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A Private Client Law Firm

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Office Update

The Governor’s Orders have affected our ability to operate our office as usual. We have been forced to temporarily lay off two of our legal assistants while having only one working in the office and another working from home. This has slowed us down a bit, but work continues. Because the firm has adopted enhanced technology and office procedures, Kameron and Jay are able to work from home and still have access to all files in the office.

Here’s What We Can Offer – Kameron and Jay can conduct client meetings virtually through either *Zoom* or *Skype* platforms. Both technologies allow for interactive video and audio participation with multiple persons at multiple locations. This is almost as good as being there in person, with one advantage – no one has to drive anywhere to meet! Although our preference still is to meet in person, *Zoom* and *Skype* offer a real alternative. Additionally, we can notarize documents and act as witnesses on estate planning documents while conducting a *Zoom* or *Skype* meeting. So, for us, it is business as usual...with a twist.

The Importance Of It All - What is essential to clients does not have to wait until the coronavirus situation is over, whenever that might be. Doing no advanced planning now while we all wait may not be in our best interest. Consider this – while tax filing deadlines have been extended and many other laws have been “paused,” many that effect our clients have not. *Example:* the **60 month “Look Back”** rule for qualifying for Medicaid **HAS NOT** been “paused.” If you are concerned about the ever rising cost of long term care, nothing has changed because of the coronavirus situation. Kameron and Jay are available for a *Zoom* or *Skype* meeting with you to discuss your estate or Medicaid planning goals, prepare plan documents to effect those goals, and virtually meet again to execute the plan. Just call our office to schedule a virtual appointment.

On March 27, 2020, Congress and the President passed the "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act). As has been the trend, our legislatures come up with catchy acronyms to call their legislation in order to set the

FEDERAL RESPONSE TO THE COVID 19 SITUATION

mood, and in this case, it is appropriate. There are two important provisions of the act that should be pointed out.

~ Continued on Back ~

- ◆ **The “Stimulus” payment.** Part of the CARES Act gives most people in the country, including seniors, a cash “Stimulus” payment via mail or direct deposit into their bank accounts. To determine the amount of a person’s payment, the IRS will use income information from 2018 or 2019 tax

Free Workshops

May 19, 2020

Tentative

Goodes Restaurant

Collins, NY

6:30 to 8:30 p.m.

June 2, 2020

Tentative

Bartlett Country Club

Olean, NY

6:30 to 8:30 p.m.

June 16, 2020

Tentative

Manning’s Fireside Manor

Dunkirk, NY

6:30 to 8:30 p.m.

returns. If you didn't file a return, but receive Social Security benefits, the IRS will be able to obtain your information. However, if you didn't file a return and you do not receive Social Security or railroad retirement benefits, or if you just started receiving them in 2020, you must contact the IRS to provide the necessary information. The IRS has created a form you will need to complete in order to receive the stimulus payment.

Single individuals with incomes below \$75,000 and married couples with incomes below \$150,000 will receive a stimulus payment. If your income exceeds these amounts, you may still get a payment, but it will be reduced by \$5 for each extra \$100 above the \$75,000 and \$150,000 limits.

- ◆ **Required Minimum Distributions.** The new law provides relief to retirement account owners by waiving the required minimum distribution (RMD) obligation in 2020. This waiver applies to 2020 calendar year RMDs and, for people who attained age 70½ in 2019 and did not take the first RMD by December 31, 2019, the waiver also applies to the 2019 RMD that would be due by April 15, 2020.

Retirement accounts affected include Traditional and Rollover IRAs, SEP-IRAs, SIMPLE IRAs, 403(b) & 401(k) plans, inherited IRAs (including Roth IRAs), and inherited 403(b) & 401(k) plans. For beneficiaries who inherited an IRA or 401(k) that is subject to the 5-year distribution rule, the year 2020 is disregarded. Those beneficiaries now have six years to complete distributions.

- ◇ **Planning Opportunity.** If you are one of those individuals with stock in your retirement account portfolio, you might consider taking your 2020 RMD “in-kind” (meaning you withdraw the shares of stock instead of selling them and taking cash). You still pay income tax on the withdrawal, just like in every other year, BUT you are paying income tax on a lower value per share. And, you now have a new cost basis in the stock you still own (but now in your individual name). Some time later when the stock market recovers (at least 12 months and 1

day), if you sell the same stock at a gain, you receive capital gains tax treatment. The appreciated value of the stock is taxed at a lower rate than if you continued to hold it in your retirement account and cashed it in later to satisfy a future RMD.

- ◇ **Medicaid and RMDs – Watch Out!** Although the CARES Act suspends 2020 RMDs for all of us, be mindful of the Medicaid rules. Anyone receiving or applying for Medicaid benefits **must continue to receive their RMDs**. If RMDs are not taken, any retirement account will likely be considered a countable/available asset, with the result of making one ineligible for Medicaid benefits.

Something Else:

We will always remember the year 2000 as Y2K; I guess we'll remember this year as Y2 PLY—we hope you all have enough

Congratulations to Kameron! In April Kam and his beautiful fiancé, Becky, tied the knot in a private ceremony. Welcome to the family, Mrs. Brooks!