



Your monthly tax news & updates

Dear Clients and Friends:

Can you believe the year 2020 is finally here? We are excited for the upcoming year and hope it brings you everything you hope for and more.

As you finish cleaning up the confetti and packing away the decorations, start thinking about your tax preparation plan. Planning and organization goes a long way toward optimizing results, so get an early start on your taxes.

Most importantly, don't forget that the Form 1099 deadline to furnish the 1099 to the payee for 2020 forms is January 31! The final filing deadline for Copy A to the IRS is February 28, 2021.

We look forward to working with each of you this year!

Regards,
Rebecca Luers, CPA and Jan Dyer, CPA



If you any questions about the information in this newsletter, [contact us](#). We appreciate you forwarding this newsletter to associates and friends who would benefit from the monthly news we provide and are looking for tax preparation and planning resources from a CPA firm.

Tax Filing Reminders:

January 15

- 4th Quarter Estimated Payments Due

January 31

- Form 1099 Due to Payee

Start tax planning for the new year

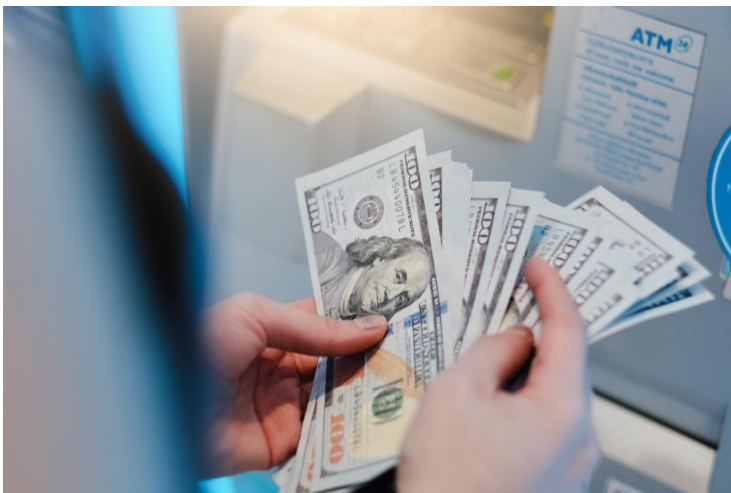
- Adjust withholdings

- Organize filing records
 - Schedule tax consultation
 - Rebalance investment portfolio
-



A Tip for 2020

When signing and dating legal documents, do not use 20 as the year 2020. For example, March 3rd being written as 3/3/20 could easily be modified to 3/3/2017 or 3/3/2018. Protect yourself. Do not abbreviate 2020.



Make Your Cash Worth More

Banking tips to help you cash in

Your cash is parked. Do you know if it's making or losing you money? For instance, letting it sit in a non-interest-bearing account is a waste of earnings potential. It's actually losing money if you factor in inflation! Here are some ideas to help you make the most of your banked cash:

- **Understand your bank accounts.** Not all bank accounts are created

equal. Interest rates, monthly fees, minimum balances, direct deposit requirements, access to ATMs, other fees and customer service all vary from bank to bank and need to be considered. Start by digging into the details of your accounts. There may be some things you've been unnecessarily living with like ATM fees or monthly account charges. Once you have a handle on your current bank, conduct research on what other banks have to offer.

- **Know your interest rates.** As a general rule, the more liquid an account, the lower the interest rate. Checking accounts offer the lowest rates, then savings accounts, which yield lower rates than CDs. Maximizing your earnings is as simple as keeping your cash in accounts with higher interest rates. The overall interest rate earned between all your accounts should be higher than the inflation rate, which is generally around 2 percent.
- **Make smart moves.** There are a couple of things to take into account when making transfers. First, federal law allows for only six transfers from savings and money market accounts per month. Second, if you invest in longer term investments like CDs or bonds, there are penalties for withdrawing funds before the maturity date. So make sure you can live without the funds for the duration of the term.
- **Stay diligent.** Putting together a cash plan is just the start. The key to success is to be persistent. Besides losing out on potential earnings, mismanaging your cash can result in hefty overdraft fees. The more attention you devote, the more your money will grow.



3 There's Still Time to Fund Your IRA

There is still time to make a contribution to a traditional IRA or Roth IRA for the 2019 tax year. The annual contribution limit is \$6,000 or \$7,000 if you are age 50 or over.

Prior to making a contribution, if you (or your spouse) are an active participant in an employer's qualified retirement plan (a 401(k), for example), you will need to make sure your modified adjusted gross income (MAGI) does not exceed

certain thresholds. There are also income limits to qualify to make Roth IRA contributions.

Maximum 2019 IRA Contribution amounts: \$6,000 or \$7,000 (with age 50+ catch-up provision)

2019 IRA Income (MAGI) Limits

Filing Status	Traditional IRA allowed contribution range		Roth IRA allowed contribution range	
	Full Contribution	Phaseout Complete	Full Contribution	Phaseout Complete
Single	\$64,000	\$74,000	\$122,000	\$137,000
Married	\$103,000 (both participating)	\$123,000 (both participating)	\$193,000	\$203,000
	\$193,000 (nonparticipating spouse)	\$203,000 (nonparticipating spouse)		

Note: Married traditional IRA limits depend on whether either you, your spouse or both of you participate in a qualified employer-provided retirement plan. If married filing separate and either spouse participates in an employer's qualified plan, the income phaseout to contribute is \$0-10,000.

If your income is too high to take advantage of these IRAs you can always make a non-deductible contribution to an IRA. While the contributions are not tax-deferred, the earnings are not taxed until they are withdrawn.



2020 Retirement Plan Limits

As part of your 2020 planning, now is the time to review funding your

retirement accounts. By establishing your contribution goals at the beginning of each year, the financial impact of saving for your future should be more manageable. Here are annual contribution limits:

Retirement Plans	2019	2020	Change	Age 50 or older catch up
IRA: Traditional	\$6,000	\$6,000	none	add: \$1,000
IRA: Roth	\$6,000	\$6,000	none	add: \$1,000
IRA: SIMPLE	\$13,000	\$13,500	+\$500	add: \$3,000
401(k), 403(b), 457 plans	\$19,000	\$19,500	+\$500	add: \$6,500

Take action

If you have not already done so, please consider:

- Reviewing and adjusting your periodic contributions to your retirement savings accounts to take full advantage of the tax advantaged limits
- Setting up new accounts for a spouse or dependent(s)
- Using this time to review the status of your retirement plan
- Reviewing contributions to other tax-advantaged plans including flexible spending accounts and health savings accounts



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