



OUR MISSION IS TO CHANGE LIVES. **ONE "HEMINGTON" AT A TIME.**

# HEMINGTON NEWSLETTER

WINTER 2023/2024

## SECURE 2.0 Updates

By Amy Mitchell, CFA, CFP®

**The Setting Every Community Up for Retirement Act 2.0 (SECURE 2.0) law was passed in 2022. SECURE 2.0 has over 90 provisions with various effective dates. For 2023, one of the most notable provisions for many retirees was the delay in required minimum distributions (RMDs) to age 73. Below are several SECURE 2.0 provisions that are effective "beginning after 2023," and one provision that is delayed.**

- » **529 plan to Roth IRA rollovers** – For 529 plans that are overfunded for college, SECURE 2.0 allows the 529 plan owner to rollover up to \$35,000 to a Roth IRA for the plan beneficiary, with some constraints (see sidebar).
- » **Eliminate RMDs for Roth 401(k) plans** – There are no longer required distributions from Roth 401(k) accounts.
- » **Expanded Qualified Charitable Distributions (QCDs)** – This is the first year that the annual limit for QCDs is indexed to inflation. For 2024, the QCD limit is \$105,000, up from \$100,000.
- » **Catch-up contributions for IRAs** – IRA catch-up contributions for individuals age 50 and over are now indexed for inflation. The contributions will increase in the future but remain at \$1,000 for 2024.
- » **Mandatory Roth catch-up contributions (delayed)** – If an employee's wages exceed \$145,000, then SECURE 2.0 requires that catch-up retirement contributions be designated as Roth contributions for the following year. Due to uncertainties around the implementation of this provision, the IRS issued Notice 2023-62, which provides for a "2-year administrative transition period," effectively delaying mandatory Roth contributions to 2026. The US Treasury Department and the IRS intend to issue further guidance, so more to come.

**Please reach out to your Hemington Wealth Advisor with any questions.**

### 529 TO ROTH REQUIREMENTS

A 529 plan is a tax-advantaged investment account to help families save for their children's (or grandchildren's) education. Investments in a 529 account grow tax-deferred, and there is no tax due on distributions for qualified education expenses. For distributions not used for education, however, the earnings are subject to federal income tax (and possibly state income tax) and a 10% penalty.

SECURE 2.0 offers a reprieve for overfunded 529 accounts, allowing a 529 plan beneficiary to roll over up to \$35,000 during his lifetime to a Roth IRA. To be eligible:

- » The 529 plan must be open for at least 15 years prior to a Roth conversion.
- » The Roth IRA must be in the name of the 529 plan beneficiary.
- » The 529 plan beneficiary must have earned income.
- » Any rollover would be subject to the current annual IRA contribution limits, including other IRA contributions made by the beneficiary.
- » 529 contributions made within the past five years are not eligible to be rolled over.

While a 529 to Roth rollover may be a terrific planning strategy for some families, you may also consider leaving the funds in a 529 account for estate planning purposes. Most contributions to a 529 plan are treated as completed gifts for tax purposes, and 529 plan assets are exempt from federal estate taxes. A 529 plan account will continue to grow tax-deferred, and in general the beneficiary may be changed to a qualifying family member without tax consequences if appropriately structured.





# 10-YEAR ANNIVERSARY CELEBRATION

In October, the Hemington team came together to celebrate the firm's 10-year anniversary. We spent the afternoon catching up and sampling wines at Winery at Bull Run and then enjoyed dinner together at Eileen's home with entertainment by an enthralling "mental"ist."







# WHAT'S NEW AT HEMINGTON?

## AWARDS & RECOGNITION

WASHINGTONIAN

**Eileen O'Connor** was recognized by **Washingtonian Magazine** as one of the best wealth managers in the DMV again in 2024 after earning a Lifetime Achievement Award and entering the Hall of Fame last year. The list is compiled by asking peer financial professionals "Whom would you trust with your own money?" – making it a most distinctive designation.



**Northern Virginia Magazine** recognized **Eileen O'Connor, Travis Johnson, and Michael Byman** as **Top Fee-Only Financial Planners for 2023**. The magazine surveyed financial professionals in northern Virginia and asked them to recommend other financial professionals to whom they would refer family and friends. Those who made the list received the most nominations.



Several Hemington advisors were recognized as winners of the **Five Star Manager Award**. In Chicago, **Jen Dawson** was recognized as a nine-time winner, as featured by Chicago Magazine. In Washington, DC, **Eileen O'Connor** was recognized as a six-time winner, **Travis Johnson** as a four-time winner, **Michael Byman** as a three-time winner, and **Amy Mitchell** as a two-time winner, as featured by the Washington Post Magazine. Five Star Professional is a third-party independent organization that conducts market research to define and promote professional excellence in the wealth management industry. The award is given to fewer than 5% of wealth managers nationwide.

### Dimensional Keynote Speaker

**Eileen O'Connor** was a keynote speaker at **Dimensional Fund Advisor's Women & Wealth Summit**. She joined another top RIA owner, and they shared their experiences with serving women at different life stages.



## Hemington is Thrilled to Welcome Two New Members to Its Team



**Steven Cherry, CFP®**, is a Wealth Advisor with Hemington, with almost a decade of experience in the financial services industry. In his most recent role, Steven was a financial planner and helped run a boutique wealth management practice in downtown Chicago.

He graduated from the University of Iowa with Bachelor of Arts degrees in Journalism and Spanish. He later earned the Accredited Wealth Management Advisor<sup>SM</sup> (AWMA<sup>®</sup>) designation from the College for Financial Planning and completed the CFP<sup>®</sup> professional education at Stockton University in New Jersey. Steven and his wife live in Chicago with their retired racing greyhound. In his free time, he enjoys spending time with family and friends, watching and playing sports, and listening to live music in the city.



As Head of Trading at Hemington, **Zack Cox** is responsible for overseeing the day-to-day trading and portfolio management of Hemington's clients' portfolios, as well as leading the firm's Investment Committee. Formerly, Zack was the Head of Portfolio

Management for a boutique registered investment advisory (RIA) firm where he helped scale its business by implementing new technology and onboarding new advisors to the practice. He has consulted with hundreds of Register Investment Advisors for over a decade and most recently oversaw product management for Envestnet's core trading and rebalancing platform. Zack attended Liberty University where he studied Religion with a specialization in Youth Ministry. He lives in Raleigh, North Carolina, with his two children, and he enjoys spending time with his family, running, and golfing as often as possible.



## Celebrating the Holidays



The Falls Church and Chicago Hemington offices celebrated the holidays with lunch in their respective towns.



## OCTOBER SAVES TOPS \$3.4 MILLION



**Travis Johnson** and her team at October Saves celebrated their 10-year anniversary, raising over \$644,000 in 2023 and over \$3.4 million since 2013. October Saves is an all-volunteer charitable organization founded by Travis and a friend to raise money to support breast and pediatric cancer research. Youth, college, and professional ice hockey goalies gather donations for each save they make in October, which is Breast Cancer Awareness month. Funds raised benefit various cancer-fighting organizations including the Inova Schar Cancer Institute, the Dana Farber Cancer Institute, the Children's Hospital of Philadelphia, and several more. Way to go, Travis!

## KATE, ALLY & PAIGE: "FIVE YEARS, FIVE WEEKS" SABBATICALS

At Hemington, after five years of service, employees are eligible for a five-week paid sabbatical. In 2023, three team members celebrated their sabbaticals.



During her sabbatical, **Kate Niemiec** focused on family. She spent time with her husband Joe, traveled to New York City with her sister, and toured Chicago with her dad on a "stay-cation." She also brought home a sweet pup Olivia as a new addition to her family!

**Ally Mastrotta** had quite an adventurous sabbatical. She checked off two countries from her travel wish list – Japan and New Zealand. She spent a month backpacking with her long-time boyfriend through the countries, where it was summer in Japan and winter in New Zealand.



In October, Paige Hanks (now **Paige Mabry**) married her high school sweetheart, Bret, in Greensboro, NC. They made the best of Paige's work sabbatical with plenty of time for wedding preparations and a two-week honeymoon in Greece.

## About Hemington Wealth Management

Hemington Wealth Management provides high net worth individuals and families with a broad range of wealth management services including portfolio management. We are collaborative, accessible and responsive, making it easy for clients to work with our team.

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