

HOLDEN & MICKEY, INC.

Investment & Insurance Advisors

Serving Clients Since 1930



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Holden & Mickey, Inc. During this Extraordinary Time

With the global pandemic and the economy shut down, we have all entered uncharted waters in our businesses, families and as a nation. Most of our office is working remotely and we are not conducting face-to-face meetings. "Zoom" has become the word mentioned most often at Holden & Mickey, Inc.!

During this turmoil, our insurance practice has been a stabilizing factor for many individuals and businesses. Providing liquidity with no loss of principal is working to preserve investment portfolios and provide businesses and families with the support needed during this time of uncertainty. Guaranteed income and death benefits for our clients are even more comforting.

The partners and staff at Holden & Mickey, Inc. are in "all hands on deck" mode to provide you with the service and advice needed during this challenging time.

Please let us know if we can be of assistance or if you would like to have a conversation by phone or via Zoom.

The Partners and Staff at Holden & Mickey, Inc. hope you, your family and your employees remain safe, and we look forward to our next conversation together.



Connecting with clients using Zoom

About Us:

► *Holden & Mickey, Inc. designs, implements, and monitors financial plans for high net worth individuals. Our firm has been working with clients in this area since 1930. Holden & Mickey advisors are highly credentialed and multi-generational in their focus on wealth management.



Holden Mickey, Inc

336-724-1810
www.holdenmickey.com

Holden & Mickey Principals

Lawrence N. (Chip) Holden,
CLU®, ChFC®
lholden@holdenmickey.com

John E. Mickey, CLU®, CLTC
jmickey@holdenmickey.com

Gerald M. (Gerry) Malmo, III, CLTC
gmalm@holdenmickey.com

David L. Holden, CFP®, CLU®,
ChFC®, CLTC
davidholden@holdenmickey.com

Steven H. Davis, LUTCF
sdavis@holdenmickey.com

Brian J. Holden
brianholden@holdenmickey.com

Securities, investment advisory
and financial planning services
offered through qualified registered
representatives of MML Investors
Services, LLC.

Member SIPC (www.SIPC.org)
Capital Towers
4350 Congress St., Suite 300
Charlotte, NC 28209
(704) 557-9600
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The Federal Reserve's Unprecedented Moves

What they are. How they help.

In response to the COVID-19 pandemic, almost every state in America is under some sort of stay-at-home order. This unprecedented time has also led many businesses, large and small, to downsize or close up shop entirely. In response to the drastic impact that COVID-19 has had on global and domestic concerns, the Federal Reserve Board has taken a multitude of measures to buttress the American economy.

A Reserve reminder. The Federal Reserve's role is guided by its mandate from Congress to promote employment and stable prices. The Fed also is responsible for the stability of the financial system, including the safety and soundness of the nation's banking structure. To pursue these goals, the Fed in recent weeks has been using its full range of authorities to provide support for the flow of credit to families and businesses.

Interest rate policy. Since March 3, the rate banks pay to borrow from each other has been cut to a range of zero to 0.25 percent. This lowers the cost of borrowing, in general, but it also reduces the amount of interest income many savers receive.¹

Purchasing securities. Much like during the economic downturn of 2008-2009, the Fed is buying a wide range of securities. The Fed initially planned to buy at least \$500 billion in Treasury securities and \$200 billion in government-guaranteed mortgage-backed securities; it eventually made the purchases open-ended.²

Support for small businesses is available. On April 9, the Fed released two new loan programs, the "Main Street New Loan Facility" and the "Main Street Expanded Loan Facility." Both have received \$75 billion from the U.S. Treasury to protect against losses and use existing banks to offer four-year loans to U.S. businesses with up to 10,000 employees or revenues of less than \$2.5 billion in 2019. To help even more, repayment of the loan can be deferred for up to one year, in many cases.³

Creating new programs. The Fed established a third facility, the Term Asset-Backed Securities Loan Facility (TALF), to support the flow of credit to consumers and businesses. The TALF is chartered with creating asset-backed securities, backed by student loans, auto loans, and credit card loans. The Fed also is facilitating the flow of credit to municipalities by creating several new programs.⁴

An international currency swap. By dusting off another older tool in its arsenal, the Fed is making U.S. dollars available to central banks around the world. In exchange, the Fed receives foreign currency and charges interest on the exchange. To encourage "buy-in," the Fed has cut the rate it charges on those swaps with central banks in Canada, England, the eurozone, Japan, and Switzerland.⁵

As health professionals and government officials work to save lives and slow the spread of COVID-19, the economy has struggled due to many factors, including a drop in consumer spending. However, due to the breadth and speed at which the Fed has responded, many of those who need financing may receive help during this challenging time.

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Citations.

1 - CNBC.com, 2020

2 - Brookings.edu, 2020

3 - NationalReview.com, 2020

4 - Congressional Research Service, 2020

5 - Congressional Research Service, 2020

Key Provisions of the CARES Act

Distributions can be waived in 2020 for Inherited Accounts, 401(k)s, and IRAs.

Recently, the \$2 trillion “Coronavirus Aid, Relief, and Economic Security” (“CARES”) Act was signed into law. The CARES Act is designed to help those most impacted by the COVID-19 pandemic, while also providing key provisions that may benefit retirees.¹

To put this monumental legislation in perspective, Congress earmarked \$800 billion for the Economic Stimulus Act of 2008 during the financial crisis.¹

The CARES Act has far-reaching implications for many. Here are the most important provisions to keep in mind:

Disclosure

Stimulus Check Details. Americans can expect a one-time direct payment of up to \$1,200 for individuals (or \$2,400 for married couples) with an additional \$500 per child under age 17. These payments are based on the 2019 tax returns for those who have filed them and 2018 information if they have not. The amount is reduced if an individual makes more than \$75,000 or a couple makes more than \$150,000. Those who make more than \$99,000 as an individual (or \$198,000 as a couple) will not receive a payment.¹

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Business Owner Relief. The act also allocates \$500 billion for loans, loan guarantees, or investments to businesses, states, and municipalities.¹

Your Inherited 401(k)s. People who have inherited 401(k)s or Individual Retirement Accounts can suspend distributions in 2020. Required distributions don’t apply to people with Roth IRAs; although, they do apply to investors who inherit Roth accounts.²

RMDs Suspended. The CARES Act suspends the minimum required distributions most people must take from 401(k)s and IRAs in 2020. In 2009, Congress passed a similar rule, which gave retirees some flexibility when considering distributions.^{2,3}

Withdrawal Penalties. Account owners can take a distribution of up to \$100,000 from their retirement plan or IRA in 2020, without the 10-percent early withdrawal penalty that

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normally applies to money taken out before age 59½. But remember, you still owe the tax.⁴

Many businesses and individuals are struggling with the realities that COVID-19 has brought to our communities. The CARES Act, however, may provide some much-needed relief. Contact your financial professional today to see if these special 2020 distribution rules are appropriate for your situation.

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Under the CARES act, an accountholder who already took a 2020 distribution has up to 60 days to return the distribution without owing taxes on it. This material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation. Under the SECURE Act, your required minimum distribution (RMD) must be distributed by the end of the 10th calendar year following the year of the Individual Retirement Account (IRA) owner's death. Penalties may occur for missed RMDs. Any RMDs due for the original owner must be taken by their deadlines to avoid penalties. A surviving spouse of the IRA owner, disabled or chronically ill individuals, individuals who are not more than 10 years younger than the IRA owner, and children of the IRA owner who have not reached the age of majority may have other minimum distribution requirements.

Under the CARES act, an accountholder who already took a 2020 distribution has up to 60 days to return the distribution without owing taxes on it. This material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation. Under the SECURE Act, in most circumstances, once you reach age 72, you must begin taking required minimum distributions from a Traditional Individual Retirement Account (IRA). Withdrawals from Traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. You may continue to contribute to a Traditional IRA past age 70½ under the SECURE Act, as long as you meet the earned-income requirement.

Accountholders can always withdraw more. But if they take less than the minimum required, they could be subject to a 50% penalty on the amount they should have withdrawn – except for 2020.

Citations.

- 1 - CNBC.com, March 25, 2020.
- 2 - The Wall Street Journal, March 25, 2020.
- 3 - The Wall Street Journal, March 25, 2020.
- 4 - The Wall Street Journal, March 25, 2020.



Holden Mickey, Inc

Holden & Mickey, Inc
100 N Cherry St
Suite 500
Winston Salem, North Carolina
27101

www.holdenmickey.com

Tel: 336-724-1810
Fax: 336-724-2118