

## Important Notice!

### Related to IRA rollover contributions in 2020

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allowed individuals to forgo taking an RMD during calendar year 2020. Additionally, the CARES Act designated any 2020 calendar year distributions that originally would have been designated as an RMD to be eligible for rollover. The rollover had to be completed by 8/31/20.

If you took advantage of paying back the RMD above, you were issued a 2020 Form 1099R that reports the total amount that was distributed from the IRA. This must be included on your 2020 tax return. You will also receive, in June 2021, a 2020 Form 5498 that will show the amount that was redeposited (rolled back) into the IRA. The rollover amount is shown in your annual statement. This also must be reported on your tax return to offset the distribution.

Please consult your tax preparer to ensure everything is correct on your tax return and provide them with your annual IRA statement.

## Life changed, but did your beneficiary designations?

Beneficiary designations are the key piece in ensuring that your assets are distributed according to your wishes after your death. However, often times life happens fast and people fail to update their account beneficiaries to match their current life circumstances. You



should review your beneficiary designations on all of your accounts every couple of years to make sure they match your final wishes.

Have circumstances changed with your children that would affect how you want your assets distributed? Maybe one of them has a new spouse with children, or has divorced, necessitating a change to your plans. Or maybe one of your children is now receiving public benefits

due to a disability, and receiving a large sum of money after your death would jeopardize his or her ability to continue receiving those benefits. Maybe your own life circumstances have changed and you have divorced and remarried. Is your former spouse still named

as the beneficiary on your life insurance policy, IRA, pension, or another account? Maybe you are okay with your former spouse still being the beneficiary, but some states like Kansas have laws which revoke that beneficiary designation in case of divorce. Now that account or life insurance policy has to go through probate because there is not a valid named beneficiary.

Reviewing your beneficiary designations often is important to ensure that your assets pass according to your wishes. Please feel free to contact us if you wish to review the beneficiaries on your accounts at Great Plains Trust. Also, please keep in mind that beneficiary details for pension plans are typically maintained by the plan administrator. ❖

## Future Financial Security for your Children and Grandchildren

One of the most important things you can do for your family's future is to teach self-sufficiency, including financial responsibility. Here are some fun and easy tips for encouraging children (or grandchildren) to be smart with money:

1) Demonstrate respect for money: As with anything, set a good example. You have already made a commitment to financial security by setting up accounts with Great Plains Trust. Let your child see you handle your money with respect and care. Keep financial documents and cash well organized and in a safe place. Review your account statements and keep things like beneficiary designations up to date.

2) Open an account: Opening an account for your child

is a great opportunity to teach her/him about money. Check out different interest rates or rates of return and talk about what they mean. Once you have opened the account, help your child make deposits and review statements – he/she will love watching the money grow!

3) Teach the benefits of saving: Tell your child about the time-value of money; that money saved grows on its own by earning interest – it works for you. As the child gets older, he/she can learn to make money grow even faster by carefully investing it. The younger children are when they learn this, the more time they have to take advantage of this concept; time is on their side. (see the chart on page 3 to share with young investors)

4) Go shopping: Shop with your child and talk about different options at the grocery store, for instance. Discuss the prices of generic vs. name-brand labels and whether the difference in price is worth it. Suggest money-saving ideas, such as coupons or sales. These savings may seem small to you at the time, but teaching your child to shop and compare could make a huge difference in future financial success.

5) Teach generosity and giving: Talk to your child about giving a certain amount of what they have to others in need. Consider choosing a charity with special meaning to your family, such as one that supports veterans, or children like them who need help getting food to eat. ❖

### Dow 33,000

The Dow Jones Industrial Average recently crossed the 33,000 mark for the first time ever. The S&P 500 has gained in stature in recent years as a broader based measure of market activity, but the Dow remains a relevant and important benchmark.

Like the S&P 500, the Dow has gone through significant turnover in corporate holdings over time. In fact, no original members of the Dow 30 Index remain. General Electric was the last original member

and was replaced in 2018. Benchmark returns tend to generally increase, as the committees governing the included corporate names periodically delete "old economy" companies with others viewed as more forward thinking. Buggy whips were a big deal in 1896 when the index began but would make no sense in today's modern high-tech world. A stock is typically added only if the company has an excellent reputation, demonstrates sustained growth and is of interest to a large

number of investors. For example, Apple was added to the index in 2015 and replaced the old standard AT&T. Since that time, Apple is up significantly, and AT&T is down.

At the end of the day, diversification makes sense for most investors. Allocating capital in a way that reduces the exposure to any one particular asset or asset class can reduce risk or volatility and smooth out investment returns over the long haul. ❖

# SAVINGS OPTIMIZATION (Time Value of Money)

EARLY SAVER - OPTIMUM		
<b>SAVE FOR 8 YEARS:</b> Contributing max to IRA starting at age 19 and ending at age 26. Contributions total \$48,000. Total at retirement age of 65 is <b>\$2,078,388</b>		
*Assumes Annual Return of 9%		
AGE	ANNUAL INVESTMENT	YEAR-END VALUE*
19	\$6,000	\$6,540
20	\$6,000	\$13,669
21	\$6,000	\$21,439
22	\$6,000	\$29,908
23	\$6,000	\$39,140
24	\$6,000	\$49,203
25	\$6,000	\$60,171
26	\$6,000	\$72,126
27	\$0	\$78,618
28	\$0	\$85,693
29	\$0	\$93,406
30	\$0	\$101,812
31	\$0	\$110,975
32	\$0	\$120,963
33	\$0	\$131,850
34	\$0	\$143,716
35	\$0	\$156,650
36	\$0	\$170,749
37	\$0	\$186,116
38	\$0	\$202,867
39	\$0	\$221,125
40	\$0	\$241,026
41	\$0	\$262,718
42	\$0	\$286,363
43	\$0	\$312,136
44	\$0	\$340,228
45	\$0	\$370,849
46	\$0	\$404,225
47	\$0	\$440,605
48	\$0	\$480,260
49	\$0	\$523,483
50	\$0	\$570,597
51	\$0	\$621,950
52	\$0	\$677,926
53	\$0	\$738,939
54	\$0	\$805,444
55	\$0	\$877,933
56	\$0	\$956,947
57	\$0	\$1,043,073
58	\$0	\$1,136,949
59	\$0	\$1,239,275
60	\$0	\$1,350,809
61	\$0	\$1,472,382
62	\$0	\$1,604,897
63	\$0	\$1,749,337
64	\$0	\$1,906,778
65	\$0	<b>\$2,078,388</b>

\$48,000  
Total  
Invested

CAREER SAVER		
<b>SAVE FOR 39 YEARS:</b> Contributing max to IRA starting at age 27 and ending at age 65. Contributions total of \$250,000 Total at retirement age of 65 is <b>\$2,057,268</b>		
*Assumes Annual Return of 9%		
AGE	ANNUAL INVESTMENT	YEAR-END VALUE*
19	\$0	
20	\$0	
21	\$0	
22	\$0	
23	\$0	
24	\$0	
25	\$0	
26	\$0	
27	\$6,000	\$6,540
28	\$6,000	\$13,669
29	\$6,000	\$21,439
30	\$6,000	\$29,908
31	\$6,000	\$39,140
32	\$6,000	\$49,203
33	\$6,000	\$60,171
34	\$6,000	\$72,126
35	\$6,000	\$85,158
36	\$6,000	\$99,362
37	\$6,000	\$114,844
38	\$6,000	\$131,720
39	\$6,000	\$150,115
40	\$6,000	\$170,165
41	\$6,000	\$192,020
42	\$6,000	\$215,842
43	\$6,000	\$241,808
44	\$6,000	\$270,111
45	\$6,000	\$300,961
46	\$6,000	\$334,587
47	\$6,000	\$371,240
48	\$6,000	\$411,192
49	\$6,000	\$454,739
50	\$7,000	\$503,295
51	\$7,000	\$556,222
52	\$7,000	\$613,912
53	\$7,000	\$676,794
54	\$7,000	\$745,335
55	\$7,000	\$820,046
56	\$7,000	\$901,480
57	\$7,000	\$990,243
58	\$7,000	\$1,086,995
59	\$7,000	\$1,192,454
60	\$7,000	\$1,307,405
61	\$7,000	\$1,432,702
62	\$7,000	\$1,569,275
63	\$7,000	\$1,718,140
64	\$7,000	\$1,880,402
65	\$7,000	<b>\$2,057,268</b>

\$250,000  
Total  
Invested

LATE SAVER		
<b>SAVE FOR 25 YEARS:</b> Contributing max to IRA starting at age 40 and ending at age 65. Contributions total of \$172,000. Total at retirement age of 65 is <b>\$646,313</b>		
*Assumes Annual Return of 9%		
AGE	ANNUAL INVESTMENT	YEAR-END VALUE*
19	\$0	
20	\$0	
21	\$0	
22	\$0	
23	\$0	
24	\$0	
25	\$0	
26	\$0	
27	\$0	\$0
28	\$0	\$0
29	\$0	\$0
30	\$0	\$0
31	\$0	\$0
32	\$0	\$0
33	\$0	\$0
34	\$0	\$0
35	\$0	\$0
36	\$0	\$0
37	\$0	\$0
38	\$0	\$0
39	\$0	\$0
40	\$6,000	\$6,540
41	\$6,000	\$13,669
42	\$6,000	\$21,439
43	\$6,000	\$29,908
44	\$6,000	\$39,140
45	\$6,000	\$49,203
46	\$6,000	\$60,171
47	\$6,000	\$72,126
48	\$6,000	\$85,158
49	\$6,000	\$99,362
50	\$7,000	\$115,934
51	\$7,000	\$133,998
52	\$7,000	\$153,688
53	\$7,000	\$175,150
54	\$7,000	\$198,544
55	\$7,000	\$224,043
56	\$7,000	\$251,837
57	\$7,000	\$282,132
58	\$7,000	\$315,154
59	\$7,000	\$351,147
60	\$7,000	\$390,381
61	\$7,000	\$433,145
62	\$7,000	\$479,758
63	\$7,000	\$530,566
64	\$7,000	\$585,947
65	\$7,000	<b>\$646,313</b>

\$172,000  
Total  
Invested

Chart 1

## *The 2020 IRA contribution deadline has been extended to May 17, 2021.*

The Treasury Department and Internal Revenue Service announced the federal income tax due date for filing 2020 individual income tax returns has been extended from April 15, 2021, to Monday, May 17, 2021. The IRS has clarified contribution deadlines related to the extension:

Contributions to Traditional IRAs, Roth IRAs, and Coverdell Education Savings Accounts (Coverdell ESAs) for 2020 are now allowed to be made through May 17, 2021.

2020 and 2021 Traditional and Roth IRA contribution limit remains at \$6,000 with a \$1000 additional catch up contribution for 50 or older. Please check with your tax advisor for any Adjust Gross Income (AGI) limitations for ROTH IRA contributions.

2020 and 2021 Coverdell ESA contribution limit is \$2,000. Please check with your tax advisor for any Adjusted Gross Income (AGI) limitations.



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.

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