Although use of the 2020 Form W-4 is required for new hires and changes in withholding for wages paid on or after January 1, 2020; current employees who have submitted an earlier version of Form W-4 are not required to replace it with the new form.

There are 5 steps on the new form but only steps 1 and 5 must be completed by all employees. Step 1 is completed to provide personal information including their social security number and filing status. Step 5 is the employee's signature affirming that information is accurate, and the date. Steps 2 – 4 can be used to adjust for other factors:

Step 2 - Multiple jobs or both spouses work

Step 3 - Dependents

Step 4 - Other adjustments such as non-wage income, itemized deductions and extra withholding

The major change to the form is elimination of withholding allowances because those were used to align with personal and dependent exemptions on the employee's tax return. Those exemptions can no longer be claimed under current tax law.

use the online estimator at www.irs.gov/W4App for additional guidance to complete the form.

Client Organizers

Pam Mattox

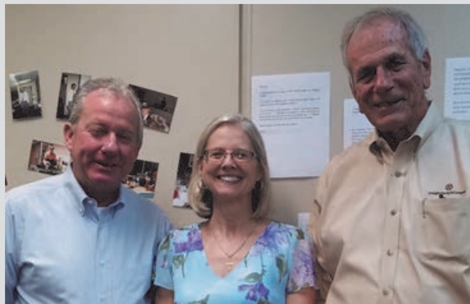
Can you believe that it is already time to gather another year of tax information? Utilizing the "Client Organizer", which we send to you via mail or e-mail, is a great way to gather information needed to prepare your personal income tax return. Keep an eye on your inbox or your mailbox for this important document. Please review your Organizer and feel free to add any notes or questions for your preparer. If last year's figures are available, they have been included on the Organizer for reference purposes. Provide detailed information if you answer "Yes" to any general, business or investment questions for 2019.

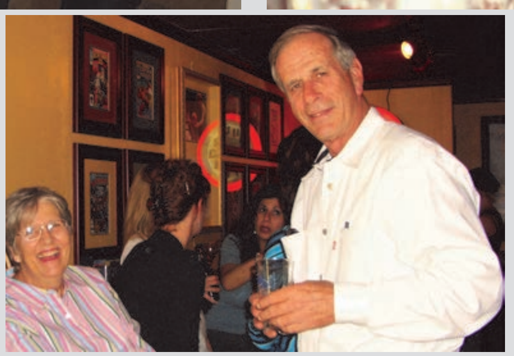
Gather the following documents and include with your Organizer:

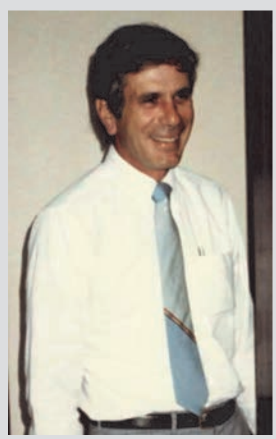
- Form(s) W-2 (wages, withholding, etc.)
- Form(s) 1099 (interest, dividends, nonemployee compensation, retirement distributions, etc.)
- Form(s) SSA-1099 (social security benefits)
- Brokerage statements from stock, bond or other investment transactions
- Date of purchase and acquisition costs for all stock and mutual fund sales
- Schedule(s) K-1 (income/loss from partnerships, S corporations, estates and trusts)
- Closing statements pertaining to real estate transactions
- All other supporting documents (schedules, checkbooks, etc.) for deductions you want to claim
- Any tax notices received from the IRS or other taxing authorities
- A copy of your income tax return from last year, if not prepared by us

In remembrance of Wayne Bond, our colleague and our friend.

Until we meet again....................







All Major Brokerages Drop Commissions on Stocks & ETF's

Matt Saucier

Towards the end of 2019 online brokerages made it completely free to execute stock and ETF trades. The trend began a few years ago with TastyWorks, an online brokerage that mainly specializes in derivatives, and gained more steam when Robinhood, an app based broker marketed towards beginner traders and millennials, both operated with no commissions on stocks and ETFs trades. Then the bigger firms such as Charles Schwab, TD Ameritrade, and E*TRADE hopped on board. Could this be the beginning of the end of finance as we know it? Will this inspire the individual investor to go out and manage their own money or will the trend of passive management continue? This announcement from the brokerage firms drew a lot of attention from the financial media, some reported it as a good thing, while others reported it as a potentially bad decision.

Some of the negative press these announcements received was that the customers will not get their orders filled efficiently as they used to. This is simply not true. Brokerage firms do not handle the filling of their customer's orders. When orders are placed the broker sends them to a high frequency clearing firm who fills the orders. The broker makes money based upon the volume of orders they send to the clearing firm. With high frequency technology individual investors can get their orders filled in milliseconds at or near the price they desire. This technology is not going anywhere, and it makes it easier than ever to actively engage in the financial markets. A lot of customers were confused as to how their broker was able to slash fees and still stay in business. The fact of the matter is commission fees are not their main source of revenue. Simply, not that many people are buying and selling stocks anymore. With stocks like Amazon and Google trading $1,000 a share and companies like Apple and Boeing trading around the $300 level, it makes it hard for the average American to trade. Therefore, a lot of individual investors made the switch to derivative products such as stock options and futures. This way they can achieve the same gains more efficiently by putting up less capital. It may seem like these brokers are doing you a favor when it is not a huge hit to their business.

The second negative ramification being discussed is individuals will over-manage their money and it will cost them in the long-term. With no commissions, the idea is that people will go crazy making trades while they should have just held. That may be true in some cases, but not an appropriate blanket statement. The finance industry is built upon the idea that the customer is not smart enough to make money in the markets so they should pay their broker or advisory service to do the work for them. Which again, is simply not true. No broker, analyst, or economist has any monetizable advantage over an individual investor. The information used by the fund managers is the same information available to the general public. The future of finance is in investor education and empowerment, not large funds with high management fees.

With all this debate one important fact is being left out. Customers now have access to everything they had before, at a far lower cost. People often feel like the stock market is too complicated and pay finance firms to manage their money. This leads to little transparency regarding portfolio performance and fee structure. The two skills necessary for a successful experience as a retail investor are risk management and decision making. If you want to get better at risk management and tolerance all you need to do is take on more risk. If you want to be a better decision maker, just make more decisions. Whether you make a little, lose a little, make a lot, or lose a lot these skills will transfer over into many other aspects of your life and are greatly beneficial. Many people live their lives risk adverse, and now is the best time to break the mold.

Closing Entries

ANNIVERSARIES

The following Dwight Darby & Company employment anniversaries will be occurring this spring.

Brad Tushaus – 44 years in June

Ann Orand – 5 years in May

SPRING IS THE PERFECT TIME TO PLAN YOUR HERB GARDEN!!

5 GARDEN HERBS TO PLANT IN EARLY SPRING:

- ***Cilantro***
- ***Lemon Balm***
- ***Dill***
- ***Basil***

So get planting and enjoy some amazing spring and summer recipes!

This newsletter is published for our clients and other interested persons. Since this information may be of a technical nature, no final decision should be made without first consulting our office.

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