

Some helpful insights for individual investors

Personal Investor Gains Uncovered in the CARES Act

Knoxville CPA Andrew Ellis helps his personal investor clients.

By Chris Blakely

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act has been in the news. It is seen as a central tool in helping to keep the US economy afloat in this turbulent year. CARES is a government stimulus package designed to put money and tax relief into the hands of Americans affected by the COVID 19 pandemic.

While much of the CARES legislation centers around relief for business, there are provisions that may help the individual investor. Knoxville-based CPA, Andrew Ellis, “the personal investor’s CPA,” identifies a few helpful insights that he shares with his investor clients.

Some informed insights that may help boost your portfolio, from “the personal investor’s CPA.”

No RMD in 2020

For clients 72 years of age and older, the requirement to take a minimum IRA/401(k) distribution has been waived for 2020. Mr. Ellis explains that for many of his clients, they otherwise would be forced to take an RMD, equal to a significant portion of their account balance. Under the CARES act, that requirement is lifted for 2020.

The SECURE Act, signed into law December 2019, moved the RMD deadline from age 70 1/2 to new age 72.

Convert Your Traditional IRA to a Roth IRA

Mr. Ellis tells clients that if they do not have to take an RMD as income (see above), this year may be advantageous to roll over a traditional IRA into a Roth IRA. Traditional IRA/401(k) distributions are taxed at time of withdrawal. With a Roth IRA, investors pay taxes at the time of the account’s creation. Investors may wish to pay income taxes now, in 2020, while in a lower tax bracket.

Higher Income Taxes are just over the horizon

The Tax Cuts and Jobs Act (TCJA) brought sweeping reform when enacted in 2017, including locking in new individual and estate tax rates. The new personal tax brackets are guaranteed through 2025.

Mr. Ellis thinks it likely that tax rates will grow in 2026. He encourages personal investor clients to move investments to the Roth IRA, to pay taxes using today’s TCJA rates. Lessening the obligation of tax payment in the future, he says, will lessen the burden on the individual investor and his/her heirs.

Smart Money Management with your IRA

Under the CARES Act, investors may borrow up to \$100,000 from his/her IRA, penalty-free. The investor has up to 3 years to repay the loan.

Mr. Ellis describes a client who has borrowed the maximum \$100,000. The client's spouse also borrowed \$100,000 from her account. With the combined \$200,000, the couple has paid down debt and refinanced their home to more favorable rates. They will pay federal income taxes for 2020 on this withdrawal. Once they repay the loans, the couple will file amended returns to erase tax hit(s) for the time they were otherwise using their money.

Another smart idea? [Schedule a no-risk consultation](#)

In more than 20 years as a CPA in Knoxville, Andy Ellis has helped hundreds of clients get the most at tax time. Working with individual investors, exclusive of the concerns of their commercial business, allows both parties to truly focus on what is best for the investor, and his/her family.

For a limited time, Mr. Ellis is guaranteeing tax savings for individuals currently working with other CPAs or handling their own taxes. For more information, visit returnyourmoney.andyellisfiduciary.com [\[hyperlink\]](#)

Serving the East Tennessee area, Andy Ellis is your personal "investor's CPA." Let's talk about your unique situation: schedule an appointment with Andrew B. Ellis, CPA, CFP, CFA Financial Advisor by calling (865) 344-2965 or [contact us](https://www.knoxvillecpa.com/contact-us) [\[hyperlink: https://www.knoxvillecpa.com/contact-us\]](#)

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Andrew Ellis is a Certified Public Accountant and a Certified Financial Planner® professional. Andy is one of a handful of elite CPAs nationally who is also a Chartered Financial Analyst®, the gold standard in the investment industry. He holds a Bachelor of Science degree from the University of Tennessee. Along with wife Holly and four active children, Andy makes his home in West Knoxville.