

# WADDELL & ASSOCIATES

## COVID-19 FINANCIAL PRESCRIPTION FOR INDIVIDUALS



### FINANCIAL PRESCRIPTION

- **Consider Roth conversions** – Depressed security prices present an opportunity to upgrade your traditional IRAs.
- **Double up on Roth contributions** – Depressed security prices present a timing opportunity to invest both your 2019 contributions (deadline now 7/15/2020) and your 2020 contributions NOW.
- **Suspend Required Minimum Distributions** – Consider suspending to avoid income tax and security sales in a depressed market. There is a 60-day window to “undo” and pay back into your qualified retirement plan if you have already taken your RMD in 2020.
- **Get your rebate** – Confirm that your mailing address and bank account information were correct on your last tax return. File your 2019 return *now* if your 2019 income increases your recovery rebate amount (lower income = higher rebate).

### INVESTMENT PRESCRIPTION

- **Maintain your emergency cash fund levels.**
- **Delay student debt payments without penalty** – Notify your student loan provider that you will delay payments through September 30, 2020, and use that extra cash for necessities or to replenish your emergency fund.
- **Balance maximizing cash yield with maximizing FDIC/Treasury asset security provisions.**
- **Rebalance your portfolio back to your target asset allocation** – You are likely overweight bonds.
- **Consider flexing up your equity allocation** – Take advantage of security discounts if applicable.
- **Only sell stocks right now if you desperately need the cash** – There is no need to incur unnecessary losses. This is a fast market. Timing is everything.
- **Resist the temptation to chase stocks in distressed industries** – Corporate bankruptcies happen without recourse.
- **Spread bets widely** – Invest fresh capital across large, small, domestic, and international equities. If you have cash, get it to work. Things will improve. The stock market is a device for transferring money from the impatient to the patient.

### TAX PRESCRIPTION

- **Give more to charity** – You may now deduct the first \$300 of charitable contributions even if you do not itemize deductions. For those who do itemize, the Adjusted Gross Income limitation for cash donations to public charities has been increased to 100% for 2020.
- **Harvest tax losses and reinvest simultaneously** – Maintain market exposure while immediately improving after-tax returns.
- **Delay tax filing and payments where applicable** – The April 15, 2020 filing and payment deadline has been extended to July 15, 2020. The June 15, 2020 estimated tax payment has also been extended to July 15th, 2020.

**For more personalized COVID-19 financial prescriptions, [CALL W&A](#)**

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