MOCERI & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Tax Alerts

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Holiday Schedule

Our office will be closed on the following days in observance of the upcoming holidays:

Tuesday, December 24th - Christmas Eve
Wednesday, December 25th – Christmas Day
Tuesday, December 31st - New Year's Eve
Wednesday, January 1st – New Year's Day

We will have limited office hours the week of December 23rd and the week of December 30th. However, we will be available by appointment for your convenience. Regular office hours will resume on Thursday, January 2nd. We hope you have a wonderful holiday season! ♦

Have a Merry Christmas and a Happy New Year!

INSIDE THIS ISSUE

4 Tax Moves to Make Before 2019 Ends

Despite past, present and future changes to the tax rules, some year-end tax-planning advice remains unwavering. Here are a few time-tested strategies to consider:

1. **Maximize retirement plan contributions.** You've heard this advice many times, because it's one of the best strategies for saving tax dollars, especially when wages are your primary source of income. The maximum contribution to a 401(k) for 2019 is $19,000. You can increase that by an additional $6,000 if you're 50 or older. For SIMPLE plans, the maximum 2019 contribution is $13,000, and the catch-up amount is $3,000. Can't manage the entire amount? Try to contribute enough to take full advantage of any matching contributions offered by your employer.
2. **Timed itemized deductions.** Amounts you pay for medical fees, property taxes and mortgage interest are deductible in the year you pay them. However, some expenses must exceed a percentage of your adjusted gross income (AGI) before you receive any tax benefit. For example, out-of-pocket medical costs have to be greater than 10 percent of your AGI for 2019. Have less than you need to itemize? Consider accelerating or postponing expenses when possible to shift the deductions into the current or future year, depending on which year gives you the bigger tax break.
3. **Make the most of charitable donations.** Payroll contribution programs and checks written and mailed to your chosen charity before year-end can get you a tax deduction, as can credit card charges made by December 31. Donating appreciated stock owned for more than one year is a charitable tax-saver that gives you an itemized deduction for the fair market value of the stock while letting you avoid the capital gains tax generated by a sale. Keep in mind that you have to itemize to claim charitable contributions, and you must have written documentation of your donation.
4. **Take your required minimum distribution.** If you're required to take distributions from your retirement plan, do so by December 31 or you face a 50 percent penalty. If you just turned 70 ½ this year, you could wait until April 1, 2020, to take a first distribution.

Please call our office to discuss these tax tips and other ways you can save.

Important Tax items Every Retiree Should Know About

Once you retire, it's helpful to keep several tax opportunities and tax consequences in mind. Retirement may mean that you've stopped working, but it doesn't mean that you're finished with worrying about taxes.

Many people think that when they get to retirement, they'll be in a lower tax bracket. But the reality is that taxes in retirement can be more confusing, a bit trickier, and just as much a part of your financial reality as when you were working. There is a wide range of tax implications for retirees, and having a good working knowledge of what those are ahead of time can reduce stress and make that hard-earned retirement more enjoyable.

Retirees Need to Do Proactive Tax Planning – Much of retirees' income is still taxable, and planning to pay federal income taxes may require more thought. Some sources of income have federal income taxes automatically withheld, but other sources may have withholding only upon request. You may need to consider filing quarterly estimated taxes if you're not having enough federal income taxes withheld from your distributions.

For example, with your 401(k) plan distributions, 20% is automatically withheld from some kinds of distributions but not required minimum distributions (RMDs). With pension payments, IRA distributions, Social Security retirement benefits, and annuity payments, you can generally request to have taxes withheld – or not.

Here's where it can start to get a bit complicated. Let's take your 401(k) or IRA, for example. Distributions are taxed as ordinary income when you withdraw them. But those withdrawals can also have an impact on the taxes you pay on your Social Security benefit. If you take too much money out of your 401(k) – up to 85% of your Social Security benefit can be taxed as ordinary income.

These are examples of how taxes in retirement can get stacked upon one another. That's why retirees need to be asking the question: "How can I owe less by strategically planning today?"

The Tax Cuts and Jobs Act of 2017 reduced income tax rates so that they are lower compared to recent history. Those rates are scheduled to go back up at the end of 2025, and if they do, some people will be retiring into a higher tax bracket. So for the next seven years, many retirees are afforded some opportunities to take advantage of the tax law, such as by considering a Roth conversion.

Don't Forget about Medical Expenses – With the increase in the standard deduction (to $12,200 for individuals and $24,400 for married couples in 2019), being able to take an itemized deduction for medical expenses isn't an option for many people for whom it might have been in the past. It's essentially only for people who have significant medical expenses. But it's still important to keep track of all those from the beginning of a tax year, even if you are in good health. If an unwelcome surprise occurs that leads to high medical bills, you want to have documentation as you go along.

Beginning with 2019, taxpayers may be able to claim an itemized deduction for only the amount of the total unreimbursed allowable medical expenses for the year that exceeds 10% of their adjusted gross income. Taxpayers often overlook several medical expenses, including hearing aids, medical equipment, doctor's visits, out-of-pocket payments for lab tests, prescriptions, premiums for Medicare Parts B, C & D, eyeglasses and long-term care insurance premiums.

Possible Credit for Those Caring for an Aging Parent

If you are a retiree caring for an elderly parent, you may be able to claim a $500 credit. The elder has to meet certain criteria: He or she must be related to you, must be a citizen of the U.S. or residing in Canada or Mexico and cannot have a gross income of over $4,150.

Additionally, the requirements are that a retiree and spouse can't be claimed as dependents by someone else, the elderly parent isn't filing a joint return, and the retiree paid for more than half of the parent's support for the calendar year.

For assistance with financial planning, contact

Jeffrey Manzella, CFP
Executive Director of Financial Planning
(586) 254-2010
jmanzella@jhnetwork.com♦

Moceri & Company, P.C.

Certified Public Accountants
45100 Sterritt Street
Suite 200
Utica, MI 48317
Phone: 586.254.2010
Fax: 586.254.4856
E-mail: general@moceri-cpa.com

Let us know how we can serve you!

We're on the Web!
www.moceri-cpa.com

QuickBooks Corner-

"Transfer Credits between Jobs of the Same Customer"

You can now apply open (i.e. unapplied) credits between various jobs within a customer to add additional functionality to your receivables management.

In the Create Invoices window, select "Apply Credits" from the main ribbon. This will show you the customer and job that the credit is currently applied to and allow you to allocate it across all jobs with that customer.

This tip will come in handy by saving you time in data entry that can now be spent in much better ways.

If you have any questions, please call our office.♦