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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

PPC's Guide to Retirement Planning

Twenty-seventh Edition (February 2021)

Highlights of this Edition

The following are some of the important new features of the 2021 Edition of *PPC's Guide to Retirement Planning*:

- **The Consolidated Appropriations Act of 2021 (CAA, 2021).** The following CAA, 2021 provisions are included: the 7.5% medical expense deduction threshold, which was temporarily 7.5% through 2020, is now made permanent for tax years beginning after December 31, 2020; for tax years beginning in 2021, an individual who doesn't itemize deductions for the tax year is entitled to a charitable deduction from adjusted gross income of up to $300 (up to $600 for a joint return); and for 2020 and 2021, the AGI percentage limitation rules for individuals making qualified charitable contributions, in cash, to 50% charities does not apply.

- **The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA) (part of CAA, 2021)**. The following TCDTRA provisions are included: in certain relief situations, the maximum retirement plan loan amount may be increased from $50,000 to $100,000, provided the plan document so permits; the 10% early withdrawal penalty does not apply to certain qualified disaster distributions up to $100,000; in certain circumstances, a qualified distribution from a retirement plan, that was intended to be used for a home purchase that could not be completed due to a federally declared disaster, may be recontributed; and for permanent life insurance contracts issued after December 31, 2020, the IRC Sec. 7702 interest rate (the assumed interest used to determine policy premiums) is now a floating interest rate.

In addition to these featured items, your *Guide* includes the following update items detailed below.

Chapter		Substantive Changes and Additions	Reference
CHAPTER 4 Income Tax Considerations	1.	CAA, 2021 makes the 7.5% medical expense deduction threshold permanent. The Guide is updated for this permanent change.	402 and 409
CHAPTER 5 Social Security Benefits	1.	Updated throughout for 2021 social security amounts and retirement ages.	Throughout
CHAPTER 6 Retirement Plans	1.	Added observation that in some cases, may be able to receive $100,000 loan from retirement plan.	601
	2.	Added discussion of small employer automatic enrollment credit.	601
	3.	Noted that final Reg. 1.409(a)(9)-9 made changes to the life expectancy tables and pushed the effective date to years beginning on or after January 1, 2022, rather than 2021.	604, 605, Appendix 6N

Chapter	Substantive Changes and Additions	Reference
	4. Added the disaster relief provisions for retirement distributions and recontributions available to individuals located in 2020 federally declared disasters as authorized by TCDTRA.	605, 607, Appendix 6J
	5. Mentioned *Ball* case on whether taxpayer has control over retirement distribution or is merely a conduit.	607
	6. Noted Rev. Proc. 2020-46 modified Rev. Proc. 2016-47 for when a taxpayer can self-certify to a financial institution that they will qualify for a waiver of the 60-day rollover period.	607, Appendix 6R
	7. Removed mention of tuition and fees deduction since it was repealed by TCDTRA.	610
CHAPTER 8 Planning for Incapacity	1. Updated for the 2021 social security disability threshold amount.	806
	2. Updated for the 2021 federal poverty line amount used to determine the additional amount a designated beneficiary can contribute to an ABLE account.	810
CHAPTER 9 Life Insurance Planning	1. Highlighted the TCDTRA update of the IRC Sec. 7702 interest rate (the assumed interest used to determine premiums for permanent life insurance policies) and added a planning tip.	903
	2. Added an example illustrating the benefits of a hybrid life insurance/long-term care policy.	903
	3. Clarified the tax results for the policy holder on sale of a life insurance policy with a new example.	907
CHAPTER 10 Asset Protection Strategies	1. Updated for the 2021 maximum guaranteeable monthly benefit payable in the form of a life annuity commencing at age 65.	1006
CHAPTER 11 Medicare and Other Health Care Funding	1. Updated throughout for 2021 changes to Medicare Parts A and B premiums and deductibles and for Part D premiums and copayments.	Throughout
CHAPTER 12 Long-term Care and Medicaid Funding	1. CAA, 2021 makes the 7.5% medical expense deduction threshold permanent. The Guide is updated for this extended provision.	1201 and 1202
	2. Updated the national median annual cost of assisted living facilities and the cost of a private room at a nursing home for calendar year 2020.	1202
	3. Updated the Medicaid income cap and the Protected Resource Amount for 2021.	1203
CHAPTER 13 Family Wealth Transfers	1. Updated throughout for the 2021 basic exclusion and applicable credit amounts.	Throughout
CHAPTER 14 Charitable Giving Strategies	1. Added discussion of the charitable deduction for non-itemizers and the distinction between the deduction for 2020 being before AGI and the deduction for 2021 being after AGI.	Introduction; 1402

Chapter	Substantive Changes and Additions	Reference
	2. Added discussion indicating that the 100% of AGI limitation for qualified cash contributions has been extended to tax year 2021.	1401, 1402
	3. Added discussion of determining when an IRA owner reaches age 70 ½ for purposes of the qualified charitable distribution (QCD) rules.	1409
	4. Revised the Carryover Schedule for Charitable Contributions to include the special 100% of AGI limitation for certain qualified cash contributions made in tax years 2020 or 2021.	Appendix 14C