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2020 Q1

in this issue...

.six most missed deductions

.secure act changes

.when should I file my
tax return?

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six most missed deductions

Who among us wants to pay the IRS more taxes than we have to?
Let's take a quick look at the six most overlooked opportunities to manage your tax bill.

1. Reinvested Dividends: When your mutual fund pays you a dividend or capital gains distribution, that income is a taxable event (unless the fund is held in a tax-deferred account, like an IRA). If you're like most fund owners, you reinvest these payments in additional shares of the fund. The tax trap lurks when you sell your mutual fund. If you fail to add the reinvested amounts back into the investment's cost basis, it can result in double taxation of those dividends.

2. Job Hunting Costs: A tough job market may mean you are looking far and wide for employment. The costs of that search—transportation, food and lodging for overnight stays, cab fares, personal car use and even printing resumes—may be considered tax-deductible expenses, provided the search is not for your first job.

3. Out-of-Pocket Charity: It's not just cash donations that are deductible. If you donate goods or use your personal car for charitable work, these are potential tax deductions. Just be sure to get a receipt for any amount over $250.

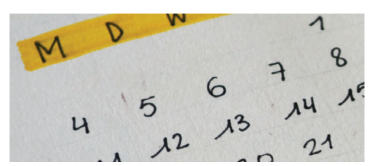
4. State Taxes: Did you owe state taxes when you filed your previous year's tax returns? If you did, don't forget to include this payment as a tax deduction on your current year's tax return. The Tax Cuts and Jobs Act of 2017 placed a $10,000 cap on the state and local tax deduction.

5. Medicare Premiums: If you are self-employed (and not covered by an employer plan or your spouse's plan), you may be eligible to deduct premiums paid for Medicare Parts B and D, Medigap insurance and Medicare Advantage Plan. This deduction is available regardless of whether you itemize deductions or not.

6. Income in Respect of a Decedent: If you've inherited an IRA or pension, you may be able to deduct any estate tax paid by the IRA owner from the taxes due on the withdrawals you take from the inherited account.

The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.

but WHEN SHOULD I FILE FOR MY tax return?



Often when we have deadlines with as much on the line as taxes, we power through to complete the task as early as possible.

However, this year tax documents, for taxable accounts, were only just released on **February 18**. Along with this, companies have until **APRIL 2 to meet the federal deadline for final amendments on tax documents**. If an amendment is made on your tax documents, you will receive a notice shortly after the 2nd.

But when you are ready to file, did you know Full Circle Financial has partnered with Circle Tax Center so our clients can have access to qualified CPAs? If you would like us to coordinate an appointment for your 2019 tax preparation, call or email your advisor, or our home office at *1.800.323.9171*.

SECURE ACT 2020

how it affects you

This infographic provides an overview of notable changes to the SECURE act. It is not intended to encompass all 2020 changes to, or the entirety of the SECURE act. Consult your Advisor for additional information and resources.

REQUIRED MINIMUM DISTRIBUTION

- Starting January 1, 2020 withdrawals from traditional IRAs and employer tax deffered accounts (401(k), 403(b), 457) need to be taken at **72 instead of 70½**
- If you turned 70½ in 2019 (born before *July 1, 1949*), you will need to take RMDs by April 1, 2020 and continue taking RMDs

CONTRIBUTIONS AFTER 70½

- In the 2020 tax year and going forward, you may now contribute to your traditional IRA during and after you turn 70½ *provided you have earned income*

INHERITED RETIREMENT ACCOUNTS

- Distributions to non-spouse individual beneficiaries must be made within 10 years of the account owner's death, instead of over the lifetime of the inheritor
- This rule applies to inherited funds in a 401(k) account or other defined contribution plan as well

Exceptions occur for spouses, disabled persons, and those not more than 10 years younger than the account owner. Minor children also have an exception until they reach the age of majority.

Stretch IRAs inherited before the end of 2019 are exempt to this rule.

ADOPTION/BIRTH EXPENSES

- Withdrawals from retirement plans for birth or adoptions expenses now incur no penalties
- Expenses covered up to $5,000 limit per parent, including those with previously adopted children

- The 10% additional tax on distributions for up $100,000 of qualified disaster distribution has been waived
- Penalties for failure to file retirement plan returns have been increased

Each decision you make will have a ripple effect
on your life and the lives of those you love

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www.MakeSmartDecisions.com
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