

HARWOOD

FINANCIAL GROUP



A look at the CARES Act and Required Minimum Distributions

First and foremost, I hope this letter finds you and your family well. We are going through an unprecedented time in history. We will get through this; it will just take time. As we work our way through the “new normal,” an important piece of legislation was passed that allows for the suspension of Required Minimum Distributions (RMD) for 2020. RMDs are optional this year only. There were two key items that changed which affect RMDs. Back in January the age was raised from 70 ½ to 72 under the condition that you had not yet started taking RMDs. The second is that this year only, the requirement to take your RMD was waived. The CARES Act makes the RMD optional and not mandatory like in previous years.

Remember, a Required Minimum Distribution is a minimum amount that normally must be withdrawn from your traditional IRAs. It is based on your age and the total balance of all your IRAs and other pre-tax retirement accounts on December 31st of the prior calendar year. Many of our clients are taking

income from their retirement accounts, this counts towards their RMD. Others make charitable contributions from their retirement accounts. Once again these would count towards your RMD amounts. This year, the RMD requirement is waived, that does not mean you shouldn't still take a distribution, it just means you have a choice.

If you have taken an RMD in the past, or if this year you are eligible, please let us know if you prefer to elect not to take your RMD. If we do not hear from you, we will continue to process your RMD as we did in previous years.

We, at Harwood Financial Group, want to let you know that we are here for you. If you have any questions regarding your accounts or any financial related questions, please don't hesitate to give us a call. These are unprecedented times, but we are well experienced and equipped to navigate these markets and will continue to make appropriate adjustments as warranted.



Health Care: What Lies Ahead

In 1960, the average American spent about \$147 a year on health care expenses. In 2017, that number was \$10,739. In the '60s, the health care industry represented 5% of GDP. In 2017, it was nearly 18%.¹

Unfortunately, annual incomes have not increased on par with this particular cost of living. As a result, more of the money we earn goes to our health care expenses. In 2018, middle-income workers spent an average of 6.8% of their earnings on premiums for employer-sponsored health insurance and another 4.7% on deductibles.²

If you're concerned about increased health care expenses in retirement, we can help. Some insurance products, such as life insurance and annuities, provide various options you may want to consider. We'd be happy to discuss your options based on your unique situation.

America's problems with health care spending aren't expected to curb anytime soon. The second-largest generation — baby boomers — are aging and experiencing more medical conditions associated with a long life expectancy. But on their heels is an even larger generation — millennials — who aren't as healthy as you might expect. Studies show this demographic is experiencing high rates of depression, hyperactivity, hypertension, high cholesterol and tobacco use.³

Along with increased costs for an aging population, a recent study estimates the tab for testing and treating the coronavirus this year will be about \$103 billion, although it could run as high as \$251 billion. While insurers and employers are expected to absorb most of this cost, the report projects that, sans any legislative intervention, commercial health insurers are apt to increase 2021 plan premiums by anywhere from 4% to 40% in order to cover those medical claims and remain solvent.⁴

Americans relying on health insurance plans purchased through the Patient Protection and Affordable Care Act, also known as Obamacare, may have even greater uncertainties though. Last December, in a lawsuit filed by Republican state attorneys general, a federal appeals court ruled that the reform bill's individual mandate is unconstitutional and returned the case back to the lower court to figure out if more of it should be overturned. If other revenue provisions are found to be unconstitutional, the Act could fall apart and millions of Americans would not be able to afford insurance. The case is presently on the docket for review by the Supreme Court.

1 Kimberly Amadeo. The Balance. Feb. 28, 2020. "The Rising Cost of Health Care by Year and Its Causes." <https://www.thebalance.com/causes-of-rising-healthcare-costs-4064878>. Accessed May 14, 2020.

2 Sara R. Collins, David C. Radley, and Jesse C. Baumgartner. The Commonwealth Fund. Nov. 21, 2019. "Trends in Employer Health Care Coverage, 2008–2018: Higher Costs for Workers and Their Families." <https://www.commonwealthfund.org/publications/2019/nov/trends-employer-health-care-coverage-2008-2018>. Accessed May 14, 2020.

3 Emma Court. Time. Nov. 6, 2019. "Millennials' Chronic Health Problems Will Limit Their Lifetime Earnings, Report Says." <https://time.com/5720313/millennials-health-limit-earnings/>. Accessed May 14, 2020.

4 Health Policy Institute of Ohio. April 3, 2020. "Insurance premiums to spike in 2021 because of COVID-19, report forecasts." https://www.healthpolicynews.org/daily_review/2020/04/insurance-premiums-to-spike-in-2021-because-of-covid-19-report-forecasts.html. Accessed May 14, 2020.

5 Paula Burkes. The Oklahoman. April 17, 2020. "Supreme Court to review ACA for third time." <https://oklahoman.com/article/5660280/supreme-court-to-review-aca-for-third-time>. Accessed May 14, 2020.

Interesting Trivia

1. WHY?

Do men's clothes have buttons on the right while women's clothes have buttons on the left?

BECAUSE

When buttons were invented, they were very expensive and worn primarily by the rich. Since most people are right-handed, it is easier to push buttons on the right through holes on the left. Because wealthy women were dressed by maids, dressmakers put the buttons on the maid's right! And that's where women's buttons have remained since.

2. WHY?

Why do ships and aircraft use 'mayday' as their call for help?

BECAUSE

This comes from the French word m'aidez - meaning 'help me' - and is pronounced, approximately, 'mayday.'

3. WHY?

Why are zero scores in tennis called 'love'?

BECAUSE

In France, where tennis became popular, the round zero on the scoreboard looked like an egg and was called 'l'oeuf,' which is French for 'the egg.' When tennis was introduced in the US, Americans (naturally), mispronounced it 'love.'

4. WHY?

Why do X's at the end of a letter signify kisses?

BECAUSE

In the Middle Ages, when many people were unable to read or write, documents were often signed using an X. Kissing the X represented an oath to fulfill obligations specified in the document. The X and the kiss eventually became synonymous.

5. WHY?

Why is shifting responsibility to someone else called passing the buck'?

BECAUSE

In card games, it was once customary to pass an item, called a buck, from player to player to indicate whose turn it was to deal. If a player did not wish to assume the responsibility of dealing, he would 'pass the buck' to the next player.

6. WHY?

Why do people clink their glasses before drinking a toast?

BECAUSE

In earlier times it used to be common for someone to try to kill an enemy by offering him a poisoned drink. To prove to a guest that a drink was safe, it became customary for a guest to pour a small amount of his drink into the glass of the host. Both men would drink it simultaneously. When a guest trusted his host, he would only touch or clink the host's glass with his own.

7. WHY?

Why are people in the public eye said to be 'in the limelight'?

BECAUSE

Invented in 1825, limelight was used in lighthouses and theatres by burning a cylinder of lime which produced a brilliant light. In the theatre, a performer 'in the limelight' was the Centre of attention.

8. WHY?

Why is someone who is feeling great 'on cloud nine'?

BECAUSE

Types of clouds are numbered according to the altitudes they attain, with nine being the highest cloud. If someone is said to be on cloud nine, that person is floating well above worldly cares.

9. WHY?

In golf, where did the term 'Caddie' come from?

BECAUSE

When Mary Queen of Scots went to France as a young girl, Louis, King of France, learned that she loved the Scots game 'golf.' He had the first course outside of Scotland built for her enjoyment. To make sure she was properly chaperoned (and guarded) while she played, Louis hired cadets from a military school to accompany her.

Mary liked this a lot and when she returned to Scotland (not a very good idea in the long run), she took the practice with her. In French, the word cadet is pronounced 'ca-day' and the Scots changed it into caddie.

10. WHY?

Why are many coin collection jar banks shaped like pigs?

BECAUSE

Long ago, dishes and cookware in Europe were made of dense orange clay called 'pygg'. When people saved coins in jars made of this clay, the jars became known as 'pygg banks.' When an English potter misunderstood the word, he made a container that resembled a pig. And it caught on.

BIG CHEEKS

Bet you don't know "Big cheeks"

A grandson of slaves, a boy was born in a poor neighborhood of New Orleans known as the "Back of Town." His father abandoned the family when the child was an infant His mother became a prostitute and the boy and his sister had to live with their grandmother.

Early in life, he proved to be gifted for music and with three other kids, he sang in the streets of New Orleans. His first gains were coins that were thrown to them.

A Jewish family, Karnofsky, who had emigrated from Lithuania to the USA, had pity for the 7-year-old boy and brought him into their home. Initially giving 'work' in the house, to feed this hungry child. There he remained and slept in this Jewish family's home where, for the first time in his life, he was treated with kindness and tenderness.

When he went to bed, Mrs. Karnovsky sang him a Russian lullaby that he

would sing with her. Later, he learned to sing and play several Russian and Jewish songs.

Over time, this boy became the adopted son of this family. The Karnofskys gave him money to buy his first musical instrument; as was the custom in the Jewish families.

They sincerely admired his musical talent. Later, when he became a professional musician and composer, he used these Jewish melodies in compositions, such as St. James Infirmary and Go Down Moses.

The little black boy grew up and wrote a book about this Jewish family who had adopted him in 1907. In memory of this family and until the end of his life, he wore a Star of David and said that in this family, he had learned "how to live real life and determination."

You might recognize his name. This little boy was called: Louis "Satchmo" Armstrong.

Louis Armstrong proudly spoke fluent Yiddish! And "Satchmo" is Yiddish for "Big Cheeks".

Radio Show

We host a financial radio show on 970 AM WFLA with Todd Schnitt from the nationally syndicated "Schnitt Show." Tune in on Saturdays at 1 p.m.



Team Member Spotlight



Ryan Dixon

Ryan began his career in financial services in 2010 and quickly became a key financial advisor to the Harwood Financial planning team. His belief in developing strong relationships is the foundation to his success professionally and personally. He takes great pride in helping families and individuals navigate varying market conditions and implement well designed plans to achieve their goals.

He was born and raised in Seminole, Florida. His dream and passion growing up was to become a professional baseball player. Through perseverance and hard work, he got closer to his dream when he was drafted in the 15th round of

the 2001 Major League Baseball Draft. But, due to injury he did not sign but instead decided to play collegiate baseball for both University of Miami and Stetson University. He then graduated from Stetson University with a Bachelor of Science degree in Sports Management. After college he realized his dream and played a season with the St. Louis Cardinals in the minors. But unfortunately, due to the recurring injury he could not play long term.

Having such success at an early age exposed Ryan and his family to many financial planning vulnerabilities. It was then that Ryan decided that long term he wanted to have positive effects in helping families with financial planning and perseveration of their hard-earned money.

During his spare time, you can find Ryan out and about enjoying the warm sun and beautiful Florida beaches with his wife, Tara, and their new son Rhett.

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