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Lynn's Top Five

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Lynn Ballou CFPr is a Senior Vice President and Partner with EP Wealth Advisors. Information used in the writing of this column is believed to be factual and up-to-date, but we do not guarantee its accuracy and it should not be regarded as a complete analysis of the subject(s) discussed. All information is derived from sources deemed to be reliable. All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change.

The new extended date, please note that you must still pay any 2021 estimated first quarter taxes due by April 15 to avoid interest and penalties when you file your 2021 returns next year.

4) Last minute tax reduction and tax planning idea. This year you have until May 17 to fund your 2020 IRA and Roth IRA (if eligible) contributions. For those of you who are self employed and use SEP-IRAs or other types of higher contribution limit retirement plans, as of this writing you can fund your contributions for those plans up until you file, including extensions, which can be as late as Oct. 15 this year.

5) RMD's - They're back! Taxpayers enjoyed a reprieve on the forced withdrawal of funds, aka Required Minimum Distributions (RMDs), from retirement accounts last year. Be careful as you plan for 2021 because RMDs are back on the table. Don't be caught under-withholding income taxes as you navigate what may be a return to higher taxable income. If you adjusted withholding or estimated taxes last year to account for less taxable income, you need to revisit your withholding and estimated tax plans for 2021 taking into account additional income that is not only taxed, but may in fact put you in a higher bracket. Don't wait until year-end to figure out your 2021 tax situation. Avoid penalties and interest for potentially under-withholding by getting on top of these numbers now and staying on track. Remember that your first quarter 2021 estimated taxes are still due April 15!

Hope this is helpful as you face down another challenging (and longer) tax season and start planning for 2021. On a happier note, with vaccinations on the uptick, I'm sure looking forward to unwinding the pain of the past 13 months and seeing everyone around town again in our amazing village that is Lamorinda.

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Well, we made it to another tax season, and "surprise," it's still not quite business as usual. Let's review five things you may want to consider before filing your returns this year, and as you get set up for 2021.

1) The only constant is change. And this is a good one. Many filers received unemployment insurance benefits last year due to massive pandemic related unemployment. Happily the latest tax law exempts these payments from federal tax (they were already state tax free). If you've already filed and declared this as income, you might need to file an amended return and receive a refund. However, at this writing, per the IRS website, they are asking that you DO NOT file a return to claim these refunds due. Hopefully they'll be able to review returns where taxpayers have reported this income and handle refunds without you initiating any paperwork. Check the website (www.irs.gov) for more up-to-date information.

2) Stimulus - Did you receive everything you deserved? As of this writing there were three rounds of stimulus funds that were theoretically automatically sent to you by the IRS, two of them in 2020. However I've spoken to many who did not receive everything they felt was owed to them. For stimulus funding due to you last year but not received, you have the opportunity when you file your return to report these underpayments and request they be credited to you via your return. Please note that these stimulus funds are NOT taxable to you. If you feel you are due funds that you never received and are not required to file a tax return, this website will help you and those who are filing returns figure out how to access monies owed: Recovery Rebate Credit | Internal Revenue Service (irs.gov)

3) May 17 is the new April 15? Partially. Individual taxpayers can now delay filing their federal and state income tax returns until May 17. And while you can delay filing and paying any balances due for 2020 until

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