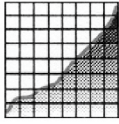


THE ADVISER



WHITE & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

XLVII, No.2
April 15, 2021

INSIDE.....

Tidbits.....	2
2021 Standard Mileage Rate.....	2
Where Did the \$1,400 Stimulus Checks Go?.....	2
Required Minimum Distribution (RMD) Rules for 2021.....	2
Review Beneficiary Designations.....	2
The State of IRS Audits.....	2
Is This the Future of Tax Filing for All Taxpayers?.....	2
The U.S. Passport and Taxes Owed.....	3
Another Scam!.....	3
Social Security Wage Base.....	3
Easy Ways to Save More for Your Retirement.....	3
What About These Numbers!.....	4
Some More U.S. Debt Numbers.....	4
Trade Deficit.....	4

THANKS TO OUR CLIENTS

Even though the IRS extended the tax return due date for most taxpayers to May 17, 2021, accountants are normally conservative individuals so we would like to thank our clients that have stayed with the old April 15th due date and filed their taxes by this day. We appreciate your patronage, enjoy working with each of you and look forward to next year! **Our office will be closed Friday, April 16th to give our staff a well-earned day off!**

We will continue to be open Monday through Friday, 8:00 a.m. to 5:00 p.m. but closed during the lunch hour until next tax season. There is a mail slot in our front door for dropping off information and our voicemail system is active all of the time. For those clients waiting until May 17th to file, we want you to be aware that some of us had scheduled to be out of the office after April 15th a few days. Our time to prepare tax returns due May 17th may be limited.

If you make estimated tax payments, the first one is still due on April 15, 2021. Penalties could apply if not made on the due date. In addition, some states have *not* extended their tax return due dates to match the new IRS due date.

IMPORTANT DUE DATES

Within 3 days of payroll	-Due dates of employer's Social Security and withholding tax deposits by EFTPS if the IRS has determined you pay semi-weekly
Apr. 15, 2021	-Due dates of employer's Social Security and withholding tax deposits by EFTPS if the IRS has determined you pay monthly
May 17, 2021	
June 15, 2021	
Apr. 15, 2021	-Due date of 2021 Estimated Tax Payment No. 1, this has not been extended!
	-Due date for 2020 Form 1041 Estate and Trust tax returns
	-Due date for 2020 Form 1120 Corporation income tax returns
Extended to May 17, 2021	-Due date of 2020 Form 1040 individual income tax returns. An extension to file your return on October 15, 2021 can be filed. However, if you owe tax, that amount has to be paid when the extension is filed or penalties and interest will apply. Payment due date is extended to May 17, 2021.
	-Due date for all IRA and HSA contributions deducted on your 2020 tax return.
	-SEP, SIMPLE and profit sharing contributions are not due until the extended due date to file. It is wise to extend your tax return in case you change your mind on the amount of your contributions.
Apr. 26, 2021	-Due dates of monthly state excise tax reports. Extensions are now available by calling 360-705-6705 or online through your My DOR account.
May 25, 2021	
June 25, 2021	
Apr. 30, 2021	-Due date of Form 940 deposit for 1st quarter 2021
	-Due date of employer's payroll tax reports, Form 941, Unemployment, State L & I and State Paid Family and Medical Leave reports
June 15, 2021	-Due date of 2021 Estimated Tax Payment No. 2

Ivan White, CFP, CPA, PFS
Misti Wiederspohn

Eric Parker, CPA
Greg Vander Top
Lucinda Cortez

Tom White, CFP, CPA, PFS
Teri White

TIDBITS

- If your fair market value net worth is more than your home owners or auto liability insurance limits you need to consider an umbrella liability insurance policy. Expect to pay \$200 to \$350 per year to get \$1 million in coverage.
- Employers can contribute up to \$5,250 per year to help pay off an employee's student loan debt which will be excluded from the employee's income. This will be a payroll tax and income tax free bonus, deductible by the employer. This benefit is good through 2025.
- During the 2020 COVID lockdowns and restrictions, 220,000 U.S. couples due to be married either cancelled or postponed their ceremonies after funding them via loans at an estimated cost of \$3.7 billion.
- 69% of 2019 college graduates had taken out a student loan prior to graduation.
- The average college cost per family in the academic year 2019 to 2020 in the U.S. was \$30,017.
- Per Salle Mae, at the end of the first quarter of 2020, the total outstanding student loan debt was \$1.56 trillion.
- An analysis of credit card data from Earnet Research by the *Wall Street Journal* found year-over-year change in spending for the week ending December 2nd on restaurants down only 1%. Spending on events and attractions was down 72%.

2021 STANDARD MILEAGE RATE

An amount used to calculate a deduction goes down! The 2021 standard mileage rate for business

driving falls to 56¢ a mile, down from 57.5¢ a mile. The mileage allowance for medical travel and military moves drops to 16¢ a mile, down from 17¢ per mile. The charitable driving rate stays the same at 14¢ a mile, it is fixed by law.

WHERE DID THE \$1,400 STIMULUS CHECKS GO?

On Friday March 19, 2021, Bank of America Global Research reported that U.S. equity (U.S. stock market) inflows hit a weekly record of \$56.76 billion, up sharply from \$16.83 billion one week earlier.

A good indication that these funds came from the IRS is by Wednesday, March 17, 2021 the IRS had distributed 90 million in economic impact payments valued at more than \$242 billion. It is estimated that between 40% and 60% of economic impact payments will go into the stock market.

REQUIRED MINIMUM DISTRIBUTION (RMD) RULES FOR 2021

Retirement plans requiring RMDs include traditional, Simplified Employee Pension Plan (SEP) and Savings Incentive Match Plan for Employees (SIMPLE), Individual Retirement Account (IRA), 401(k), 403(b), 457(b), profit sharing and other defined contribution plans.

The SECURE Act changed the age when individuals must begin taking withdrawals from their retirement accounts. Someone born on or before June 30, 1949, was required to start taking RMDs for the year they reached the age of 70-1/2. However, under the SECURE Act, if a person's 70th birthday is July 1, 2019 or later, they do not have to take their first RMD until the year in which they reach age 72. For the first RMD after reach-

ing 72, an individual can wait until April 1st of the following year to take this first RMD and then their second RMD by December 31st of the same year. To avoid having both amounts included in their income for the same year, the taxpayer can make the first withdrawal by December 31st in the year that they turn 72 instead of waiting until April 1st of the year following when they turn 72. After the first year, all RMDs must be made by December 31st, without exception or a penalty will apply.

REVIEW BENEFICIARY DESIGNATIONS

Designations of beneficiaries, both primary and contingent, on your qualified retirement plans should be reviewed after significant changes in your or your beneficiaries lives such as birth, death, marriage or divorce. A beneficiary review should also be done if you own life insurance. NOTE: These designations supersede what your will says.

THE STATE OF IRS AUDITS

The bulk of IRS audits are correspondence exams that are done by mail and focus on narrow issues. In 2019, 80% of audits of individuals were correspondence audits. These audits are not assigned to a single examiner, so depending on the number of issues raised and the taxpayer's response, several auditors may be involved.

IS THIS THE FUTURE OF TAX FILING FOR ALL TAXPAYERS?

Filing your taxes is stressful enough, the last thing you want to worry about is someone else filing yours before you do. But with the rise of data breaches and scammers getting more sophisticated by the

day, it is a risk we all need to consider. The FTC found reports of identity theft in 2020 were 1.4 million which is more than double the number of reports for 2019.

In an attempt to combat this, the IRS is now allowing taxpayers to set up Identity Protection PINS, codes that can be used to verify someone's identity when they file their tax return. Think of it like the multi-factor authentication you have probably set up for your bank and other accounts. After you pass the verification process, you will get a unique, six-digit code online, which you will need to present when you file your taxes. The tool was previously available to confirmed identity theft victims only, but this year it is open to everyone.

To sign up for a PIN, use the IRS' Get an IP PIN tool, where, in addition to information like your Social Security number and tax filing status, you will need a financial account number linked to your name, like a credit card or student loan account. Once you sign up for an IP PIN, you will be in the program for life. Keep in mind the IP PIN changes every year and will always be needed to file Form 1040 electronically. Some taxpayers may find this cumbersome!

THE U.S. PASSPORT AND TAXES OWED

Want to apply for or renew a passport? Make sure your taxes are paid up. The State Department can deny or revoke U.S. passports of individuals with federal tax debts of \$54,000 or more on whom a tax lien or levy has been filed. You would think this should apply if any amount of taxes are owed.

This does not include those who are paying their taxes under an installment agreement, individuals in bankruptcy, people who live in a federally declared disaster area, or

people with a tax debt that the IRS has determined is not collectible because of hardship.

The IRS gives names of affected taxpayers to the State Department. It also sends letters, letting the taxpayers know that their names were submitted to the State Department. Those who receive notice CO508C should contact the IRS to resolve their debts.

ANOTHER SCAM!

Online romance scams are increasing. Crooks now use social-media platforms, including Instagram and Facebook and games such as *Words with Friends*. The scams fit a pattern, the thief seems tentative in approach at first and moves the victim from the initial platform quickly to texts or messaging apps that seem more intimate and have less security monitoring. Scammers offer tragic personal stories, quick professions of love and reasons the parties cannot meet. Photographs, not actually of the crook, are offered. After weeks or months, believable requests for money come in. Such scams cost victims \$201 million in 2019, more than was lost to fake lotteries and sweepstakes. Younger adults fall for romance scams more often, but older people lose a lot more money, an average of \$3,000 for victims in their 60s and \$6,450 for those in their 70s. Self-defense: Avoid anyone who seems to want romance but constantly dodges in-person meetings.

SOCIAL SECURITY WAGE BASE

The Social Security annual wage base for 2021 is \$142,800, a \$5,100 hike. The Social Security tax rate on employers and employees stays the same at 6.2%. Both will continue to pay the 1.45% Medicare tax on all compensation, with no cap. Individu-

als also pay the 0.9% Medicare surtax on wages and self-employment income over \$200,000 for singles and \$250,000 for couples. The surtax does not hit employers.

It is interesting to note that Social Security benefits for 2021 went up 1.3% while the wage base for paying Social Security taxes of \$142,800 is up 3.5% from the 2020 wage base of \$137,700.

EASY WAYS TO SAVE MORE FOR YOUR RETIREMENT

Invest your "third paycheck". If you get paid every other week, then two months out of the year you will get a third paycheck. Invest that paycheck directly into your retirement account.

Use credit card rewards. Some cards let you deposit rewards directly into an investment account. Making everyday purchases on such a card is a great, easy way to build your nest egg.

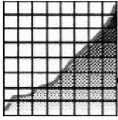
Bank your raises. If you get a pay increase, devote it to retirement rather than getting used to the new level of income.

Leverage employee matches. If your company offers to match funds invested into your retirement account, maximize the opportunity, since it is free money for your future.

Turn coupons into retirement. Any time you save money by using a coupon, put what you have saved into your retirement account—every cent helps!

Having your book turned into a movie is like seeing your oxen turned into bouillon cubes.

John le Carré



WHITE & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

910 FRANKLIN AVE SUITE 3

SUNNYSIDE, WA 98944

TELEPHONE (509) 837-6700

Fax (509) 837-8151 or email advisers@whitecocpa.com

www.whitecocpa.com

PRSR STD
US POSTAGE
PAID
YAKIMA WA
PERMIT #7

RETURN SERVICE REQUESTED

SERVICE GUARANTEE

Our work is guaranteed to the complete satisfaction of the customer. If the customer is not completely satisfied with the services performed by White & Company, PC we will, at the option of the customer, either refund the fee or accept a portion of the fee that reflects the customer's level of satisfaction.

April 15, 2021

Our newsletter is now available on our newly revamped website whitecocpa.com. Please feel free to take a look around and send us a message with any questions or sign a friend up for the newsletter!

WHAT ABOUT THESE NUMBERS!

Let's use the \$1.9 trillion American Rescue Plan to calculate some eye opening numbers. 1.9 trillion seconds (60 per minute) is equal to 60,207 years. 1.9 trillion minutes (60 per hour) is equal to 3,614,915 years. 27.962 trillion seconds (estimated U.S. national debt at March 31, 2021) is equal to 886,647 years.

What do these numbers mean? To payback \$1.0 trillion at \$1 per second, it would take 31,688 years. To pay back the \$1.9 at \$1 per second, it would take 60,207 years. In 60,207 years, we hope someone likes the 2021 American Rescue Plan.

An additional set of numbers: average life expectancy of a U.S. citizen is now 78.6 years. The average age of the 2021 U.S. House of Representatives is 59 years and the average age of the 2021 U.S. Senate is 64 years.

SOME MORE U.S. DEBT NUMBERS

In 1943, during World War II, U.S. debt went over a billion for the first time to \$137 billion or \$0.137 trillion. In 1982, U.S. debt went over trillion for the first time to \$1.142 trillion. In 2019, U.S. debt rose to \$22.719 trillion and today it is estimated at \$27.962 trillion.

TRADE DEFICIT

In November 2020, the U.S. trade deficit with China hit a 14-year high at \$68.1 billion. This despite tariffs imposed under President Trump. \$61.2 billion of this amount is consumer goods imported from China to the U.S. which was the highest on record. This makes you wonder how many U.S. jobs are lost to this amount of importing!