



## Spring 2020 CARES Act: Benefits for Families

By: Sarah Mahaffa, CFP®  
Senior Wealth Advisor

**O**n March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The almost 900 pages of legislation are packed with programs designed to help taxpayers navigate the economic hardships our country is facing. We've outlined the areas that are likely to impact you the most.

### Recovery Rebates

One of the most discussed benefits of the CARES Act is "Recovery Rebates." Eighty million individuals have already received their funds via direct deposit. Individuals with an adjusted gross income (AGI) of under \$75,000 are eligible for a rebate of \$1,200, while married couples will receive \$2,400 if their AGI is below \$150,000. Rebates are increased by \$500 for each child under age 17. For those who exceed the income thresholds, rebates are reduced by \$5 for every \$100 over the applicable income threshold.

What's AGI? Your wages, investment income, business income, and retirement distributions less student loan interest, retirement contributions, educator expenses, and alimony.

If you have filed your 2019 tax return, your 2019 AGI will be used. For those that have not yet filed



their 2019 return (revised deadline is July 15), 2018 tax return information will be used.

How will the money be delivered? The funds will be direct deposited, or a check will be sent to you. If you have included bank account information on your tax return for the direct deposit of a tax refund or if you currently receive Social Security, the same bank account will be used. If direct deposit isn't an option, then a physical check will be mailed.

### Penalty-Free Early Distributions from Retirement Accounts

As another source of income for those that qualify, the CARES Act permits distributions of up to \$100,000 from IRAs and employer-sponsored retirement accounts. The criteria to qualify is fairly broad:

- You, a spouse, or a dependent diagnosed with COVID-19.
- Financial hardship experienced due to being quarantined, furloughed, or working reduced hours.
- Cannot work due to childcare needs as a result of COVID-19.
- Your business closed or operated reduced hours because of COVID-19.

As an added benefit, these distributions are subject to a unique set of rules:

- Penalty-free distributions – If under age 59 ½, the typical 10% penalty is waived.
- No tax if you repay distributions – Funds can be returned to your retirement account over three years, and no income tax is owed.

- Taxes paid over three years – Income tax on any funds not repaid to the retirement account can be equally divided over 2020, 2021, and 2022, or as an alternative paid in one year.
- No mandatory tax withholding – The 20% withholding on employer-sponsored retirement account distributions is waived.

### Waived for 2020: Required Minimum Distributions (RMDs)

For those subject to RMDs, the requirement has been waived for 2020. This applies to employer plans, IRAs, and inherited IRAs.

What if you already received your RMD? There are two possible ways you can return the funds if you don't need the income: 1.) If the distribution occurred in the last 60 days, you can return the funds as a 60-day rollover. 2.) If you meet any of the distribution criteria outlined previously, you are eligible to return the funds anytime in the next three years. One exception: If a distribution from an Inherited IRA has already been taken in 2020, the funds cannot be returned to the account.

### Increased Deduction for Charitable Contributions

Until now, cash contributions made to a charity had been deductible up to 60% of AGI. The CARES Act has increased this to 100% of AGI. If an individual is charitably inclined, they could greatly reduce or even eliminate their 2020 tax bill by making deductible charitable contributions. (Contributions to donor-advised funds are not eligible contributions.)

## In This Issue

<b>Feature</b>	<b>1</b>
CARES Act: Benefits for Families	
<b>BLT Corner</b>	<b>2</b>
Updates and Thanks	
<b>Generation NeXt</b>	<b>2</b>
CARES Act: Federal Student Loan Relief	
<b>Industry News</b>	<b>3</b>
Records Get Headlines but Other Developments are More Important	
<b>Q&amp;A</b>	<b>3</b>
New Tax Incentives for Giving to Your Favorite Charity	

(continued on page 3)

# BLT Corner

## Updates and Thanks



During this unprecedented time, our leadership team could not be more proud of the speedy adaptation by the entire Bedel team. The preparation for our staff to work remotely

with secure access to client data, along with an easy internal communication system, started years ago when our internal IT Specialist, Amy House, recommended laptops for all employees, a secure Virtual Private Network (VPN), two-factor authentications, and an internal messaging system for easy communication. We thank Amy and SIM2K, our external IT team, for their continued navigation through these ever-changing times.

We would also like to thank our clients for their adaptation and patience. All meetings have taken place via Zoom, FaceTime, or conference calls. We've been pleasantly surprised by how smooth this transition has been. As we all know, change is never easy, but as my son's 2nd-grade teacher often says, "You just gotta go with the flow." The stock market and economy have been

top-of-mind for all of us. Since the beginning of March, our internal investment committee has met twice each day to discuss a wide range of information that may impact our clients and any decision we make about our portfolio. Our investment team will continue to do our best to protect capital while also seeking investment growth opportunities that could be beneficial.

Our team misses seeing each other! So every Friday afternoon, we all join a Zoom chat. The Bedel staff enjoys a beverage together and discuss anything and everything non-business related. We have all come to look forward to this time together!

We are also proud to announce that Bedel Financial has again been named one of the Best Places to Work in Indiana by the Indiana Chamber of Commerce! Great people make a great culture, and we're thankful for our team!

In times like these, we want to take a moment to thank our amazing clients as well, for your trust and confidence in our team. Please know that we are all 100% committed to seeing you through these challenging times and are here ready to help in any way we can, albeit virtually!

Stay safe,

*The Bedel Leadership Team*

### Save the Date

Our annual Ladies Luncheon will be held on July 16<sup>th</sup> at Meridian Hills Country Club.

Our annual Shred Day will be held on July 18<sup>th</sup> at the BFC office.

*Recently, Bedel Financial lost a good friend and partner. Mark Finegan founded SIM2K in 1985.*

*The technology consulting firm continues to provide services to our firm as it has done for decades. Mark and Elaine have known each other since their days at Hanover College. Mark was a trusted friend as well as a technology advisor. He will be missed. Our thoughts and prayers are with his wife, Christie, his family, and his SIM2K associates.*

## Generation NeXt

### CARES Act: Federal Student Loan Relief

By: Abby VanDerHeyden, CFP®  
Wealth Advisor & GenerationNext Team Leader

The federal government has passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, providing relief for federal student loan borrowers. Provisions related to a reprieve for student loan borrowers are outlined below, along with an important loan repayment strategy to consider.

#### Student Loan Relief

Due to the CARES Act, federal direct student loans and parent PLUS loans are now in forbearance. What is forbearance? Borrowers are not required to make payments for six months, and the interest rate on loans is 0% during that time. Regardless of the loan servicer (likely Nelnet, Navient, Great Lakes, or FedLoan), borrowers should receive communication that federal loans are now in forbearance until September 30, 2020. If you have automatic payments set up, your student loan servicer has likely already changed your next payment to debit after September 30. If you made a payment after March 13, 2020, you can request a refund.

Unfortunately, private student loans are ineligible for the same forbearance relief.

Contact your loan servicer directly if you would benefit from assistance. Some private loan servicers are offering options due to the pandemic. According to Experian.com, Citizens Bank, Commonbond, College Ave, Discover, Earnest, and Sallie Mae are all private lenders providing types of forbearance.

For those hoping to eventually have federal loans forgiven through the Public Service Loan Forgiveness (PSLF) program – don't worry. If you continue working full-time for a qualifying employer during the forbearance period, you will continue to receive credit toward PSLF as if you made on-time payments.

#### Loan Repayment Strategy

Should you continue making payments on your federal student loan debt during forbearance if you are able? It depends. Start with answering these questions, in order:

1. Do you have an emergency fund established with 3 to 6 months of living expenses?
- If no, redirect student loan payments towards building your emergency fund first.

2. Do you have other outstanding debt with higher interest rates than your federal student loans (think credit card debt, car loans)?

· If yes, redirect student loan payments towards paying off higher-interest debt first.

3. Is your emergency fund established, and all other outstanding debt has a lower interest rate than your federal student loans?

· If yes, there are benefits to continuing to repay your federal student loan debt.

Why keep paying your student loans? Since federal loan debt will not accrue any interest during the forbearance period, payments made are applied directly towards the principal, allowing the balance to be paid down at a quicker speed. You will need to make payments manually via your online account. One last tip: apply any payments made to the highest interest rate student loan first!

Contact Abby if you have questions or want additional information regarding this topic.

# Industry News

## Records Get Headlines but Other Developments are More Important

By: The Bedel Investment Team

The COVID-19 pandemic is unprecedented in many ways and reminds us of the days in the 1990s when we used to hear Tom Carnegie's "It's a new track record" echo throughout the Indianapolis Motor Speedway. Economically speaking, we've seen a lot of "new track records" recently, and not necessarily the good kind. April's unemployment claims have exceeded 5 million each week. Consumer sales dropped 8% in the month of March (and will likely fall by even more in April). The stock market has experienced dramatic daily and weekly swings, both positive and negative. Most recently, the price of oil futures contracts went negative, caused by a combination of weak economic activity and limited storage availability.

All of these "records" are a result of the unique economic situation in which we find ourselves. Nevertheless, the economy is expected to make a recovery (despite uncertainty surrounding the timing), and investments in stocks still offer the greatest opportunity for growth over the long term. While traditional economic data will likely continue to be negative for some time, it is helpful to pay

attention to developments in other areas that also provide signals of the health of the economy.

Corporate bonds – the corporate bond market can be a good gauge for judging the health of many industries and companies. Corporate bond prices dropped in March when many bondholders were frantically selling their bonds to raise cash. Since then, liquidity in the bond market has improved. This is in large part due to actions by the Federal Reserve and its announcement that it will begin to purchase bonds. As a result of this improved liquidity, many corporate bond prices have recovered.

- Going forward, bonds are likely to be impacted more by the health of their underlying company and less by the liquidity concerns that impacted them in March.

- The health of the real estate industry, with so many loans tied to real estate, both commercial and residential, the ability of borrowers to pay their mortgages will be important to the health of the economy. Continued help from the government for small businesses and consumers will help both classes. Requiring or encouraging lenders to work with borrowers and offer forbearance or other payment plans will be important.

- Value of the dollar – A strong dollar can make it difficult for emerging market economies to meet their debt obligations, a significant portion of which is denominated in US dollars. A weaker dollar helps those countries while also making it easier to sell US goods overseas.

While the stock market gets the majority of the headlines, examining less followed areas of the markets is just as, if not more, important to understanding the direction of the economy. To this end, the Bedel Investment Team will continue to follow developments in these areas and provide you with periodic updates as necessary.

*Contact the Bedel Investment Team if you have questions or want additional information regarding this topic.*

## Q&A

### New Tax Incentives for Giving to Your Favorite Charity

By: Kathy Hower, CFP®  
Senior Wealth Advisor and  
Director of Financial Planning

Many of us are inclined to give to organizations that need help. Fortunately, the CARES Act includes favorable tax benefits for cash gifts made to qualifying charitable organizations this year.

**Q:** What are the changes?

**A:** If you typically use the standard deduction when calculating taxes, rather than itemize on Schedule A, you're eligible for an above-the-line deduction for your gift of cash to charity this year, up to a maximum deduction of \$300.

For taxpayers who itemize, cash gifts to charity will not be limited to 60% of adjusted gross income for the tax year 2020. Instead, this year you can deduct the amount of your gift up to 100% of AGI. These donations must be made by check or credit card, paid directly to the charity. If not, then the 60% (or 30% for gifts of appreciated securities held longer than one year) limitation applies. Any amount of your gift that is not deductible on Schedule A, due to the limitation, can be carried forward and used over the next five years.

**Q:** Do these temporary deduction rules apply to contributions to a donor-advised fund (DAF)?

**A:** No. Cash gifts to DAFs, private foundations and supporting organizations are still limited to 60% of AGI. These charitable entities allow deferral of the gift into future years. Your donation must help support a charity now, bettering their chance to survive this pandemic.

**Q:** Do these changes only apply to gifts made to charitable organizations that are associated with the COVID-19 crisis?

**A:** No. These incentives apply to donations made to any qualifying 501(c)(3) charitable organization this year.

**Q:** Can I still make a gift to charity from my IRA if I'm over age 70 ½?

**A:** Yes. The amount of the gift is still limited to \$100,000. A direct donation to charity from your IRA is not deductible on your tax return because you aren't liable for paying taxes on the amount of the "distribution." If you want to make a substantial gift to charities, you could take advantage of both strategies – direct contribution of cash, along with the QCD from your IRA.

*Contact Kathy if you have questions or want additional information regarding this topic.*

*(continued from page 1)*

The CARES Act also added a new above the line deduction of \$300 for cash contributions to charities. Because this is an above the line deduction, you don't need to itemize to receive the benefit.

#### Summary

In addition to the personal benefits noted above, the CARES Act also provides economic relief for small businesses, as well as assistance for unemployment and healthcare programs. While taking steps to protect the health of all is the most important, the CARES Act is intended to help sustain families and businesses through this unprecedented time.

*Contact the Sarah if you have questions or want additional information regarding this topic.*

### Contact Us!

8940 River Crossing Blvd., Suite 120

Indianapolis, IN 46240

**Phone:** (317) 843-1358

**Toll Free:** (888) 843-1358

**Fax:** (317) 574-5999

**Web:** BedelFinancial.com

Twitter: Twitter.com/BedelFinancial

FB: Facebook.com/BedelFinancial

LinkedIn: Bedel Financial Consulting, Inc.

### Corporate Calendar

**Bedel Financial Consulting will be closed  
for business on the upcoming days:**

<b>May 25</b>	<b>Memorial Day</b>
<b>July 3</b>	<b>Independence Day</b>
<b>Sept. 7</b>	<b>Labor Day</b>
<b>Nov. 26</b>	<b>Thanksgiving</b>
<b>Nov. 27</b>	<b>Day after Thanksgiving</b>
<b>Dec. 25</b>	<b>Christmas Day</b>

Please remember that past performance may not be indicative of future results. You should not assume that any information or any corresponding discussions serves as the receipt of, or as a substitute for, personalized investment advice from Bedel Financial Consulting, Inc. Portfolio Managers. The opinions expressed are those of Bedel Financial Consulting, Inc. and are subject to change at any time due to changes in market or economic conditions.

**Andriel Adams**  
*Administrative Assistant*  
aadams@bedelfinancial.com

**Kate Arndt, CFP®**  
*Financial Planner*  
karndt@bedelfinancial.com

**Elaine E. Bedel, CFP®**  
*CEO & President*  
*"Executive On Loan"*  
ebedel@bedelfinancial.com

**Evan D. Bedel, CFP®**  
*GenNeXt Advisor &*  
*Director of Finance and Strategy*  
evbedel@bedelfinancial.com

**Meredith Carbrey, CFP®**  
*Sr. Wealth Advisor*  
mcarbrey@bedelfinancial.com

**Ryan Collier, CIMA®**  
*Sr. Portfolio Manager and Director*  
*of Investment Management*  
rcollier@bedelfinancial.com

**Dave Crossman, CFA**  
*Sr. Portfolio Manager*  
dcrossman@bedelfinancial.com

**Kristina Dougan**  
*Operations Specialist and*  
*Investment Assistant*  
kdougan@bedelfinancial.com

## Our Staff

**Cindy Garman**  
*Administrative Coordinator*  
cgarman@bedelfinancial.com

**Alex Golding**  
*Operations Specialist and*  
*Investment Assistant*  
agolding@bedelfinancial.com

**Anthony Harcourt, CIMA®**  
*Portfolio Manager*  
aharcourt@bedelfinancial.com

**Amy K. House**  
*IT & Digital Marketing Specialist*  
ahouse@bedelfinancial.com

**Kathryn J. Hower, CFP®**  
*Senior Wealth Advisor and*  
*Director of Financial Planning*  
khower@bedelfinancial.com

**Jonathan Koop, CFA**  
*Portfolio Manager and Manager*  
*of Investment Management*  
jkoop@bedelfinancial.com

**Sarah Mahaffa, CFP®**  
*Sr. Wealth Advisor and*  
*Manager of Financial Planning*  
smahaffa@bedelfinancial.com

**Andrew Rogers**  
*Operations Specialist and*  
*Investment Assistant*  
arogers@bedelfinancial.com

**Mathew Ryan, CFP®**  
*Financial Planning Specialist*  
mryan@bedelfinancial.com

**Austin Stagman, CIMA®**  
*Investment Analyst*  
astagman@bedelfinancial.com

**Brad Stark**  
*Chief Compliance Officer*  
bstark@bedelfinancial.com

**Cassi Vanderpool**  
*Director of Administration*  
cvanderpool@bedelfinancial.com

**Abby VanDerHeyden, CFP®**  
*Wealth Advisor and*  
*Generation NeXt Team Leader*  
avanderheyden@bedelfinancial.com

**Chris Wakefield**  
*Marketing Specialist*  
cwakefield@bedelfinancial.com

**William J Wendling, CFA**  
*Sr. Portfolio Manager, CIO*  
bwendling@bedelfinancial.com