

# AS A RETIREE, WHAT ISSUES SHOULD I CONSIDER WHEN REVIEWING MY 2020 TAX RETURN?



FAMILY AND FILING ISSUES	YES	NO
<p><b>Did you take the standard deduction of \$12,400 (single) or \$24,800 (MFJ) listed on Form 1040, Line 12?</b></p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ If you made cash contributions to certain qualifying charities, you can deduct up to \$300 (\$150 if MFS) (Form 1040, Line 10b).</li> <li>■ In the future, bunching charitable contributions and/or certain expenses (e.g., medical expenses and property taxes) into one tax year may allow itemization.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you married and do you want to protect yourself against liability issues, have a large disparity between your incomes, or have large itemized deductions?</b></p> <p>If so, consider preparing your tax return as both MFJ and MFS to compare the net tax liabilities. MFS may generate a smaller tax liability.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you recently divorced or has your spouse passed away recently?</b></p> <p>If so, review your filing status (located at the top of Form 1040).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you divorced?</b></p> <p>If you entered into a divorce agreement after 1/1/19, alimony is not deductible by the payor or taxable to the recipient. If you entered into a divorce agreement before 1/1/19, alimony is deductible by the payor (Schedule 1, Line 18) and taxable to the recipient (Schedule 1, Line 2a).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Were you eligible for Economic Impact Payments in 2020, but did not receive the full amount?</b></p> <p>If so, you may claim the Recovery Rebate Credit (Form 1040, Line 30).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Was there any AMT (Form 6251)?</b></p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Review strategies to reduce AMT, such as minimizing large capital gains or harvesting losses.</li> <li>■ If you paid a significant amount of AMT in 2019, check Form 8801 to see if you received a credit.</li> </ul> <p>(continue on next column)</p>	<input type="checkbox"/>	<input type="checkbox"/>

FAMILY AND FILING ISSUES (CONTINUED)	YES	NO
<p><b>Are you and/or your spouse age 65 or over (or are you or your spouse blind)?</b></p> <p>If so, you are eligible for a higher standard deduction of \$1,300 for each married taxpayer and \$1,650 for unmarried taxpayers.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you owe more tax (Form 1040, Line 37), or did you receive a higher refund (Form 1040, Line 34) than expected?</b></p> <p>If so, determine if this is due to a unique circumstance (such as the sale of a highly appreciated investment) by comparing taxable income from the last two years' tax returns.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you fail to withhold enough tax or did you underpay estimates?</b></p> <p>If so, review Form 2210 and Form 1040, Line 38, to see the amount of the penalty.</p>	<input type="checkbox"/>	<input type="checkbox"/>

INVESTMENT INCOME ISSUES	YES	NO
<p><b>Is any interest being reported (Form 1040, Lines 2a and 2b) or are dividends being reported (Form 1040, Lines 3a and 3b)?</b></p> <p>If so, reference Schedule B to understand which accounts are generating income, whether the interest is taxable or tax-exempt, and if the dividends are ordinary or qualified.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Is your MAGI above \$200,000 (single) or \$250,000 (MFJ), and do you have significant Net Investment Income (calculated on Form 8960)?</b></p> <p>If so, you may be subject to the Net Investment Income Tax of 3.8%.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Were there any capital gains (or losses) reported (Form 1040, Line 7)?</b></p> <p>If so, see Schedule D, Line 13, for capital gain distributions. See Schedule D, Line 6 and Line 14, for short-term and long-term loss carryovers, ensuring that they have been carried over from previous tax returns.</p>	<input type="checkbox"/>	<input type="checkbox"/>

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RETIREMENT PLAN ISSUES	YES	NO
<p><b>Did you reach your Required Beginning Date in 2020 (or before) or do you have an inherited IRA?</b> If so, recall that the CARES Act waived RMDs for 2020. Thus, if you did not take a distribution from your retirement account(s), you are not subject to a penalty.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you at least age 70 ½ and did you complete a Qualified Charitable Distribution?</b> If so, make sure it is properly reflected, with the amount excluded on Form 1040, Line 4b.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Have you ever made a non-deductible IRA contribution (Form 8606)?</b> If so, make sure the cost basis is being tracked properly.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you withdraw money from an IRA that holds after-tax contributions?</b> If so, check Form 8606 to ensure the taxable and non-taxable portion of the distribution was calculated correctly.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you convert amounts from a traditional IRA to a Roth IRA?</b> If so, check Form 8606 to ensure that the amount converted is reported and any non-deductible IRA contributions that were converted are treated as non-taxable.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you roll over retirement funds during the tax year from one account to another (e.g., 401(k) to IRA)?</b> If so, ensure that it is treated as a rollover and not a distribution by verifying that Form 1040, Line 4a, shows the amount of the rollover. Form 1040, Line 4b, should be \$0 if no distributions occurred.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you roll over retirement funds and utilize NUA?</b> If so, review your IRA distributions on Form 1040, Lines 4a and 4b, to make sure the basis was taxed.</p>	<input type="checkbox"/>	<input type="checkbox"/>

OTHER ISSUES	YES	NO
<p><b>Did you take a non-qualified distribution from a 529 account?</b> If so, file Form 5329 to calculate the penalty. The penalty is carried over to Schedule 2, Line 6. Reference "Is The Distribution From My 529 Plan Taxable?" flowchart.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you have large medical expenses?</b> If so, review Schedule A, Line 1, to determine your medical expenses and your deduction limit. When calculating medical expenses remember to count Medicare premiums and long-term care premiums.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are there state-specific issues that should be considered?</b> Many states offer tax benefits to retirees, such as not taxing Social Security and/or pensions.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you own rental real estate?</b> If so, review Schedule E to see what expenses you deducted on the rental property.</p>	<input type="checkbox"/>	<input type="checkbox"/>

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