

# Legacy & Retirement Planning Made Simple

By: Bryant Stone Jr., Investment  
Advisor Representative



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As a civil servant, it's your right to have a financial plan tailored to match your needs. To ensure you have control of your federal benefits and investment, you'll need access to the latest financial and federal resources available. By integrating investment knowledge with your specific financial needs, you can develop a sound financial plan for retirement. Retirement plans better achieve this through the use of [different federal retirement systems](#) depending on when you were employed.

# Meet Bryant

Bryant Stone is a Bloomsburg University of Pennsylvania Business Graduate that started his Insurance and Financial Services career in 2008. Born and raised in Norwich, CT, Mr. Stone excelled in playing football as a youth which eventually landed him a scholarship to play for Bloomsburg. Bryant learned the true meaning of work ethic and leadership while playing and attending college, ultimately helping him excel in his career today.

After graduation Bryant began his career in the mortgage financing industry helping potential homeowners and current homeowners find financing for their home. In 2009, Bryant started his own practice, SFG Tax Advisors, LLC. He currently serves as the Chief Investment Officer of Top Rank Advisors, LLC, which is partnered with over 25 A-Rated Insurance and Financial services companies which allows him to provide an unbiased approach to his client's financial planning.

As an Investment Advisor Representative, Bryant brings a holistic approach to each client's specific situation, taking pride in doing the right thing and putting their goals first.



As a network representative of My Fed University, I am trained and authorized to conduct educational works shops in the federal benefits area.

We are licensed Insurance financial professionals in this state and specialize in pre-retirement and retirement income planning.

We are not attorneys or CPAs. We can not and will not give any legal or tax advice. Any mentioning of taxes represents general tax information and used for example purposes only.

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2. Would you like to receive a complimentary Benefit Analysis

- Yes  
 No

3. I would like more information on:

- Upcoming webinars  
 Local Seminars  
 A Benefit Analysis  
 How to allocate my TSP

4. My primary retirement concern is:

5. Phone:

6. Zip Code:

7. Approximate years till retirement?

Submit

# Course Objectives

1. Why do I need Estate Planning Documents?
2. Benefits of a Revocable Living Trust
3. Required Minimum Distributions
4. Tax Strategies
5. Passing Assets to Beneficiaries



*1. Why do I need  
Estate Plan  
documents?*

# Financial costs

Without an Estate Plan, settling your affairs can be expensive due to the government's probate court process.

- **Filing fee examples**
  - California: \$395
  - Florida: \$400
  - Idaho \$223-\$300
- **Legal notice fees**
- **Potential Bond fees**
- **Personal representative fees**
- **Attorney fees**
- **Appraisal fees**



# Personal costs

The costs may be more than just financial. Family conflicts - disputes over money, land or personal items, to name a few - often arise from the process of settling an estate through probate.

A recent survey found that 44% of all estate disputes involved siblings; 30% of those said their family members **stopped talking to each other entirely** as a result of the dispute.

Suitable for all categories business and personal presentatin, eaque ipsa inventore veritatis.

- **PLUS loss of time:** Six months to a year or more to settle
- **PLUS loss of privacy:** Potential “Theft Beyond the Grave”.



Despite their priorities, nearly **50%** of Americans over 55 still don't have a will. - *Forbes*, 2-15-19



**67%** of Americans have no estate plan. - *CNBC*, 4-11-22



If you want your assets and your loved ones protected when you can no longer do it, you will need an estate plan.

Without an estate plan your heirs could face **big tax burdens** and the courts could designate how your assets are divided—and even who gets to raise your children.

- *Investopedia*, 5-30-21

# Why don't more people have an Estate Plan?

-  Intimidating process
-  Attorney costs
-  Uncomfortable topic
-  Too complicated
-  Procrastination

# Your choice, government's plan or yours:



**Your plan**



**The court's plan**

# Questions

**Decisions will have to be made regarding your:**

- Assets
- Healthcare
- Family's future
- **How much of your estate do you want to be paid to courts and lawyers?**

# The Government's Plan Probate



- **Courts decide who receives your assets**
- **Your family's privacy is lost**
- **Family waits months or even years before receiving assets**

# Typical probate costs

- **Probate fee range:** 1% to 8% of estate
- **\$300,000 estate:** \$3,000 to \$24,000
- **California:** \$100,000 estate can cost \$8,000+
- **Under some state laws, the attorney and personal representative are entitled to “reasonable compensation”**
- **Typical Probate:** \$2,000-\$5,000

# Benefits of avoiding Probate

- Save money
- Save time
- Less stress
- Less paperwork
- Protect your family's privacy



## 2. Benefits of a Revocable Living Trust



# Getting Prepared

## Benefits of a Revocable Living Trust

- You **May** Avoid Probate
  - Saves time and money
- Generally considered more difficult to attack in court
- Provides Privacy
  - A living trust is not made public upon death

# A Living Trust eliminates Probate court



A **Living Trust** is a contract.

It does the work of probate court without the court and makes matters easier for your family.

# YOU decide - not the court

- *Who* receives your hard-earned assets
- *When* they receive them (at what age)
- *How* they receive them (over time or in a lump sum)
- *Who* makes decisions if you are incapacitated
- *Who* manages assets for minors
- Guardianship for minor or disabled children

# Revocable Living Trust

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## GRANTOR

### **Definition:**

The person who creates the living trust and decides what property to include and who the beneficiaries will be.

## TRUSTEE

### **Definition:**

The person/company who manages the living trust. Successor trustee manages the trust after you are gone or if you become incapacitated.

## BENEFICIARY

### **Definition:**

The person/company who receives benefits from the living trust.

### 3. Required Minimum Distributions



## Required Minimum Distribution (RMD)

*[ri-'kwī(-ə)rd 'mi-nə-məm  
,di-strə-'byü-shən]*

A specific amount of money you must withdraw from a tax-deferred retirement account each year after reaching a certain age.

Uniform Lifetime Table					
Attained age	Distribution Period	Attained age	Distribution Period	Attained age	Distribution Period
72	27.4	89	12.9	105	4.6
73	26.5	90	12.2	106	4.3
74	25.5	91	11.5	107	4.1
75	24.6	92	10.8	108	3.9
76	23.7	93	10.1	109	3.7
77	22.9	94	9.5	110	3.5
78	22.0	95	8.9	111	3.4
79	21.1	96	8.4	112	3.3
80	20.2	97	7.8	113	3.1
81	19.4	98	7.3	114	3.0
82	18.5	99	6.8	115	2.9
83	17.7	100	6.4	116	2.8
84	16.8	101	6.0	117	2.7
85	16.0	102	5.6	118	2.5
86	15.2	103	5.2	119	2.3
87	14.4	104	4.9	120+	2.0
88	13.7				

Required  
Minimum  
Distributions  
Now 72  
(How Much  
Do I Have To  
Take???)

## New Age Requirements for RMDs

Age 70 ½	For Births on June 30, 1949, or Earlier	Anyone born on June 30, 1949, or earlier should have already started lifetime IRA RMDs and is bound by the original age 70 ½ RMD rule. Nothing changes with the original SECURE or SECURE 2.0. Continue to take your annual RMDs as normal.
Age 72	For Births on July 1, 1949, through and including December 31, 1950	Anyone born on July 1, 1949, through & including December 31, 1950, should have already started lifetime IRA RMDs & is bound by original SECURE RMD age change to 72. Nothing changes with SECURE 2.0. Continue with your existing RMD schedule.
Age 73	For Births on January 1, 1951, through and including December 31, 1959	Anyone born on January 1, 1951, through & including December 31, 1959, will use age 73 as their IRA RMD age. Note: We need a year to adjust to the new age, and 2023 is that adjustment year. People born in 1951 will all turn 72 this year. No RMD is required for these folks in 2023 because the rule is now age 73, and they won't hit 73 until next year. Accordingly, no one will have their very first IRA RMD in 2023, because this year we are transitioning to the new age.
Age 75	For Births on January 1, 1960, or Later	Doesn't begin for another 10 years (2033).

## How Do RMD's Work

- Year You Reach Age 73
- Divide Prior Year's ending account balance by Remaining Life Expectancy

**\$500,000 Balance**

$$\mathbf{\$500,000 / 26.5 = \$18,867.92}$$

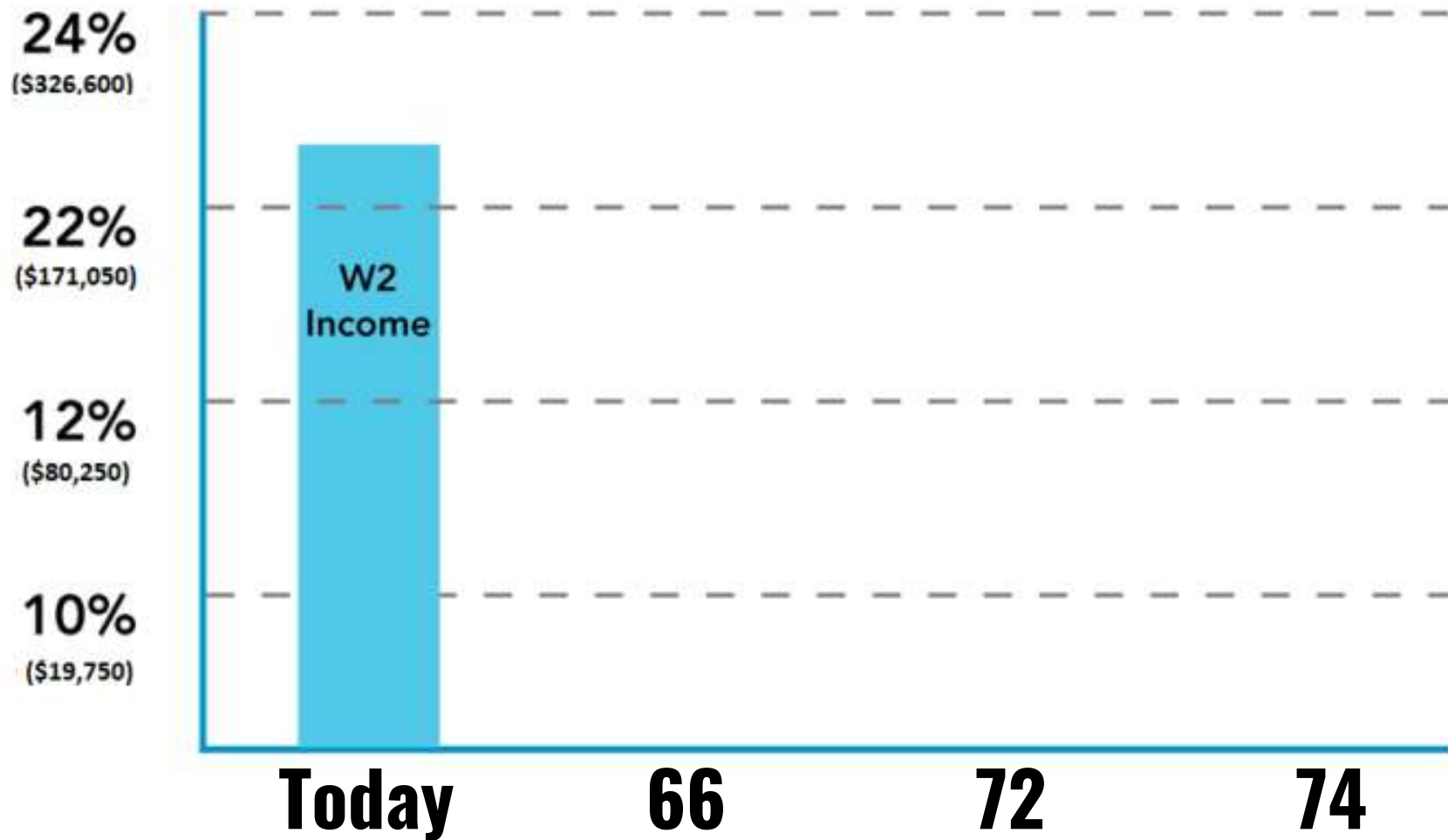
**What issues do  
forced distributions  
such as RMDs cause?**

# How Do RMDs Affect Taxes?

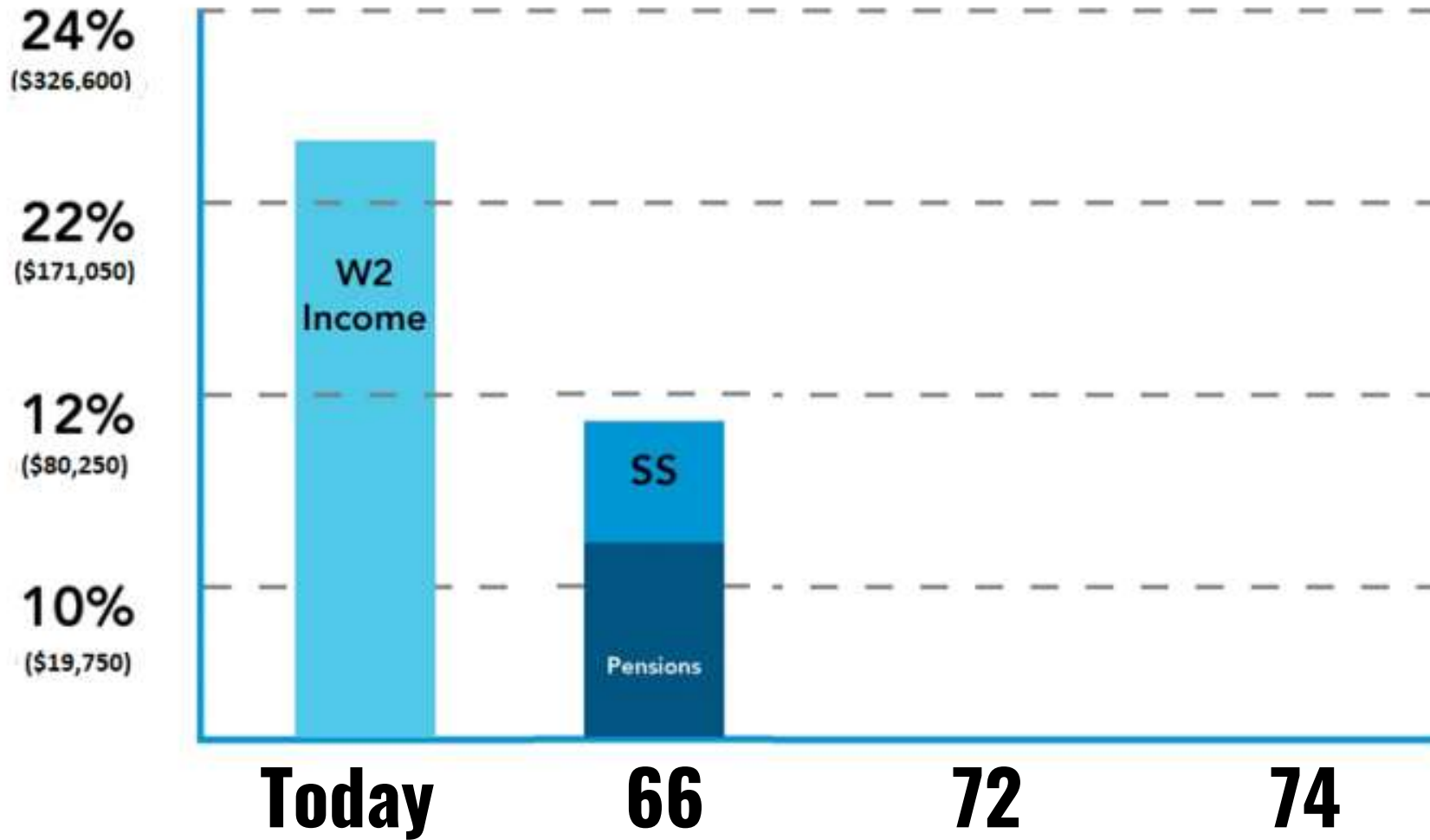
- Could increase in your annual income, potentially placing you **into a higher tax bracket**
- Withdrawals from IRAs cause your **Social Security Benefit to become taxable**
- If you do not withdraw, the IRS taxes the amount not withdrawn at a staggering **50%**



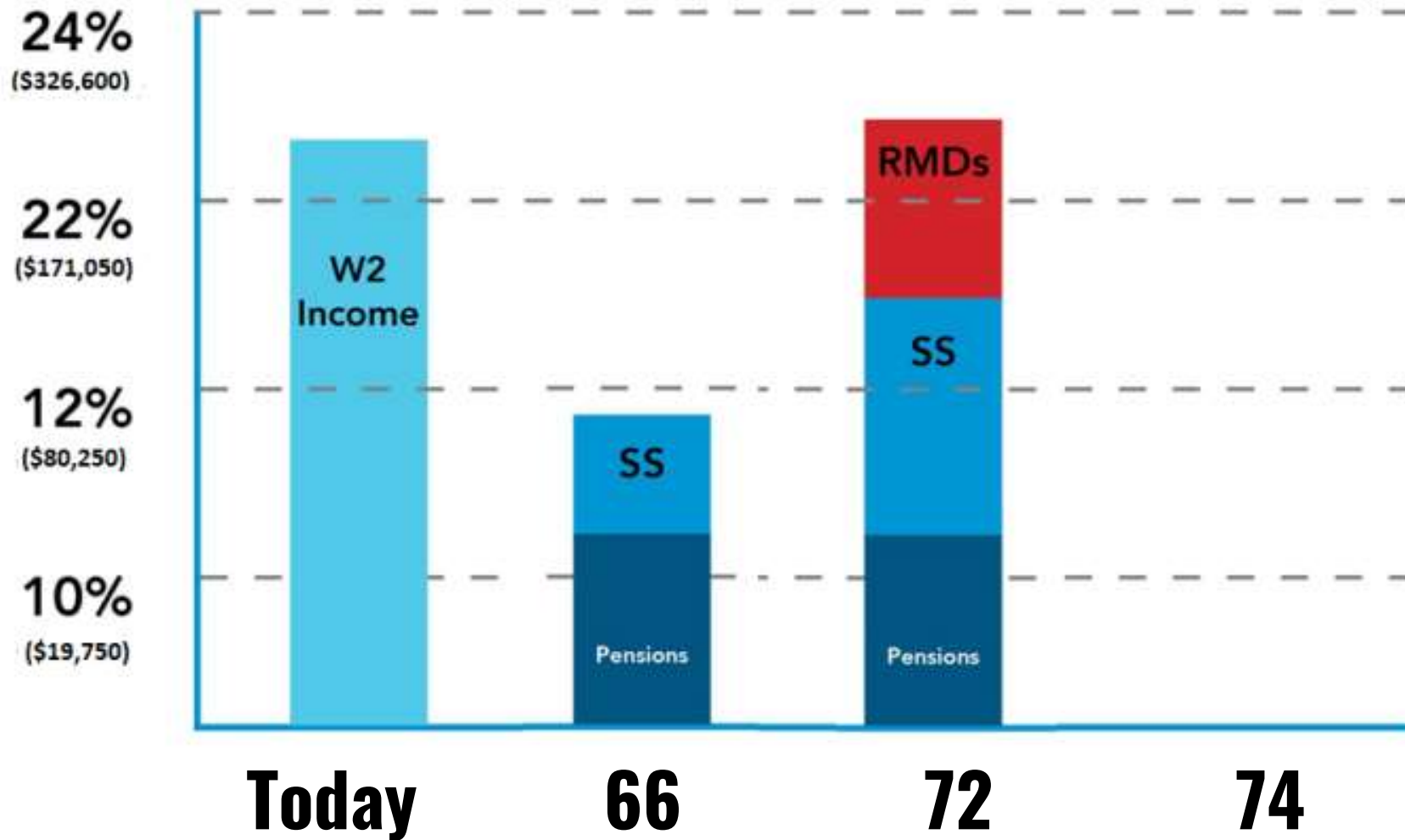
# Bracket Bumping: How Do RMDs Affect Taxes?



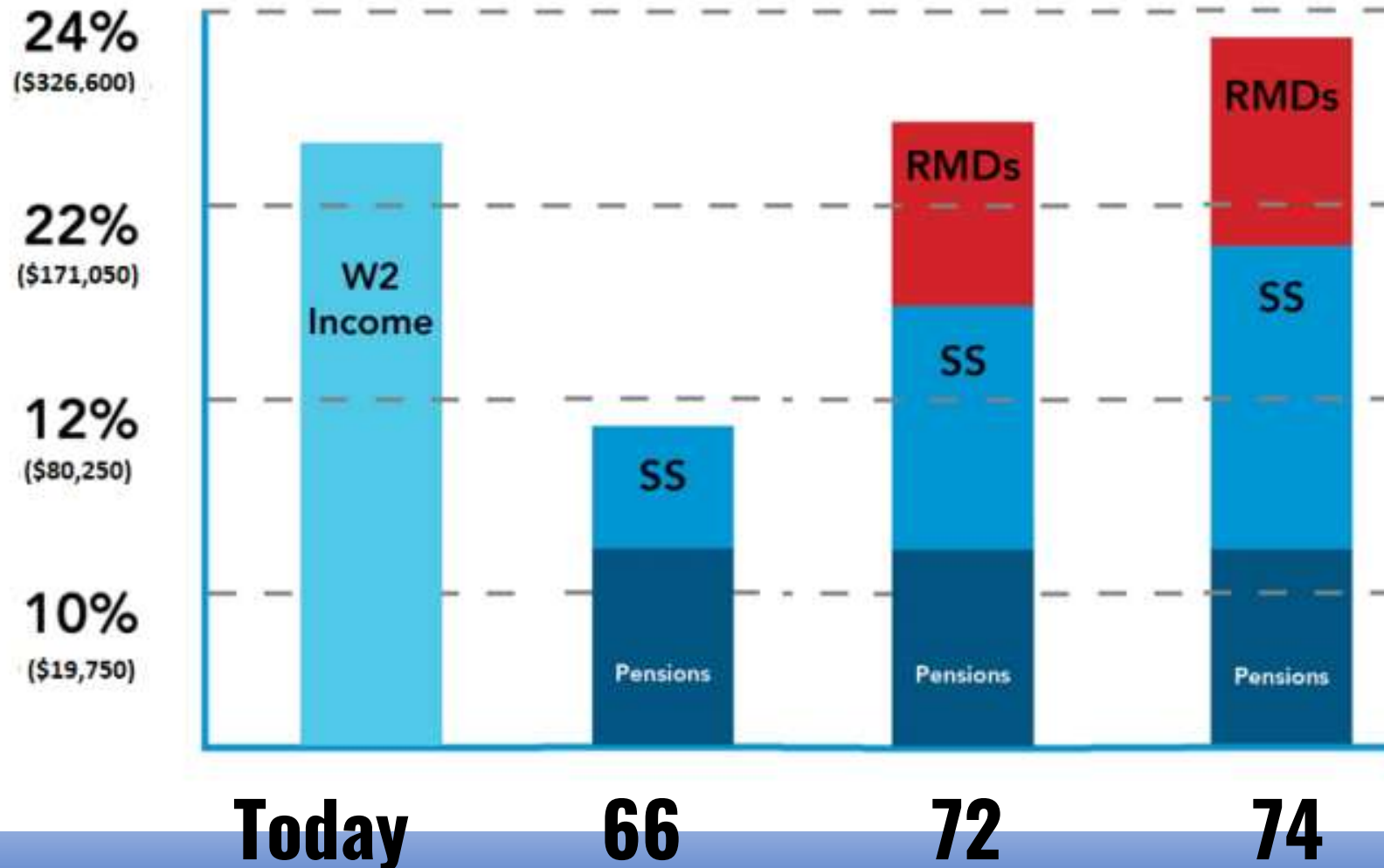
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# 4. Tax Strategies



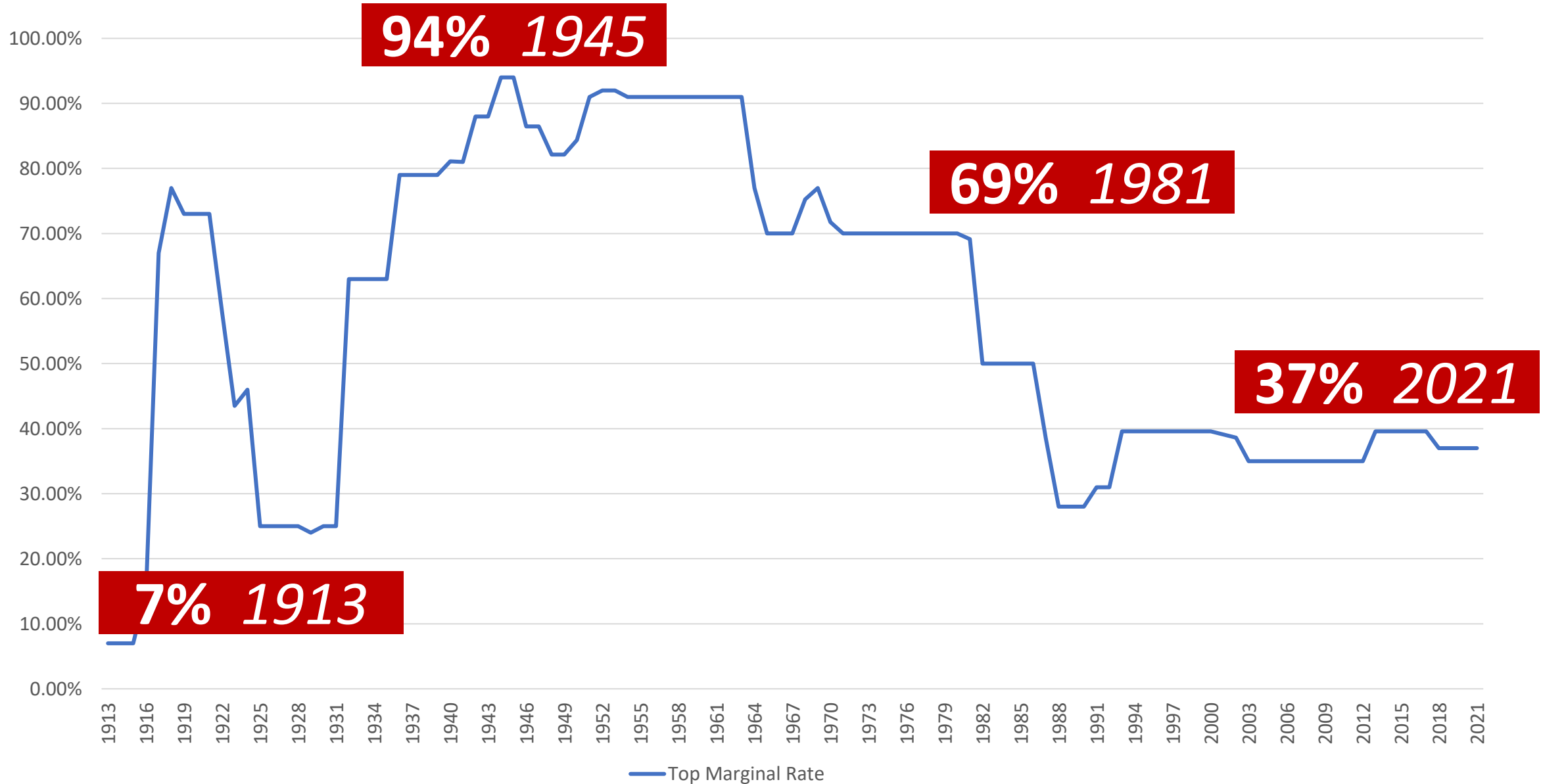
# KNOWN

## Tax Cuts and Jobs Act Expires in 2025

- Higher income tax rates
- Higher capital gains and dividend tax rates
- Lower estate tax exemption



# Top Marginal Tax Rates



SOURCE: <https://www.taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>. Accessed June 29, 2023.

# Taxes today are at historically low rates

2023 TAX RATE	MARRIED FILING JOINTLY
10%	\$0 - \$22,000
12%	\$22,001 - \$89,450
22%	\$89,451 - \$190,750
24%	\$190,751 - \$364,200
32%	\$364,201 - \$462,500
35%	\$462,501 - \$693,750
37%	\$693,751 or more

POTENTIAL 2026 TAX RATE	MARRIED FILING JOINTLY
10%	\$0 - \$18,650
15%	\$18,651 - \$75,900
25%	\$75,901 - \$153,100
28%	\$153,101 - \$233,350
33%	\$233,351 - \$416,700
35%	\$416,701 - \$470,700
39.6%	\$470,701 or more



**Standard Deduction: \$27,700**  
**Personal Exemption: Eliminated**

**NOW**

**Standard Deduction: \$12,700**  
**Personal Exemption: \$8,100**

**2026?**

*These figures reflect 2017 tax rates and haven't been adjusted for inflation.  
This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario.*

# Roth Or Not To Roth? That is the Question

## ROTH CONVERSIONS

### TAKE INTO CONSIDERATION:

1. Marginal tax rate: highest rate at which your income is taxed
2. Life expectancy
3. Can I afford to pay the taxes on amount converted from non-IRA funds?
4. Have I Started RMD Yet?

# Should I Convert?

- If you decide to convert a traditional (untaxed) IRA to a Roth IRA, whatever funds you convert will be taxed at your Marginal Tax Rate. **(Keep in mind your marginal rate when you retire most likely will be lower than your children's brackets when they inherit)**
- If you have “other money” to pay the tax bill, then all of your IRA funds will continue to grow.
- If you're under 59 ½, you can't use the money in your Traditional IRA without incurring a penalty in addition to paying the conversion taxes

**REMEMBER: Don't use IRA \$ to pay conversion taxes!**

# Dave and Sara have \$170,000 in income

2017 = **28%** tax bracket

↓ 2023 = **22%** tax bracket

↑ 2026 = **28%** tax bracket

*These figures reflect 2017 tax rates and haven't been adjusted for inflation.*

*This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario and should not be construed as advice designed to meet the particular needs of an individual's situation.*

# Dave and Sara's example: Convert \$100,000 of IRA to Roth IRA *(Obviously, everyone is different!)*

## 2017 Rules:

- Cost of conversion approximately 33%
- Equals \$33,000 of tax

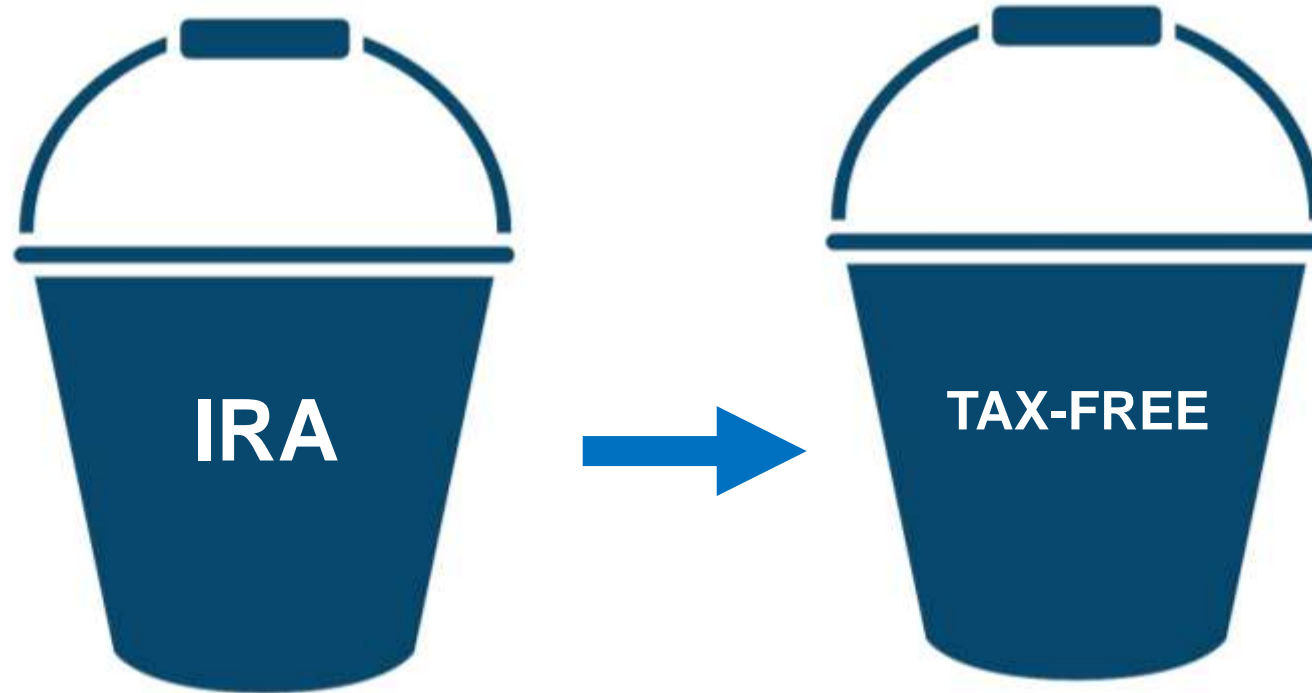
## 2023 Rules:

- Cost of conversion approximately 24%
- Equals \$24,000 of tax

***More than 25% of tax saved!***

*This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario and should not be construed as advice designed to meet the particular needs of an individual's situation.*

# Convert Assets to Tax-Free Accounts



Converting a traditional IRA or qualified plan assets to a Roth IRA is a taxable event and could result in additional impacts on your personal tax situation, including a need for additional tax withholding or estimated tax payments, the loss of certain tax deductions and credits, and higher taxes on Social Security benefits and Medicare premiums. Please consult with a qualified tax advisor before making any decisions regarding your IRA. It is generally preferable that you have funds to pay the taxes due upon conversion from funds outside of your IRA or qualified plan. If you elect to take a distribution from your IRA or qualified plan to pay the conversion taxes, please keep in mind the potential consequences, such as an assessment of product surrender charges or additional IRS penalties for premature distributions.



# **SECURE Act** - Effective 1/2020

## **Big Changes & What It Means For Your Retirement**





Retirement

IRA



## Stretch IRA As An Estate Planning Tool **Eliminated.**

**Except to Eligible Designated Beneficiaries**

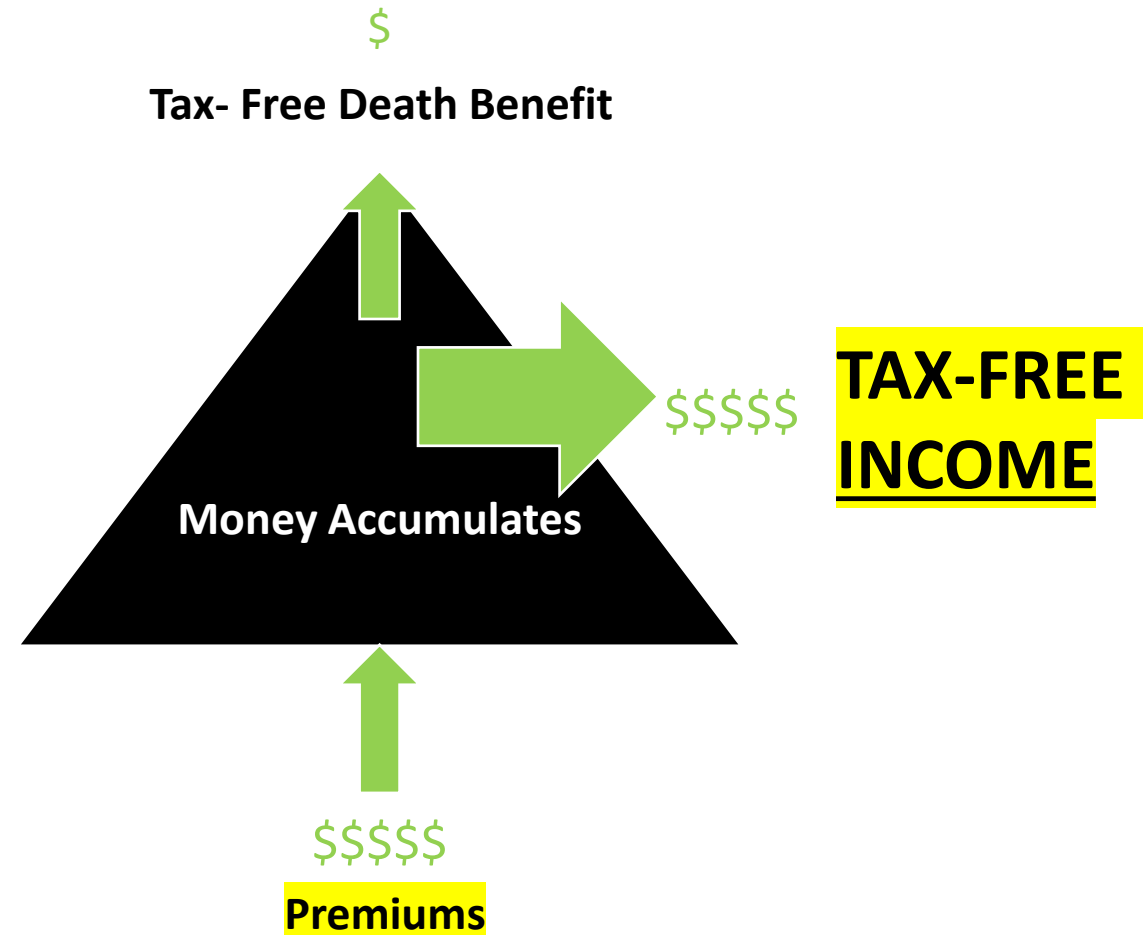
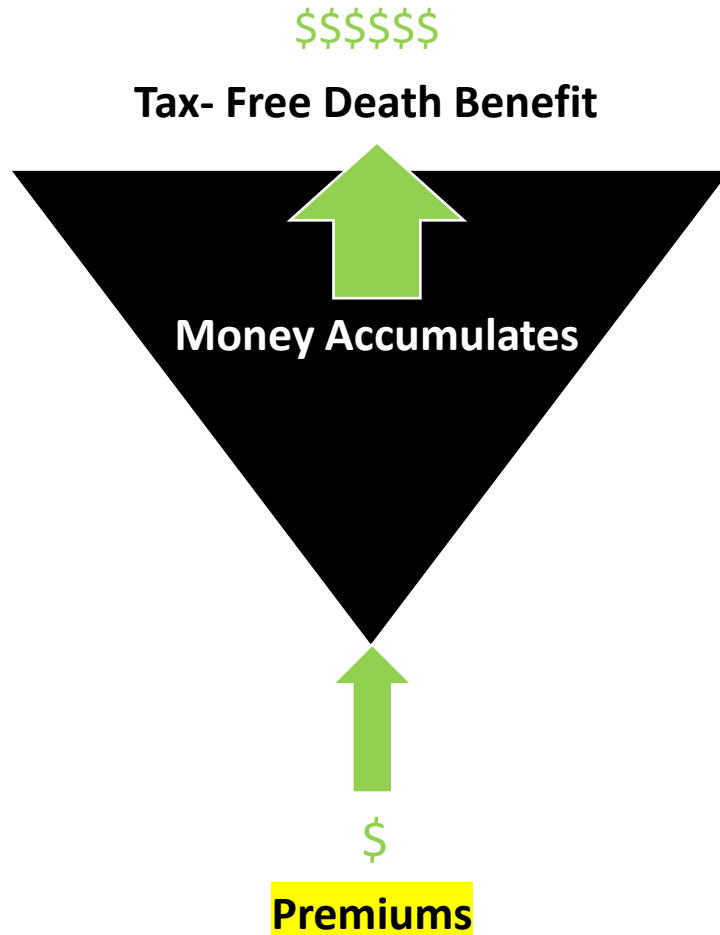
- **Eligible designated beneficiaries are:**
  - **Surviving spouse**
  - Child under age of majority
    - Once child attains age of majority, 10-year rule applies
  - Disabled or chronically ill
  - Any other person not more than 10 years younger than participant/IRA owner
- **10-year rule applies on death of eligible designated beneficiary- can't extend again**

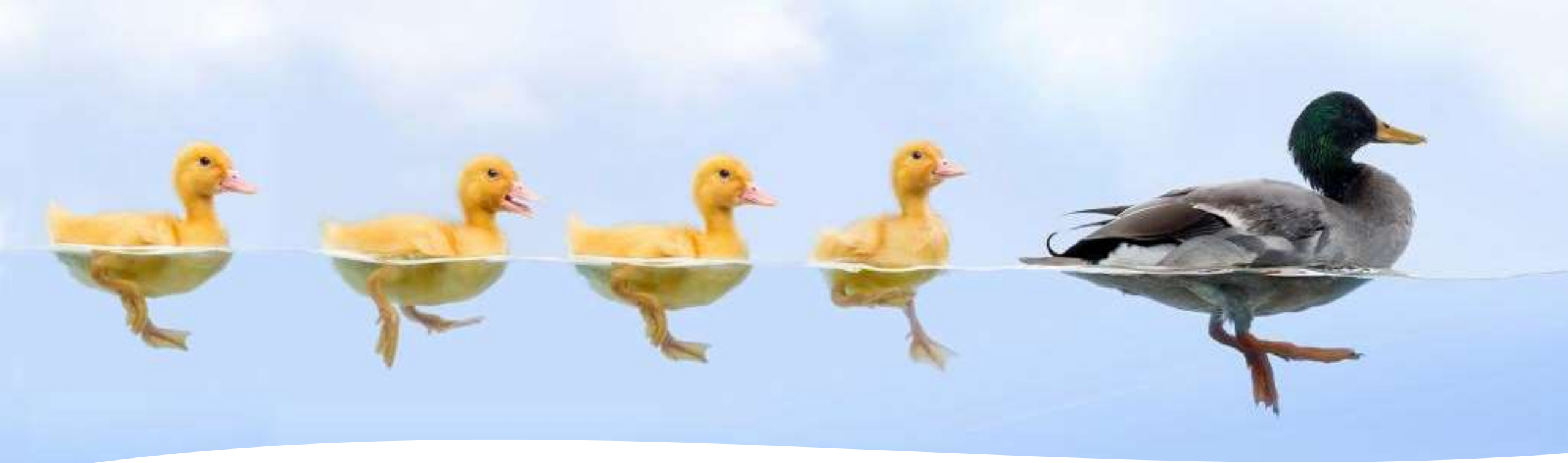
# Financial Estate Planning Tool Available

- **Goal-** Pass money on to beneficiaries tax-free to heirs.
- **RESULT :** Tax Analysis needed to see if it makes sense to for a ROTH Conversion.

# Turn Life Insurance **UPSIDE DOWN**

## Typical Life Insurance





## **GET YOUR DUCKS IN A ROW!**

- Get the Full Use Of Your Tax Bracket
- Long Term Care Protection
- Personalized Roth Conversion Strategy
- Probate Avoidance Plan
- Will and Trust Review
- Written Retirement Income Plan
- Tax Efficient Asset Withdrawals Strategies in Retirement

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Local Seminars

A Benefit Analysis

How to allocate my TSP

4. My primary retirement concern is:

5. Phone:

6. Zip Code:

7. Approximate years till retirement?

Submit

# Thank You

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Any questions?  
Email us at  
[info@myfeduniversity.com](mailto:info@myfeduniversity.com)