

# Ready for TAX TIME?

As you begin preparing your tax return for 2020, here's a snapshot of what you'll need to know.

## Standard Deductions Increased Slightly<sup>1</sup>

Filing Status	2019	2020
Single	\$12,200 →	\$12,400
Married Filing Jointly	\$24,400 →	\$24,800
Head of Household	\$18,350 →	\$18,650

## Retirement Contributions for Tax Year 2020<sup>1</sup>

Individual contributions are unchanged for 401(k)s and Individual Retirement Accounts (IRAs).

	Under Age 50	Over Age 50
401(k)	\$19,500	\$26,000
IRA	\$6,000	\$7,000

## No Tax on Stimulus Checks

The payment many Americans received in 2020 under The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) — \$1,200 for singles, \$2,400 for couples filing jointly — was an advance distribution of a 2020 tax credit, and will not be taxed.<sup>2</sup>

## Important Dates in 2021



Deadline to file and pay taxes or request an extension.



Last day to file a tax return if you received an extension from the IRS.

## Retirement Tax Restrictions Ease Up

Qualified individuals who had to tap into retirement accounts early in 2020 because of the COVID-19 pandemic are getting a break.<sup>2</sup>

- ✓ More time to pay back early withdrawals without being taxed.
- ✓ No income tax required on money borrowed from 401(k) if paid back in five years.
- ✓ 10% penalty waived for early IRA and 401(k) withdrawals.



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# Save Time With a **TAX PRO**

Hiring a tax pro could make a lot of sense depending on your situation. Here are a few instances when you might consider going pro.



## **You Have a Lot on Your Plate**

Tax season can be stressful, and if you're worried about making errors or running out of time, it might be easier to bring in a tax pro to handle your returns.

## **You Hold Multiple Jobs**

If you have several side hustles, you may want to consider using a professional to keep everything straight.

## **You Recently Purchased a Home**

Home purchases bring a new set of tax circumstances. If you're unsure of where to begin, a tax preparer can help assess your situation.

## **You Have a Large Investment Portfolio**

Stocks and other investments can get tricky. A tax professional will make sure all your bases are covered.

**Need a great tax professional?** Call me for a trusted referral who will take excellent care of you and your financial situation!

[DISCLAIMER] All information is general in nature and should not be taken as legal advice or guaranteed. Readers should not rely solely on this information. Dates indicated and legal requirements may be subject to change. Contact a tax professional for more information on tax changes and preparation.

SOURCE: 1. IRS 2. The Coronavirus Aid, Relief, and Economic Security Act of 2020

## **LENDER SPOTLIGHT**



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