GREAT PLAINS
Trust and Asset Management

SECOND QUARTER 2020 Because Money Matters.®

We at Great Plains Trust Company are monitoring the Coronavirus situation and we are mindful of our employees' and clients' health. GPTC remains completely operational to serve our clients' needs. Be advised that most of our staff will be working remotely over the next several weeks. Voicemail messages are forwarded to individual email addresses and calls will be returned as soon as possible.

SECURE Act and Your Retirement Plan

Effective January 1, 2020, a new federal law went into effect that implements new rules regarding qualified retirement plans. The Setting Every Community Up for Retirement Enhancement Act (the "SECURE Act") was designed to expand options for retirement savers; however, it has also eliminated the stretch IRA for beneficiaries in an estate planning context.

Before the SECURE Act, designated beneficiaries of an IRA had the option to stretch required minimum distributions from an inherited IRA over their lifetime. By stretching withdrawals out over their lifetimes, the beneficiaries could continue to let the account earn investment returns on a tax-deferred basis. The SECURE Act eliminates the "stretch" and requires that the inherited IRA account be distributed within 10 years of the plan participant's death. Going forward, the only IRA beneficiaries who may utilize the "stretch" are 1) the participant's surviving spouse, 2) minor children (but not grandchildren) of the participant – up to the age of majority, then subject to 10 year payout, 3) disabled beneficiaries (per IRS rules), 4) chronically ill beneficiaries (per IRS rules) and 5) beneficiaries less than 10 years younger than the plan participant.

As part of their estate planning, many plan participants have designated a trust as the beneficiary of the IRA in order to have some sort of post-death control over the funds and also to minimize taxes for the beneficiary. Eliminating the "stretch" for IRA beneficiaries also effectively eliminates required minimum distributions for trust

beneficiaries. This is important because, depending on how the trust is drafted, there may be no payouts of the IRA account until the end of 10 years, resulting in the entire balance of the IRA being distributed in year 10. Potentially large and negative tax consequences for the beneficiary may be the direct result of these new rules.

The SECURE Act also implements other important changes such as

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Online Statements

With the current situation of COVID-19, consider switching your paper statements to online statements to ensure there is never an interruption or delay in receiving them. Along with saving paper, online statements are received more quickly and can be downloaded, saved, or printed at home. Please contact your Account Executive or email us for your request at: trustops@ greatplainstrust.com.

If you are still receiving paper trade advices in the mail, please consider turning those off and signing up for online account services. On Trust Reporter you are able to view activity on a daily basis as well as view current holdings and account statements.

Important CARES Act Provisions Affecting Your Retirement Plan

The $2 trillion CARES Act has several important provisions regarding retirement plans that investors should be aware of. All of these provisions are only in effect for the year 2020.

First, no required minimum distributions will be required for the year 2020. This includes all IRAs – traditional IRAs as well as inherited IRAs. This provision is designed to provide tax relief in that no taxes will need to be paid on the RMDs that you would have been required to take and also to ensure that you do not have to sell stocks while the market is down. If you already took your 2020 RMD, general rules apply and you have up to 60 days to return the distribution or deposit it into another qualified retirement account without owing taxes on the withdrawal. However, if you took your 2020 RMD in January you may be able to treat the distribution as coronavirus-related hardship and repay it.

Second, you may withdraw up to $100,000 from your retirement plan (without incurring the usual 10% early withdrawal penalty if you are under age 59 ½). You will still owe income taxes on the amount of the withdrawal as you normally would, but you will be able to spread that tax liability over three years rather than having to pay it all in the year 2020. In addition, you have the option to pay back the withdrawal at your convenience over the next three years to avoid paying taxes on the withdrawal amount altogether. These provisions apply to any withdrawals made on or after January 1, 2020.

Third, the CARES Act increases the size of a loan you can take from your 401(k) plan or similar retirement plan from $50,000 (or 50% of the vested account balance) to $100,000 (or 100% of the vested account balance). The 10% penalty is also waived in this case, just like for IRA owners. New and existing loan payments also can be deferred for one year. These provisions are in effect for any loans made between March 27, 2020 and December 31, 2020.

The withdrawals and loans mentioned above do have one caveat – they must be coronavirus-related (with the exception of RMD suspension). The act specifies that the following will make the distribution or loan qualify: 1) either the individual or his or her spouse or dependent must been diagnosed with COVID-19, 2) the individual must experience adverse financial consequences due to being quarantined, furloughed, laid off or having reduced work hours, 3) the individual was unable to work due to lack of child care as a result of COVID-19, or 4) the individual's business was closed or had reduced operating hours as a result of COVID-19.

You should also know that, as the deadline for filing 2019 Federal income tax returns has been extended to July 15, 2020, the deadline for making a 2019 contribution to an IRA has also been extended to July 15, 2020. ❖

*Please check with your state revenue department for specific state filing deadlines.

SECURE Act continued from page 1...

changing the age on which a plan participant must begin taking required minimum distributions from 70 ½ to 72, allowing traditional IRA owners with earned income to make IRA contributions at any age, and providing for a distribution of up to $5,000 without penalty for the birth or adoption of a child.

In light of the new SECURE Act provisions, you should review your beneficiary designations on your retirement accounts and consult with your estate planning attorney if your trust is listed as the designated beneficiary.❖

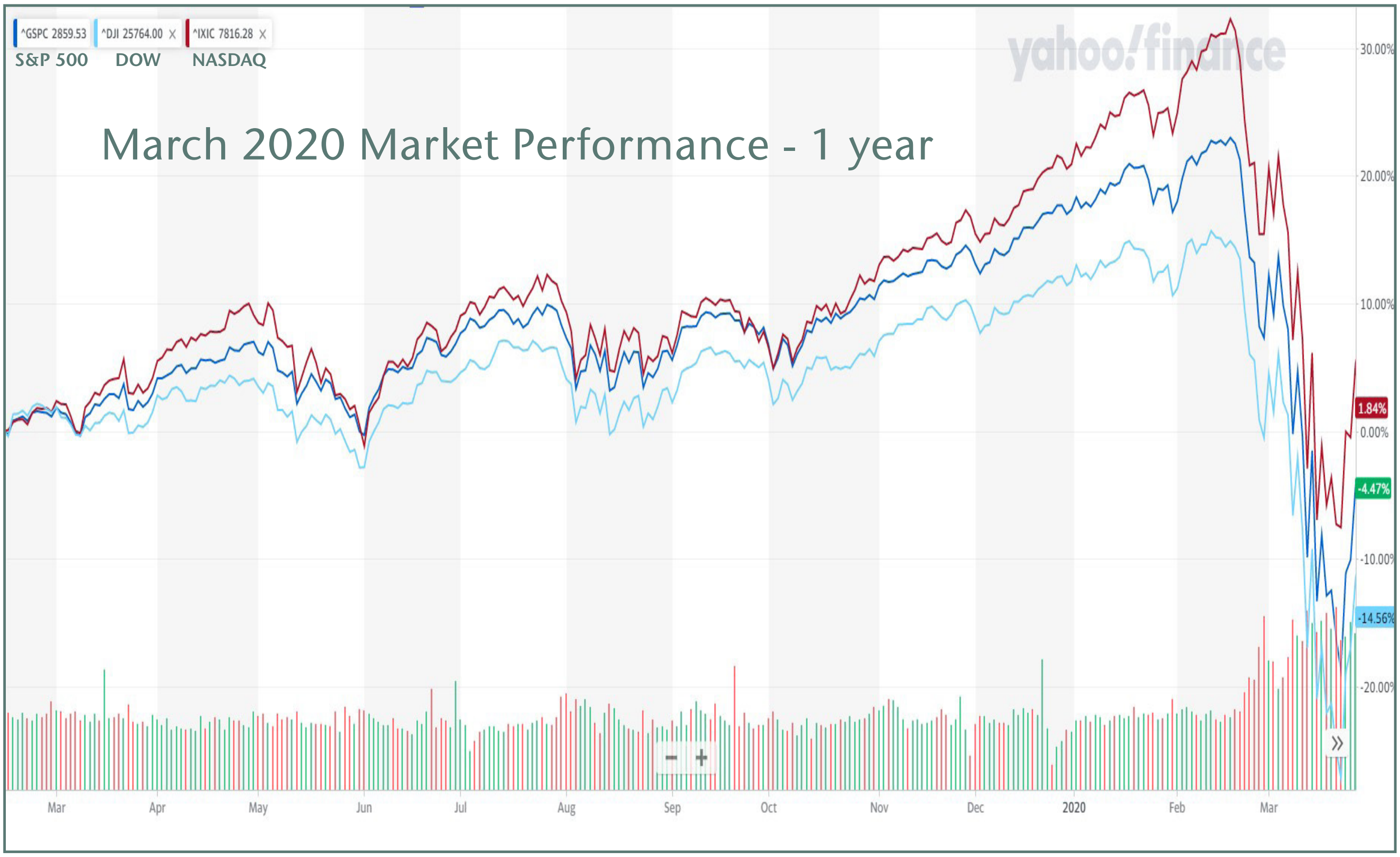
Historical Returns Post Recessions

Recession Dates		S&P 500 Returns Around Recession(%)		
Begin	End	Peak to Trough Decline	1-Year Later from Trough	2-Years Later from Trough
Nov-48	Oct-49	-21%	40%	60%
Jul-53	May-54	-15%	39%	84%
Aug-57	Apr-58	-21%	29%	39%
Apr-60	Feb-61	-14%	31%	12%
Dec-69	Nov-70	-36%	45%	57%
Nov-73	Mar-75	-48%	21%	41%
Jan-80	Jul-80	-17%	37%	17%
Jul-81	Nov-82	-27%	58%	48%
Jul-90	Mar-91	-20%	4%	12%
Mar-01	Nov-01	-37%	-14%	3%
Dec-07	Jun-09	-57%	68%	84%
Average		-28%	32%	42%
Median		-21%	37%	41%

Source: Factset, SunTrust IAG

After an 11-year bull market that began in March of 2009, news of the Coronavirus (COVID 19) brought turmoil, global uncertainty, and fear to every aspect of daily life. Fortunately, the U.S. economy going into this crisis was very healthy. Although the unprecedented social and financial impact is yet to be fully measured, the above chart details the S&P 500 returns for the past 70 years during periods of recession. As the full economic impact remains to be seen, history does offer details of recoveries that do come in time. Patience is a key word in trying times like these. A study of 425,000 workers showed that during the 2008 market crash, about 5% of those 55 or older dumped all the stock in their 401(k)'s. They missed the significant 2009 rebound. The biggest issue with selling is always when to get back in. When markets rebound, they usually do so quickly. Staying invested in a market "crash" is very difficult emotionally, but history shows after every correction in the past 100 years the markets recovered and attained new highs. The best days in the market usually follow the worst days in the market historically.

Severe corrections such as the coronavirus event give professional money managers the opportunity to reposition portfolios with sound companies at attractive value levels. History reinforces that time, not timing, is the proven formula for success.❖



Source: Yahoo!Finance

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.

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