



ON THE FINANCIAL HORIZON

THE VAUGHN MCLAUGHLIN TEAM

Newsletter for Friends & Clients

FEBRUARY 2020

Our vision...

To be a financial services firm as unique as the people we serve, transforming lives, businesses and communities through the power of personal relationships and professional advice.

Your team...



Tracy Vaughn, CFP®
Branch Manager
tracy.vaughn@raymondjames.com



Jim McLaughlin, WMS
Senior Vice President, Investments
jim.mclaughlin@raymondjames.com



Amy Barbieri, CFP®, MBA
Financial Advisor
amy.barbieri@raymondjames.com



Nanci Roth
Senior Branch Operations Specialist
nanci.roth@raymondjames.com



Kris Flanders
Financial Paraplanner Qualified Professional™
kris.flanders@raymondjames.com



Savanah Alm
Client Service Associate
savanah.alm@raymondjames.com

FROM JIM'S DESK: February 6, 2020

I'm glad I waited until today to write down some thoughts regarding the markets. Last Friday, we had one of those days with a 600+ point down day on the DOW. The ascribed cause was the Coronavirus and the possible repercussions from an outbreak around the world. Just a few days later, The World Health Organization said it's not a pandemic. Apparently the markets had already sniffed this out and the rebound on Monday and Tuesday of this week negotiated all of that downturn last Friday! Boy, just another example of emotion in the marketplace.

Clearly it would be extremely foolish to minimize the potential disruption a pandemic could wreak on economies and the markets. Also, I'm not sure we are completely out of the woods on this one, so vigilance should be the word. That said, geopolitical risks always seem to come at us with such fervor to make it a challenge to deal with on a calm and rational basis. I have talked with many clients over the years about a wide variety of geopolitical risks. Guarding against complacency is certainly warranted with such things but overreaction can be very damaging. In most instances, fundamentals such as earnings, revenues, employment, etc. hold sway especially in the longer term and the fundamentals remain very good.

Also, not all areas of the world are affected equally with events such as the coronavirus. The Asian countries feel the impact longer regardless of the viral outcome. This may portend to hamper the cycle where international lags our domestic markets longer. The feeling among money managers and strategists has been that the cards have been

See **JIM'S DESK** / Page 2

FROM TRACY'S DESK: Financial freedom

It's February and it seems that we are busier than ever here in the office. Just as we boxed up the last of the holiday decorations- tax forms start coming out, account reviews are happening and our snow birds are here enjoying living in our slice of paradise (even for a few months).

Of course, during our reviews we talk about the current economic and market conditions. Some raise concerns that the markets are hovering at all-time highs, or that the volatility may increase during an election year. Although these factors should be taken into account, I want to encourage readers to look at things from a slightly different perspective. Perhaps, in light of the excellent investment returns many have seen, we should look at the freedom our good fortune has provided.

Have you made that extra trip to see the grandkids this year? What was it like to see the surprise and gratitude on your adult children's faces when you gave them a little extra during the holidays because you could? I'm proud to say many of you were especially generous in your giving throughout the community last year, and I thank you for your support for those many worthwhile causes.

At Raymond James, we celebrate that spirit of independence that a carefully prepared plans can create. For those who have chosen to partner with us, we enjoy learning what is truly important to you beyond what you see on your monthly statement. We encourage you to think bigger and imagine the possibilities. Sometimes, when things go right and markets give us a better than expected outcome, we can do more than expected, be kinder than necessary, and create a legacy for our loved ones.

It is true that we have access to sophisticated resources and specialists to tailor advice for what matters most to clients, but the real goal is to help you live your life your way with your dreams, your family, and the causes you support.

So as you are gathering your documents for tax preparation, I encourage you to think a bit less about the tax bite that can come with good fortune and think more about the important things in your life that make your life like no other.

IN THIS ISSUE

From Jim's Desk.....	Cover
From Tracy's Desk.....	Cover
Community Spotlight.....	Page 2
From Nanci, Kris & Savanah.....	Page 2
From Amy's Desk.....	Page 3
SAVE the DATE.....	Back

COMMUNITY SPOTLIGHT: Q&A with Dr. Avinash Jadhav



Position: Orthopedic Surgeon **Years in Position:** 24 **Spouse:** Aparna Bapat

How long have you lived in & what do you like most about Citrus County? A year, moved here from Oregon. The weather. We live in Terra Vista and enjoy the community, golf, tennis, pool, activities. It's quiet with amenities close-by.

Hobbies & Interests: Tennis, skiing, going to the gym, swimming, travel, good movies.

Causes you're passionate about? Organizations helping orphans and disabled children in India; mentally, physically, financially challenged individuals; and abused/neglected seniors. Narayan Seva Sansthan (NSS), an Indian NGO I support, serves disabled children with free corrective surgeries and other treatments for Polio, cerebral palsy and other birth defects. I also support a unique school called Jnana Prabodhini Prashala in India which provides holistic education, spirituality and multi-dimensional development for their students.

Favorite places you've travelled to? African safaris, China - particularly its rural parts such as the Zhangjiajie Glass Bridge, Tiananmen Square, and Tianmen (Heaven's Gate) Mountain. **Places you'd still like to visit?** South America to climb Machu Picchu, Australia to dive at the Great Barrier Reef, New Zealand, eastern Europe, Japan, Thailand, Arctic, Antarctic, Everest base camp, etc.

Fields that interest you besides your own? Ayurveda (an ancient Indian medical system), meditation, yoga, Dinacharya (the science of daily routines that maintains health and wellness), quantum physics, space, astrophysics, spirituality.

Accomplishments most proud of? Excelling in orthopedics, achieving top of my class in academics and becoming board-certified in three continents. Learning to ski as an adult to master it and become a ski instructor.

What do you enjoy most about your profession? Curing pain and disabilities to give patients their independence and a pain-free life. **Biggest challenge in your profession?** Making everyone happy; using time and resources most efficiently to treat more people.

A common misconception you find amongst patients? Patients assume that fractured bones heal within a few days and are very surprised to hear that it may take a year or more for full healing.

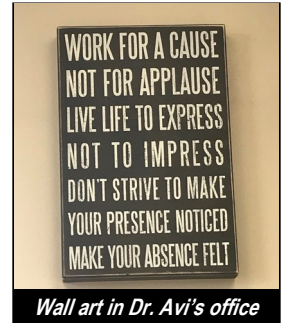
What do you strive for most in life? Happiness- I want to be happy all the time and spend my time spreading happiness, health and fitness.

What do you try to avoid? Arguments, diseases, unhappiness, and stress.

How would you like to be remembered? As a joyful person who made others happy and brought smiles to everyone's faces. As a philanthropic person for the contributions I have and will make for charities. As a passionate, caring and skilled orthopedic surgeon.

What values or philosophies would you like to pass on? Be happy and let be happy.

What on the horizon are you excited about? Professionally, bringing robotic joint surgery to Citrus Memorial Hospital. I'm told that currently I am the only robotic trained joint replacement surgeon in this county. Personally- I will be traveling to Machu Picchu this year for the first time.



Wall art in Dr. Avi's office

FROM NANCI, KRIS & SAVANAH: Client Access— connect to your accounts anytime, anywhere



If you have not already enrolled in Client Access or if it's been a while since you've logged in, we recommend taking a closer look. Client Access is a secure, easy-to-use online resource designed to help you get a clearer, more complete view of your finances – giving you instant insight into your portfolio and control over how and when you receive key information. In addition to having earlier access to your tax documents than mail delivery, log in to Client Access from any computer or mobile device to take advantage of several features:

- ◆ **Comprehensive overview:** See the current market value of your accounts, a snapshot of your asset allocation, and a customizable stock watch list.
- ◆ **Cash management:** Pay bills online, use mobile check deposit and transfer funds electronically between Raymond James and other institutions.
- ◆ **Security:** Keep your critical data safe and private with our two-factor authentication and data encryption technology.
- ◆ **Document storage:** Use Vault, our secure online storage platform, to upload, organize and store digital copies of vital documents.
- ◆ **Account downloads:** Download account activity into Quicken® or TurboTax® for financial tracking or filing taxes.
- ◆ **Convenience:** Log in from anywhere with internet access, or use the free mobile app for even greater freedom.

To get started, contact us or follow the step-by-step enrollment process at raymondjames.com/citrus (click Client Access from the top menu; you will need at least one Raymond James account number when enrolling for the first time).

FROM JIM'S DESK: *continued*

lining up for a cycle where international may outpace domestic for a while. The valuations of many international companies are pretty attractive in many cases, whereas domestic companies seem pretty fairly valued at this point. It is important to remember, these things do go in cycles but we cannot time these any better than other efforts to time the markets. The solution? Diversification.

Live with the fact that if you are diversified, not all of your holdings will do well all the time. Some will always be doing better than others, by design. In my 38+ years as a financial advisor, I have never been more comfortable than I am currently. We now have platforms that can instantly diversify even smaller investors across all sectors, a variety of countries and investments styles. Don't get me wrong, I still worry. But experience has brought me to a place, armed with these platforms, where I am comfortable that we can help people realize their investment goals. It really has been a great lesson and very rewarding to be a part of people experiencing successful investing. We have come so far in this endeavor to assist people since I first started. Makes me wonder where we'll be in another 38 years?

FROM AMY'S DESK: *11 Key Financial Planning Takeaways of the SECURE Act*

Passed in December 2019, the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 has wide-reaching impacts on retirement savings and estate planning for many Americans. The SECURE Act broadens the effectiveness of individual retirement accounts and employer-sponsored retirement savings plans. It also expands access to tax-advantaged retirement savings accounts and, ultimately, aims to help Americans save enough for a secure retirement. The SECURE Act's provisions are effective immediately unless otherwise noted.



OVERVIEW: The first major retirement income overhaul in more than a decade was included in a spending bill approved by Congress and signed by President Donald Trump at the end of 2019. The SECURE Act marks a dramatic change to tax law that could have an impact on many Americans in 2020 and beyond. Given the new tax and retirement rules, you—along with your RJ team, accountant, and attorney—will need to consider the long-term tax implications of these changes and work to update your retirement and estate plans. Key financial planning takeaways of the SECURE Act include:

1. **REMOVAL OF “STRETCH” INHERITED IRA PROVISIONS:** The SECURE Act made significant changes to inherited retirement plans, including 401(k)s, traditional IRAs and Roth IRAs. Under the previous rules, non-spousal beneficiaries of these accounts could typically spread distributions over their life expectancy. The new law includes a tax-generating provision that would require most beneficiaries to distribute their inherited IRA account over a 10-year period. This 10-year period ends on December 31 of the 10-year anniversary of the death of the original account owner. The new 10-year rule will affect beneficiaries of account owners that pass in 2020 and beyond. Beneficiaries of account owners who passed away in 2019 and earlier are grandfathered under the old rules and may continue to stretch distributions over their life expectancy. In addition to those individuals grandfathered in, there are other exceptions to the new 10-year rule. They include spousal beneficiaries, chronically ill, the disabled and individuals not more than 10 years younger than the original account owner. These individuals may follow the prior rules and stretch distributions (spouses may also Treat As Own). Furthermore, minor child beneficiaries of the decedent may use the stretch until they reach the age of majority and will then follow the 10-year rule. Individuals that have named trusts (known as “pass-through trusts” or “conduit trusts”) as beneficiaries of retirement accounts will likely need to seek legal counsel to review the document. Pass-through or see-through trusts often have language that allows trust beneficiaries to only receive the required minimum distribution (RMD) for the year among other considerations. Under the SECURE Act, there are no required distributions until the 10th year. This could create a situation where there is only one distribution allowed in the final year and could create a substantial tax liability. The new 10-year rule will accelerate the distribution of inherited accounts for many large IRAs and retirement plans.
2. **INCREASE REQUIRED MINIMUM DISTRIBUTION AGES:** Under the old rules, most individuals were required to take RMDs from their traditional IRA and 401(k) accounts starting in the year they turn 70 1/2. The SECURE Act now delays this required beginning date to age 72. Individuals who turned 70 1/2 in 2019 are required to satisfy their RMD for that year and will have to continue taking RMDs each year. Individuals who turn 70 1/2 in 2020 and beyond (born on or after July 1, 1949) may delay taking RMDs until age 72. Furthermore, those individuals may still wait until April 1st in the year following the year they turn 72 to take their first distribution.
3. **REMOVAL OF AGE LIMIT ON IRA CONTRIBUTIONS:** The act repeals the age limitation for traditional IRA contributions, which was 70 1/2. This is significant, particularly for those who continue to work later in life. It aligns with contribution rules currently in place for 401(k)s and Roth IRAs.
4. **PENALTY-FREE DISTRIBUTIONS FOR BIRTH OF CHILD OR ADOPTION:** A new rule allows an aggregate amount of \$5,000 per parent to be distributed from a retirement plan without the 10% penalty in the event of a qualified birth or adoption. The distribution would need to occur within one year of the adoption becoming final or the child's birth.
5. **KIDDIE TAX:** The Tax Cuts and Jobs Act of 2017 changed the taxation of unearned income of some children from the parent's marginal rate to estate and trust rates. The SECURE Act has reversed this, and unearned income for some children in 2020 and beyond will once again be taxed at the parent's marginal rate. Furthermore, parents have the option of applying the new kiddie tax rules for 2018 and 2019.
6. **INCREASE IN QUALIFIED EXPENSES FOR 529 PLANS:** The SECURE Act increased the list of qualified expenses of 529 plan distributions. Notably, distributions for apprenticeship programs and “qualified education loan repayments” are now allowed. Up to \$10,000 may be distributed to pay both principal and interest for qualified education loans for the plan beneficiary and an additional \$10,000 may be used to repay loans for each of the plan beneficiary's siblings.
7. **TAX CREDIT FOR AUTOMATIC ENROLLMENT:** The SECURE Act created a new \$500 tax credit for small businesses that use an automatic enrollment arrangement in their retirement plans. Automatic enrollment increases plan participation.
8. **TAX CREDIT FOR ESTABLISHING A RETIREMENT PLAN:** Small businesses were eligible for a \$500 credit for the start-up costs of establishing a retirement plan. The SECURE Act substantially increases the available credit amount available for small businesses that open a retirement plan. Depending on the small business, the potential credit could be as much as \$5,000.
9. **LIFETIME INCOME DISCLOSURE FOR DEFINED CONTRIBUTION PLANS:** The SECURE Act requires that defined contribution plans deliver a lifetime income disclosure to participants at least once every 12 months. This lifetime income disclosure would essentially show how much income the lump sum balance in the retirement account could generate. The methodology for calculating lifetime income is still being evaluated.
10. **INCREASE ANNUITY OPTIONS INSIDE RETIREMENT PLANS:** Today, many 401(k)s avoid annuities, in part because of liability concerns. The new rules ease this concern, potentially paving the way for more annuities to be offered inside of retirement plans.
11. **INCREASE SMALL EMPLOYER ACCESS TO RETIREMENT PLANS:** Effective January 1, 2021, the SECURE Act reduces fiduciary liability concern and cost among small employers with multiple employer plans (MEP) or pooled employer plans (PEP), eliminating the “bad apple” rule and making it easier for them to set up and offer 401(k) plans. Currently, many small employers offer no retirement savings.



VAUGHN MCLAUGHLIN
Team Of

RAYMOND JAMES®

2101 SE US Hwy 19, Crystal River, FL 34429
352.795.6155 or 800.443.4368 *tf*
raymondjames.com/citrus
facebook.com/rjcitrus

SERVICES INCLUDE:

Alternative Investments
Banking & Lending Solutions
Business Planning
Corporate Retirement Plan Consulting
Education Planning
Estate, Charitable Giving & Trust
Financial Planning
Fixed Income Services
Institutional Consulting
Investment Banking
Investment Solutions
Longevity Planning
Monetization Services
Portfolio Management
Prime Brokerage & Custody Services
Retirement Planning
Risk Management, Annuities & Insurance
Sustainable Investing

SAVE the DATE

Our next thematic coffee club will be Thursday, February 27, at the College of CF in Lecanto (3800 S. Lecanto Hwy.), Room 103. We will be joined by orthopedic surgeon Dr. Avinash Jadhav (see Page 2 for Q&A with Dr. Avi). Those experiencing joint pain, have difficulty standing or walking or who experience trouble with daily activities due to joint issues would benefit from this presentation— which is free to attend, open to the public, and will include light refreshments. To reserve your seat, call 352.795.6155 or email savanah.alm@raymondjames.com.

February 27: Thematic Wall Street Coffee Club with Dr. Avinash Jadhav, 9:30am, College of CF, Lecanto (see above).

March 5: Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.

March 6-9: *Spring Mega Book Sale* by the Friends of the Citrus County Library System, Citrus County Auditorium, Inverness.

March 7-8: *Floral City Strawberry Festival*, 9:00am-5:00pm on 3/7, 9:00am-4:00pm on 3/8, Floral Park, Floral City.

March 13: 2nd Annual *Made for the Trades* dinner & auction to benefit WTC, 6:00pm, Citrus County Auditorium, Inverness.

March 17: Wall Street Coffee Club, 9:30am, Juliette Falls Clubhouse, Dunnellon.

April 2: Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.

April 4: 7th Annual *Schoolhouse Hustle* 5K-10K-1 Mile Walk with health expo & kid zone to benefit the Citrus County Education Foundation, 7:00-11:00am, CREST School / Lecanto complex (see www.schoolhousehustle.com for more information).

April 10: The office and markets will be closed in observance of **Good Friday**.

April 21: Wall Street Coffee Club, 9:30am, Juliette Falls Clubhouse, Dunnellon.

April 25: 22nd Annual *Superintendent's Golf Classic* to benefit the Citrus County Education Foundation, 8:00am, Sugarmill Woods Golf & Country Club, Homosassa, \$60 (includes golf lunch, door prizes & contests). Sponsor opportunities also available. Call 352.726.1931 x2240 for more information.


May 7: Wall Street Coffee Club, 10:00am, Citrus County YMCA, Lecanto.

May 17: 26th Annual *Raymond James Symphony Under the Stars* featuring the Florida Orchestra, 6:00pm, Raymond James Stadium, Tampa. Contact us for your complimentary tickets, while supplies last.

May 19: Wall Street Coffee Club, 9:30am, Juliette Falls Clubhouse, Dunnellon.

May 25 The office and markets will be closed in observance of **Memorial Day**.

Call or email us for more information on the events above, or if you would like to include your community events in our next newsletter.

Raymond James & Associates, Inc., Member New York Stock Exchange/SIPC. Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and  which it awards to individuals who successfully complete initial and ongoing certification requirements. Investing always involves risk and you may incur a profit or a loss. Past performance does not guarantee future results. Raymond James financial advisors do not render legal or tax advice. Please consult a qualified professional regarding legal or tax advice. The information in this newsletter has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any opinions are those of the author and are not necessarily those of Raymond James. Expressions of opinion are subject to change without notice. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system. Raymond James is not affiliated with and does not endorse the entities mentioned above. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Links are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. CDs are insured by the FDIC and offer a fixed rate of return, whereas the return and principal value of investment securities fluctuate with changes in market conditions. Securities Based Line of Credit provided by Raymond James Bank, N.A. Raymond James & Associates, Inc. and Raymond James Financial Services, Inc. are affiliated with Raymond James Bank, N.A., a federally chartered national bank.