

PRISM PLANNING & SOLUTIONS GROUP, LLC

PLANNING FOR YOUR FINANCIAL FUTURE NEWSLETTER



FROM YOUR ADVISOR

This year's election cycle is over; we know Republicans will control both the White House and Congress. Results came in more quickly than expected and were close by historical standards. The majority in the House is likely to shrink further with potential cabinet appointments, suggesting that legislation may often require some bipartisan support.

The incoming administration has rapidly announced its picks for a variety of cabinet positions that require Senate confirmation, and as I write this, two controversial choices have been withdrawn and a third seems to be in danger. I have written several posts in the weeks following the election; you can read them under Articles & Blogs [HERE](#).

Equity markets have responded well in anticipation of lower corporate taxes and reduced regulations. In my opinion, it is too early to draw conclusions about what to expect next year, beyond aggressive attempts to reduce federal employees and gut regulatory agencies. Bond markets are reserving judgment, waiting to see the potential impact on deficits.

Recent statistics on inflation and unemployment describe a strong and stable economy. Let's wait and see how much of what was promised comes to fruition and be prepared for increased volatility in 2025.

IMPORTANT CHANGES TO RETIREMENT RULES: WHAT YOU NEED TO KNOW

The SECURE Act in 2020 and SECURE Act 2.0 in 2022 continue to be phased in. 2023 and 2024 saw more than a dozen changes in everything from exceptions to the 10% penalty rule for early withdrawals to use IRA money for charitable contributions and expanding the use of Roth accounts. So much has happened in the last two years it's easy to forget changes that went into effect earlier, such as removing the age limit for Traditional IRA contributions, expanding how 529 funds may be used, and reducing the tax rates on children's unearned income.

As we look ahead, even more changes are coming that will affect how we save for retirement and financial independence.

UPCOMING EVENTS

We look forward to sharing exciting events and updates with you soon!

In the meantime, we invite you to follow us on social media for the latest information.



Feel free to check out our previous events and trending topics on our [WEBSITE](#).

Stay tuned and thank you for being a part of our journey!



Prism Planning and
Solutions Group
Financial Planning & Execution

IMPORTANT CHANGES TO RETIREMENT RULES: WHAT YOU NEED TO KNOW

Workers aged 60 – 63 will have higher catch-up contribution limits, future catch-up contributions for certain employees will be required to be Roth, not pre-tax, there will be more exceptions to the 10% early withdrawal penalties, and ABLE account eligibility will expand by raising the age requirement for the onset of a person's disability. These represent just a portion of the recent changes. [CLICK HERE](#) to read my breakdown of the new retirement rules, including a practical [Year-End Checklist](#) that will help you stay on track with your financial independence goals. Whether you're actively saving for retirement, already taking distributions, or planning your legacy, understanding these changes is essential for making informed decisions about your financial future.

"ALL THINGS IRA CORNER"

What is considered compensation for determining IRA contributions? Prior to 2020, taxable fellowships and stipends for graduate or postdoctoral students were not considered compensation related to IRA contributions. As of 2020, that income may now be considered compensation. Given the age and limited value of Traditional IRA contributions for most graduate and postdoctoral students, students with taxable fellowships and stipends may want to consider making Roth IRA contributions instead of Traditional IRA contributions.

Foster care workers are permitted to exclude certain "difficulty-of-care" payments from their income, which used to mean those payments were not considered compensation for either IRA or employer plan contributions calculations. These payments are eligible to be considered for IRA contributions as of 2020 and apply retroactively to employer plan contributions to plan years beginning after December 31, 2015.

For more information on eligible compensation related to IRA contributions, consider speaking with a member of Ed Slott's Master Elite Advisor GroupSM. Click [HERE](#) to schedule a 15 minute conversation with Julia.

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Julia Peloso-Barnes, CFP® is a member of Ed Slott's Master Elite IRA Advisor Group™. For more information on anything mentioned in the "All Things IRA" Corner please email Julia at Julia@PPSgrp.com or schedule a call/zoom [here](#).

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KEY POINTS

- SECURE and SECURE 2.0 made major changes in retirement savings rules, but not all at once.
- Every change won't affect everyone, but most people will benefit from some of the changes.
- Older workers get a big increase in catch-up contribution limits in 2025.
- The list of exceptions to 10% early withdrawal penalties continues to expand.



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