



# CORBCO

Your Company's Retirement Plan is our Business™



## RETIREMENT & FINANCIAL PLANNING CORNER

*Brought to you by: Dave Hojlo, Accredited Investment Fiduciary ("AIF")*

### **2020 Income Tax Planning During The Pandemic**

#### **April – Tax Planning**



#### **Federal & MA Filing Extended to May 17, 2021**

##### **Checklist Items:**

- W-2 Forms for Employment Income
- 1099 Forms for Unemployment Income, Retirement Plan Distributions, Jury Duty, Interest Income, Alimony Received, Child Care Costs, Etc.
- SSA-1099 for Social Security benefits received
- 1098-E for student loan interest paid (or loan statements for student loans)
- Gambling winnings
- Medical savings account
- Flex Spending Accounts
- Energy home improvement (30% cost of alternative energy equipment may be deducted, including installation)
- Mortgage interest (up to \$750,000 of debt for 2020)
- Student loan interest (up to \$2,500 of interest for 2020)
- Real estate property tax
- Retirement Plan Contributions in addition to your 401(k) [Roth IRA, Traditional IRA, SEP IRA, 403(b), 457 Plans]
- Charitable contributions (written acknowledgement is needed over \$250)

[https://digitalasset.intuit.com/DOCUMENT/A44724mxI/TurboTax\\_TaxPrepChecklist.pdf](https://digitalasset.intuit.com/DOCUMENT/A44724mxI/TurboTax_TaxPrepChecklist.pdf)

<https://www.efile.com/tax-return-preparation-checklist/https://www.thebalance.com/residential-energy-tax-credits-3193014>

## Standard vs. Itemized Deduction:

- Standard deduction is easier & quicker, and for most, is more than they would be able to deduct by itemizing
- Standard deduction usually gets bigger each year (adjusted for inflation)
- IRS estimates that most Americans use standard deduction (see below chart)



Filing Status	Standard Deduction Amount
Single	\$12,400
Married Filing Jointly & Surviving Spouses	\$24,800
Married Filing Separately	\$12,400
Heads of Household	\$18,650

Std Deduction 2020 KPE

<https://www.forbes.com/sites/kellyphillipserb/2019/11/06/irs-releases-2020-tax-rate-tables-standard-deduction-amounts-and-more/#52272d8e4937>

<https://www.crowe.com/insights/asset/2/2020-year-end-tax-planning-guide-txopt>

## CARES ACT UPDATES



- Temporary waiver of required 2020 from retirement funds minimum distributions for
- Early 10% Distribution Penalty & Tax Withholding Relief on Coronavirus-Related Distributions from Retirement Accounts
- Extended due dates for loans from retirement accounts
- Increased charitable contribution deductions

<https://www.jdsupra.com/legalnews/2020-end-of-year-tax-planning-for-16646/>

<https://www.cnbc.com/2020/11/23/cares-act-added-a-300-charitable-contribution-deduction-heres-how-it-works.html#:>

[How the Cares Act May Affect Your 2020 Taxes](#)

***All information contained in the CORBCO newsletter is educational only  
and never intended as personal advice.***

**Tax Brackets and Tax Rates.** There are seven (7) tax rates in 2020. They are: 10%, 12%, 22%, 24%, 32%, 35% and 37% (there is also a [zero rate](#)).

**Here's how those break out by filing status:**

**Individual Taxpayers**

If Taxable Income Is Between:	The Tax Due Is:
0 - \$9,875	10% of taxable income
\$9,876 - \$40,125	\$987.50 + 12% of the amount over \$9,875
\$40,126 - \$85,525	\$4,617.50 + 22% of the amount over \$40,125
\$85,526 - \$163,300	\$14,605.50 + 24% of the amount over \$85,525
\$163,301 - \$207,350	\$33,271.50 + 32% of the amount over \$163,300
\$207,351 - \$518,400	\$47,367.50 + 35% of the amount over \$207,350
\$518,400	\$156,235 + 37% of the amount over \$518,400

**Married Individuals Filing Joint Returns and Surviving Spouses**

If Taxable Income Is Between:	The Tax Due Is:
0 - \$19,750	10% of taxable income
\$19,751 - \$80,250	\$1,975 + 12% of the amount over \$19,750
\$80,251 - \$171,050	\$9,235 + 22% of the amount over \$80,250
\$171,051 - \$326,600	\$29,211 + 24% of the amount over \$171,050
\$326,601 - \$414,700	\$66,543 + 32% of the amount over \$326,600
\$414,701 - \$622,050	\$94,735 + 35% of the amount over \$414,700
\$622,051	\$167,307.50 + 37% of the amount over \$622,050

**Married Filing Separately**

If Taxable Income Is Between:	The Tax Due Is:
\$0 - \$9,875	10% of taxable income
\$9,876 - \$40,125	\$987.50 + 12% of the amount over \$9,875
\$40,126 - \$85,525	\$4,617.50 + 22% of the amount over \$40,125
\$85,526 - \$163,300	\$14,605.50 + 24% of the amount over \$85,525
\$163,301 - \$207,350	\$33,271.50 + 32% of the amount over \$163,300
\$207,351 - \$311,025	\$47,367.50 + 35% of the amount over \$207,350
\$311,026	\$83,653.75 + 37% of the amount over \$311,025

**Trusts & Estates**

If Taxable Income Is Between:	The Tax Due Is:
\$0 - \$2,600	10% of taxable income
\$2,601 - \$9,450	\$260 + 24% of the amount over \$2,600
\$9,451 - \$12,950	\$1,904 + 35% of the amount over \$9,450
\$12,951	\$3,129 + 37% of the amount over \$12,950