

Happy New
2020
Year

We sincerely appreciate your business and trust you have placed in us at Great Plains Trust Company. We wish you a happy, healthy, and prosperous 2020!

Backdoor Roth IRA's

While you may have heard the term “Backdoor Roth IRA,” you will come up empty-handed if you go to your investment firm’s website and search for an application for such an account. A Backdoor Roth IRA is a nickname for a strategy that allows you to invest in a Roth IRA even though your income is greater than the IRS limits. For 2020, you cannot contribute to a Roth IRA if you are single and your income is above \$139,000, and your ability to contribute is limited if your income is above \$124,000 (for married couples, the limits are \$206,000 and \$196,000, respectively).

A Roth IRA is an attractive investment for many because, unlike traditional retirement accounts, money can be withdrawn tax-free after age 59 1/2 from a Roth IRA if the account has been open for at least five years. In addition, there is no mandatory requirement to withdraw money from a Roth

IRA as with a traditional retirement account. This allows more time to benefit from compound growth and also allows you to pass all of this money to your heirs if desired.

How do you establish a “backdoor Roth IRA” when your income is above the IRS limits? In short, you put money in a traditional IRA, convert the account to a Roth IRA and you’re done. There is no limit on the amount that you can convert to a Roth IRA as there is with a regular contribution to a Roth IRA.

There is, however, a caveat you should be aware of. When these funds are converted, all of your traditional IRA funds are considered, which means if you have pre-tax IRA assets, a portion of the conversion will be taxable. Its best when you have no other traditional IRA funds and no gain on the funds from time of contribution.

As always, it is very important to consult your tax advisor to see if this is a viable option for your specific set of circumstances. ❖



When Will I Receive My Statements and Tax Information?

- All 1099 tax forms will be mailed along with your annual statements by 1/31/20
- RMD letters will be mailed by 1/31/20
- K-1's will be mailed by 2/28/20
- IRA Form 5498 (reporting 2019 contributions) will be mailed by 5/20/20

2020 IRA Eligibility

Please remember to consult a tax specialist to determine your particular eligibility and individual situation.

FEATURE	TRADITIONAL	ROTH
CONTRIBUTIONS		
Owner's Age	*No age limitations	No age limitations
Owner's Income	Taxable compensation equal to or greater than contribution	Taxable compensation equal to or greater than contribution
Owner's Maximum Income	No maximum to make contributions, but tax deduction has phase-out	MAGI is \$124,000 or less (\$196,000 if married) with income level phase-out
Tax Benefits	Contributions may be tax-deductible, depending on owner's income and tax-filing status	Never deductible for federal income
Contribution Amounts	\$6,000 (\$7,000 if age 50 or older)	\$6,000 (\$7,000 if age 50 or older)
WITHDRAWALS		
Distribution	Generally fully taxable (unless after-tax contributions)	Generally tax-free, except the earnings portion of a non-qualified distribution
Penalties for Early Distribution	Taxable portion subject to IRS 10% penalty unless the individual is age 59.5 or older; some exceptions apply	Same as traditional; some exceptions apply. Contributions can always be withdrawn without tax or penalty
RMD (Required Minimum Distribution)	*Mandatory based on IRA Regulations	None

* The SEP IRA contribution limit increased \$1,000 for 2020 with the maximum contribution set at \$57,000. SEP IRA contributions are due by taxpayers' federal tax filing deadline including extensions.

* 2019 IRA and Roth IRA contributions must be postmarked by April 15, 2020. Be sure to reference the contribution year.

* Deferrals to 401(k) plans increased \$500 for 2019 with the maximum deferral amount set at \$19,500 (\$26,000 if age 50 or older).

* SECURE Act passed 12/20/19. Mandatory distribution at age 70.5 for years 2019 and prior. Age 72 if reached in 2020 or after. More detailed information to come in the 2nd quarter 2020.

Growth VS Value Investing

Growth investing seeks companies that are growing at a faster than average rate. These companies often have accelerating revenues, earnings and cash flow, but also typically have relatively high price-to-earnings metrics. Often, dividends are low or non-existent, since profits are used to expand the business.

Value investing seeks companies where the stock prices don't reflect intrinsic or fundamental value. The companies are often mature and its stocks may have suffered due to a temporary earnings setback or an economic or political event hampering its industry. They are often characterized by low price-to-earnings or price-to-book ratios and sometimes by higher than average dividend yields.

Growth stocks have outperformed in recent years yet growth and value have cycled over time. Since 1979, value has prevailed in 20 years - and so has growth. Traditionally, value investing has rewarded long term investors and delivered better returns in down markets. ❖

Welcome to Great Plains Trust Company

Tiffany Wingo, JD, Trust Attorney

How long have you been employed at Great Plains, and what are your responsibilities?

❖ *I joined Great Plains Trust Company in November. My responsibilities include acting as a fiduciary corporate trustee for many of our trust accounts and assisting clients with reviewing their estate planning documents to ensure that their family and investment goals are met.*

What was your experience prior to joining Great Plains?

❖ *I attended undergrad and law school at the University of Kansas, and obtained my M.B.A. at the same time as my law degree through their joint degree program. I began my career as a banking attorney in Dallas, Texas representing large commercial lenders in secured and unsecured loan transactions. After a hiatus from my career to stay home with my three children, I returned to the work force seven years ago to begin a practice in elder law.*

How does your experience in elder law help you bring a different perspective to Great Plains?

❖ *As an elder law attorney, I gained experience in navigating the myriad of issues that may arise as a person ages. While estate planning focuses on distribution of your assets after death, typically in a tax-advantaged manner, elder law planning seeks to preserve your money, income and assets to be used for your benefit and care while you're still alive. In the current environment of people living longer, even clients with what many would consider "a lot of money" can find that their resources can be quickly depleted by paying for the cost of long-term care. In many cases, proper planning can allow the client to qualify for benefits while preserving the maximum amount of wealth to pass on to the next generation. In addition, it is important that documents such as powers of attorney be drafted properly to ensure that the family members have maximum flexibility to assist their loved one in cases of dementia, Alzheimer's and other cognitive difficulties that may come with aging.*



What do you like to do outside of work?

❖ *I have one "young adult" and two teenagers that keep me busy! As a KU grad, I follow Jayhawk basketball and enjoy attending games in Lawrence whenever possible. I also like to travel when time permits and my favorite destination is always a beautiful beach.*

2019 Market Performance



GREAT PLAINS

Trust and Asset Management

When you work with Great Plains, you're putting your wealth in the hands of real professionals, not just some algorithm. Real people who have built real wealth. Real businesses. Not just for our customers, but for ourselves. We know firsthand the hopes, fears, ambitions and challenges that individuals and small business owners in Kansas City and nationwide face. It's what makes Great Plains the first name in wealth management. And it's always on a first-name basis.



OUR MISSION STATEMENT

To be a premier provider of investment and trust services to the business owner and high net worth/income individual. We shall deliver responsive, reliable and informed service combined with a commitment to achieve superior long-term investment returns for our customers. We shall at all times deal honestly and respectfully with all clients and associates.

CONTACT US

CORPORATE HEADQUARTERS

7700 Shawnee Mission Parkway, Suite 101
Overland Park, KS 66202
P 913.831.7999 | TF 888.529.2776 | F 913.831.0007
info@greatplainstrust.com

ATLANTIC REGION TRUST SERVICE OFFICE

Charleston, SC | 843.883.7410

GREAT PLAINS TRUST OF SOUTH DAKOTA

Sioux Falls, SD | 605.271.5141

greatplainstrust.com