SAMALIN
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*Finance*FOCUS

Three Things to Consider Before Your Next Trip

The health and economic crisis created by the corona-virus (COVID-19) pandemic will have a long-lasting impact on how we all will travel going forward. And though it may be difficult to think about planning a trip during these uncertain times, here are some things to consider if you do decide to travel.

1. Check your travel provider's cancellation policy. As a result of the corona-virus pandemic, many airlines and hotels have relaxed their cancellation policies by waiving traditional cancellation and change fees. The type of reimbursements will vary, depending on your travel provider, but may range from full refunds to vouchers/credit for future travel. It's important to contact your travel provider directly to find out their individual cancellation policies before booking.

2. Be aware of travel advisories. During the height of the corona-virus pandemic, global travel advisories were at an all-time high, and domestic travel advisories were issued for certain geographic areas within the United States. Your first step before planning any travel should be to check the travel advisories for your destination. Be sure to visit the U.S. Department of State website at state.gov, along with your state and local government, for up-to-date travel warnings.

3. Read the fine print. Before you purchase a trip cancellation/interruption insurance policy, read the fine print to determine what is specifically covered. Typically, it will reimburse you only if you cancel your travel plans before you leave or cut your trip short due to an "unforeseen event" such as illness or death of a family member. Most policies with cancellation and interruption coverage will exclude a "known event" such as COVID-19 once it's declared an epidemic or pandemic.

If you are concerned about having to cancel or cut short a trip due to the corona-virus pandemic, one option you may have is to purchase additional "cancel for any reason" (CFAR) coverage. This is usually an add-on benefit to certain traditional trip insurance policies and allows you to cancel your trip for any reason up to a certain date before your departure (typically 48 to 72 hours) and will reimburse a percentage of your trip cost.

CFAR coverage can cost quite a bit more than a basic trip cancellation/interruption policy and may have additional eligibility requirements. In addition, you usually have to purchase CFAR coverage soon after purchasing your original policy (typically within two to three weeks).

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Do You Have a Will?

Although 76% of U.S. adults say having a will is important, only 40% actually have one. The most common excuse is, "I just haven't gotten around to it." It's probably not surprising that older people are more likely to have a will, but the percentage who do is relatively low considering the impor-

Percentage of U.S. adults who have a will by age group

18%

18-34

34%

35-44

39%

45-54

51%

55-64

66%

65+

Source: Caring.com, 2019

Homeownership Rate Spikes During Quarantine

The U.S. homeownership rate jumped by 2.6% in the second quarter of 2020, the largest quarterly increase on record, bringing it to a level last seen in 2008. Part of this unexpected increase may be due to a change in the survey process because of the corona-virus, as well as a drop in the number of rental units as renters moved in with family or took on room-mates. However, many renters bought homes, spurred by low mortgage rates.

Homeownership increased across all age groups, but the biggest jump was among those under age 35, whose 40.6% rate was the highest in almost 12 years. Americans age 65 and older have the highest rate of homeownership at 80.4%.

QUARTERLY HOMEOWNERSHIP RATE

Sources: U.S. Census Bureau, 2020; Bloomberg, July 28, 2020; MarketWatch, July 29, 2020

Year-End 2020 Tax Tips

Here are some things to consider as you weigh potential tax moves before the end of the year.

Defer income to next year

Consider opportunities to defer income to 2021, particularly if you think you may be in a lower tax bracket then. For example, you may be able to defer a year-end bonus or delay the collection of business debts, rents, and payments for services in order to postpone payment of tax on the income until next year.

Accelerate deductions

Look for opportunities to accelerate deductions into the current tax year. If you itemize deductions, making payments for deductible expenses such as medical expenses, qualifying interest, and state taxes before the end of the year (instead of paying them in early 2021) could make a difference on your 2020 return.

Make deductible charitable contributions

If you itemize deductions on your federal income tax return, you can generally deduct charitable contributions, but the deduction is limited to 60%, 30%, or 20% of your adjusted gross income (AGI), depending on the type of property that you give and the type of organization to which you contribute. (Excess amounts can be carried over for up to five years.) For 2020 charitable gifts, the normal rules have been enhanced: The limit is increased to 100% of AGI for direct cash gifts to public charities. And even if you don't itemize deductions, you can receive a $300 charitable deduction for direct cash gifts to public charities (in addition to the standard deduction).

Bump up withholding

If it looks as though you're going to owe federal income tax for the year, consider increasing your withholding on Form W-4 for the remainder of the year to cover the shortfall. The biggest advantage in doing so is that withholding is considered as having been paid evenly throughout the year instead of when the dollars are actually taken from your paycheck.

Maximize retirement savings

Deductible contributions to a traditional IRA and pre-tax contributions to an employer-sponsored retirement plan such as a 401(k) can reduce your 2020 taxable income. If you haven't already contributed up to the maximum amount allowed, consider doing so. For 2020, you can contribute up to $19,500 to a 401(k) plan ($26,000 if you're age 50 or older) and up to $6,000 to traditional and Roth* IRAs combined ($7,000 if you're age 50 or older). The window to make 2020 contributions to an employer plan generally closes at the end of the year, while you have until April 15, 2021, to make 2020 IRA contributions. (*Roth contributions are not deductible, but Roth qualified distributions are not taxable.)

Avoid RMDs in 2020

Normally, once you reach age 70½ (age 72 if you reach age 70½ after 2019), you generally must start taking required minimum distributions (RMDs) from traditional IRAs and employer-sponsored retirement plans. Distributions are also generally required to beneficiaries after the death of the IRA owner or plan participant. However, recent legislation has waived RMDs from IRAs and most employer retirement plans for 2020 and you don't have to take such distributions. If you have already taken a distribution for 2020 that is not required, you may be able to roll it over to an eligible retirement plan.

Weigh year-end investment moves

Though you shouldn't let tax considerations drive your investment decisions, it's worth considering the tax implications of any year-end investment moves. For example, if you have realized net capital gains from selling securities at a profit, you might avoid being taxed on some or all of those gains by selling losing positions. Any losses above the amount of your gains can be used to offset up to $3,000 of ordinary income ($1,500 if your filing status is married filing separately) or carried forward to reduce your taxes in future years.

Consider postponing income and/or acceleration deductions if

- You expect to be in a lower tax bracket next year (perhaps you'll retire next year)
- Your itemized deductions are greater than the standard deduction this year.
- You want to delay payment of tax

Consider accelerating income and/or postponing deductions if

- You expect to be in a higher tax bracket next year (perhaps you have reduced income this year)
- The standard deduction is greater than your itemized deductions this year.
- You're subject to alternative minimum tax this year and certain deductions are disallowed

Return of Premium Life Insurance: Protection and Cash Back

You have decided you need life insurance coverage and are considering buying a term policy. But you ask your financial professional, "Do I get any of my money back at the end of the term?" It's possible, if you consider buying a special kind of term insurance called return of premium term insurance, or ROP.

HOW ROP COMPARES TO STRAIGHT TERM INSURANCE

In general, straight term insurance provides life insurance coverage for a specific number of years, called the term. The face amount of the policy, or death benefit, is paid to your beneficiaries if you die during the term. If you live longer than the term, or you cancel your policy during the term, nothing is paid. By contrast, an ROP term life insurance policy returns some or all of the premiums you paid if you live past the term of your policy and haven't cancelled coverage. Some issuers may even pay back a pro-rated portion of your premium if you cancel the ROP policy before the end of the term. Also, the premium returned generally is not considered ordinary income, so you won't have to pay income taxes on the money you receive from the insurance company. (Please consult your tax professional.)

A return of premium feature may be appealing if you want to have a return of some or all of your premium if you outlive the policy term. Yet the cost of ROP insurance can be significantly higher than straight term insurance, depending on the issuer, age of the insured, the amount of coverage (death benefit), and length of the term. But ROP almost always costs less than permanent life insurance with the same death benefit. While straight term insurance can be purchased for terms as short as one year, most ROP insurance is sold for terms of 10 years or longer.

ROP CONSIDERATIONS

It's great to know you can get your money back if you outlive the term of your life insurance coverage, but there is a cost for that benefit. Also, if you die during the term of insurance coverage, your beneficiaries will receive the same death benefit from the ROP policy as they would from the less-expensive straight term policy.

When choosing between straight term and ROP term, you might think about the amount of coverage you need, the amount of money you can afford to spend, and the length of time you need the coverage to continue. Your insurance professional can help you by providing information on straight term and ROP term life insurance, including their respective premium costs.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. Optional riders are available for an additional fee and are subject to contractual terms, conditions and limitations as outlined in the prospectus and may not benefit all investors. Any guarantees associated with payment of death benefits, income options, or rates of return are based on the claims paying ability and financial strength of the insurer.

Advantages and Disadvantages of ROP Term Insurance

PROS & CONS

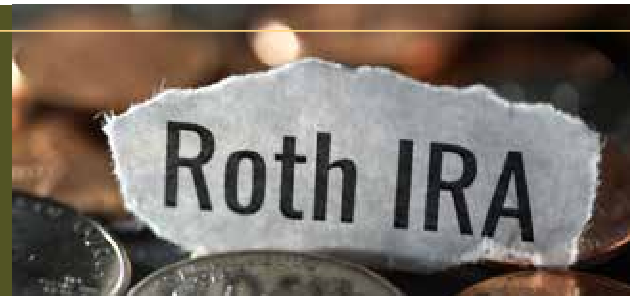
POSITIVES

+ If you outlive the policy term, you get your money back, unlike a straight term life insurance
+ Premiums are generally returned free of income tax

NEGATIVES

- It's typically more expensive than straight term life insurance
- You generally don't earn interest on your money
- If you cancel the policy or let it lapse before the end of the term, you may not get your money back
- There may be a minimum amount coverage you must buy, such as $100,000

Is Now a Good Time to Consider a Roth Conversion?



This year has been challenging on many fronts, but one financial opportunity may have emerged from the economic turbulence. If you've been thinking about converting your traditional IRA to a Roth, now might be an appropriate time to do so.

Conversion Basics

Roth IRAs offer tax-free income in retirement. Contributions to a Roth IRA are not tax-deductible, but qualified withdrawals, including any earnings, are free of federal income tax. Such withdrawals may also be free of any state income tax that would apply to retirement plan distributions.

Generally, a Roth distribution is considered "qualified" if it meets a five-year holding requirement and you are age 59½ or older, become permanently disabled, or die (other exceptions may apply).

Regardless of your filing status or how much you earn, you can convert assets in a traditional IRA to a Roth IRA. Though annual IRA contribution limits are relatively low ($6,000 to all IRAs combined in 2020, or $7,000 if you are age 50 or older), there is no limit to the amount you can convert or the number of conversions you can make during a calendar year. An inherited traditional IRA cannot be converted to a Roth, but a spouse beneficiary who treats an inherited IRA as his or her own can convert the assets.

Converted assets are subject to federal income tax in the year of conversion and may also be subject to state taxes. This could result in a substantial tax bill, depending on the value of your account, and could move you into a higher tax bracket. However, if all conditions are met, the Roth account will incur no further income tax liability and you won't be subject to required minimum distributions. (Designated beneficiaries are required to take withdrawals based on certain rules and time frames, depending on their age and relationshipto the original account holder, but such withdrawals would be free of federal tax.)

Why Now?

Comparatively low income tax rates combined with the impact of the economic downturn might make this an appropriate time to consider a Roth conversion.

The lower income tax rates passed in 2017 are scheduled to expire at year-end 2025; however, some industry observers have noted that taxes may rise even sooner due to rising deficits exacerbated by the pandemic relief measures.

Moreover, if the value of your IRA remains below its pre-pandemic value, the tax obligation on your conversion will be lower than if you had converted prior to the downturn. If your income is lower in 2020 due to the economic challenges, your tax rate could be lower as well.

Any or all of these factors may make it worth considering a Roth conversion, provided you have the funds available to cover the tax obligation.

As long as your traditional and Roth IRAs are with the same provider, you can typically transfer shares from one account to the other. When share prices are lower, as they may be in the current market environment, you could theoretically convert more shares for each dollar and would have more shares in your Roth account to pursue tax-free growth. Of course, there is also a risk that the converted assets will go down in value.

Using Conversions to Make "Annual Contributions"

Finally, if you are not eligible to contribute to a Roth IRA because your modified adjusted gross income (MAGI) is too high (see table), a Roth conversion may offer a workaround. You can make nondeductible contributions to a traditional IRA and then convert traditional IRA assets to a Roth. This is often called a "back-door" Roth IRA.

As this history-making year approaches its end, this is a good time to think about last-minute moves that might benefit your financial and tax situation. A Roth conversion could be an appropriate strategy.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

If your federal tax filing status is:	Your 2020 Roth contribution is reduced if your MAGI is:	You can't contribute to a Roth IRA for 2020 if your MAGI is:
Single or head of household	More than $124,000 but less than $139,000	$139,000 or more
Married jointly or qualifying widow(er)	More than $196,000 but less than $206,000	$206,000 or more
Married filing separately	More than $0 but less than $10,000	$10,000 or more

Note that your contributions generally cannot exceed earned income for the year. (Special rules apply to spousal IRAs.)

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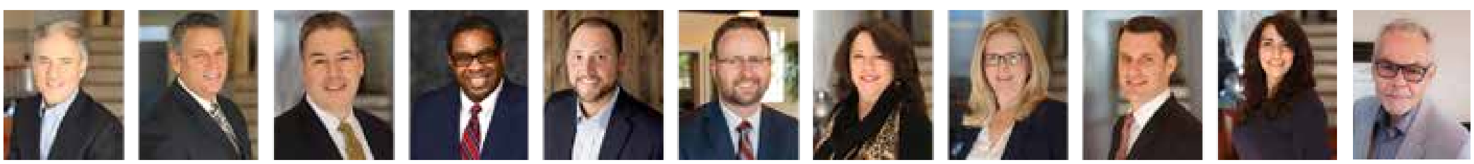
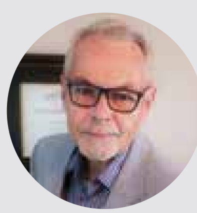


New Advisor **Ronald Schneider,** CFP® Joins SICounsel



Samalin Investment Counsel is pleased to welcome **Ronald Schneider, CFP®** to the team. Following a successful career in sales, branch, regional, and national management with hi-tech computer firms, Ron built and sold a software development company before joining the financial services community in 1988. His financial services career began at Merrill Lynch. He later joined Prudential Securities as a Financial Advisor and Branch Manager. And has also served in wealth advisory positions with Morgan Stanley and Wells Fargo Advisors.

In 2016 Ron chose to exit the Wall Street constraints of formula-based client relationships. He now focuses his attention on the unique wealth and financial planning needs of individuals, as individuals. Ron is a magna cum laude graduate of Marist College with a BS in Business Administration, and obtained his Certified Financial Planner® certification in 2012.

He served on the Board of Directors of the Children's Home of Kingston, on the Board of Directors for the Bardavon Opera House, and has served on several committees with arts organizations and within his church.

Ron was born in Reykjavik, Iceland and lives in Gardiner, NY along with his wife Laurie and their dog Harrison Fjord. He is the father of three and a proud grandfather of three grandchildren.