THE ADVISER

WHITE & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

XLIX, No.3
June 15, 2023

INSIDE.....

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
June 15, 2023	**-Due date of 2023 Estimated Tax Payment No. 2**
June 15, 2023 July 17, 2023 Aug.15, 2023 Sept. 15, 2023	-Due dates of employer's Social Security and withholding tax deposits by EFTPS if the IRS has determined you pay monthly
June 26, 2023 July 25, 2023 Aug. 25, 2023 Sept. 25, 2023	-Due dates of monthly state excise tax reports
July 1, 2023	-Start deducting WA Cares Long-Term Care premiums from employees' paychecks unless the employee is exempt
July 31, 2023	-Due date of Retirement Plan Form 5500 -Due date of Form 940 deposit for 2nd quarter 2023 -Due date of employer's payroll tax reports, Form 941, Unemployment, State L&I and State Paid Family Medical Leave reports -Due date for 2nd quarter 2023 state excise tax report
Aug. 31, 2023	-Due date of Annual Heavy Vehicle Use Tax Form 2290
Sept. 15, 2023	**-Due date of 2023 Estimated Tax Payment No. 3** -Due date of Form 1065 (Partnership) and Form 1120S (S Corporation) if a 6-month extension was filed on March 15, 2023 and Form 1120 (Corporation) if a 5-month extension was filed on April 18, 2023
Sept. 30, 2023	-Due date of Form 1041 (Trust and Estate) if an extension was filed on April 18, 2023
Oct. 2, 2023	**-Time to start pre-year end tax planning!**

FINALLY HELP FOR COMPLETING THE W-4 AND CALCULATING ESTIMATED PAYMENTS

Want to fine-tune your withholding or estimated tax payments for 2023? The IRS has a tax withholding estimator on its website to help you figure out whether you are having the right amount of income tax withheld from wages, pensions, IRA distributions, etc. The tool asks about various sources of income, gives tips on credits and deductions, and estimates how much withholding to request. Employees can give their employers a new W-4 form to have more or less tax withheld from wages. People receiving pension or annuity payments submit Form W-4P, IRA owners use Form W-4R and Social Security recipients fill out Form W-4V.

The amount of withholding is the same amount needed for estimated tax payments. Estimated tax payments (E.S. payments) are for taxpayers who have taxable income that is not subject to withholding. They are usually made in four equal installments. The first remittance for 2023 was due April 18, 2023, except for victims of disasters, who have more time. The other dates are June 15, 2023, September 15, 2023 and January 16, 2024.

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TIDBITS

- In the 35 million 401(k) accounts administered by Fidelity, the average loss in 2022 was 21%.
- The most recent data from a survey conducted by the Federal Reserve Board as of 2019, shows only 10% of current retirees have saved more than $1 million. Savings for Americans ages 65 to 74 averaged $426,000 and $357,000 for those 75 and older.
- A college degree is no longer essential for some high paying jobs. The state of Maryland cut college degree requirements for many jobs and increased hiring significantly. Of job postings in the U.S., 41% required a bachelor's degree in November 2022 versus 46% at the start of 2019.
- The average loss for an older adult that is a victim of finical exploitation per AARP is $120,000.
- 81.6% of American small businesses are ran by a single owner with no employees.
- 16% of American small businesses have only 1 to 19 employees.
- An average of 20% of new small businesses close within one year.
- For 2022, there were 21 million students enrolled in U.S. colleges.
- In the second quarter of 2022, total household debt in the U.S. rose to $16.15 trillion (U.S. government debt was approximately $30 trillion at that point) up from $15.84 trillion in the first quarter of 2022. Home mortgages were $11.39 trillion of the $16.15 trillion.

ANOTHER NEW SCAM!

Scammers use hand-held, high-tech printers to create realistic looking parking tickets, then place them on legally parked cars. The phony tickets ask for payment online, by PayPal or by use of a QR code that connects to a fake payment website. Anyone following the instructions gets cheated out of their money and gives their personal information to thieves. Be especially careful if you are a tourist in an unfamiliar area. Check out a parking area carefully before using it. Inspect any ticket, especially if you are sure that you were legally parked. Do an internet search for the official parking-ticket website, and compare it with whatever the supposed citation says. If the alleged ticket allows payment by check, be sure checks are to be made out to a government agency, or pay by credit card, if possible, to make it easier to fight any charge that turns out to be fraudulent.

INVESTMENT PROTECTION AGENCIES

With the current bank failures, a recap of agencies that protect our funds is warranted. The Federal Deposit Insurance Corp. (FDIC) protects deposit accounts from bank failures, covering up to $250,000 in individual accounts at each bank, up to $250,000 for each person's share of joint accounts and up to $250,000 for IRAs and other retirement accounts at each bank.

The National Credit Union Administration (NCUA) protects credit union deposit accounts from credit union failures the same way the FDIC does for accounts at banks.

The Securities Investor Protection Corp. (SIPC) protects brokerage accounts. Brokerage firms are required to keep customers' investments separate from the firm's own funds, but if the firm fails and customer assets are missing, then SIPC replaces cash and securities, such as stocks and bonds. SIPC returns your share of the broker's remaining assets, then uses its own funds (up to $500,000 per account, including a $250,000 limit on cash) to buy the shares in the open market. Brokers also purchase additional protection known as excess SIPC insurance. Charles Schwab reports it insures up to $149.5 million per customer.

A MARIJUANA USER'S GUIDE TO LIFE INSURANCE

Insure.com, an online insurance marketplace headquartered in Foster City, California, has released an online guide for marijuana users looking to buy life insurance.

Although a majority of states nationwide have legalized either medical marijuana or its recreational use, Insure.com says that because it is still illegal under federal law, many life insurance companies (though not all) still rate its use a high risk. To level the playing field, Insure.com has published this life insurance guide so users can find the most affordable plan for their needs.

The guide describes the conditions that may impact life insurance rates, even if an insurance company is open to offering more competitive pricing. Just like tobacco use, the amount, frequency, and method of marijuana use can affect insurance rates, as can any underlying medical reason for using it.

MONEY PITS

A money pit is a store, restaurant or other establishment where you always seem to end up spending more than you had planned to. Ironically, the lure of these places often is savings - but once there, we see so many good bargains that we end up overloading our carts with things we may not need and exceeding our budgets. The best cure may be to quit cold turkey and not ever set foot on the property. In the end, paying a bit more for items in less dazzling places could save you lots of money because you will not run up your bill with items that you do not need. To find out what your money pits are, go through your receipts and credit card statements or simply ask yourself "What are the one or two places where I never stick to my plan and how much I will spend?"

INVESTING AND CAPITAL GAINS

Income tax rules on capital gains do not apply to investing within any type of retirement account.

Short-term gains from the sale of securities held for a year or less are taxed at ordinary income tax rates which currently top out at 37%.

Long-term gains from the sale of securities held for a year or more are generally taxed at either 0%, 15% or 20%, all lower tax rates compared to the same level of ordinary income tax rates.

These rates are based on set income levels which are adjusted annually for inflation. For 2023, the 0% capital gains rate applies to individuals with taxable income up to $89,250 on joint income tax returns. The other rates, 15% and 20% have set income levels depending on your filing status.

There are two additional taxes on long-term capital gains depending on your level of income. A federal 3.8% surtax exists on net investment income if single and modified adjusted gross income exceeds $200,000 or $250,000 for joint filers.

The second tax is the Washington state "excise" tax on the sale if your gain exceeds $250,000. This rate is 7% and some asset sales are excluded.

We hope that all sales result in gains, however, they do not. Capital losses do occur and unlike other types of losses their deductibility is unique. First, both long-term and short-term losses are deducted only against either short-term or long-term gain. If after this netting, there is still a net loss, only a maximum of $3,000 of loss can be deducted against other income. Any excess loss over the $3,000 can be carry forwarded to next year where the carryover loss is again netted against both short-term and long-term gains.

HOW STUDENT LOANS CAN REDUCE YOUR SOCIAL SECURITY BENEFITS

If you are close to retirement and have not paid off your federal students loans, make sure you do not default on the debt. Otherwise, your Social Security benefits could be cut.

Student loan borrowers who are in default, including parents who took out PLUS loans for their children, may see up to 15% of their benefits garnished by the federal government. Retirees must be left with at least $750 a month in benefits, which means that some borrowers will have less than 15% of their benefits withheld.

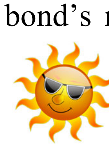
The suspension of student loan payments has given Social Security beneficiaries a temporary reprieve from garnishment because the Treasury Department will continue to suspend garnishment of benefits for six months after loan payments resume. Student loan payments were scheduled to resume 60 days after the Supreme Court rules on debt forgiveness or 60 days after June 30, 2023 whichever happens first.

As more individuals with large student loan debts approach retirement, the number of retirees facing a reduction in their benefits will likely rise. A 2017 report by the consumer Financial Protection Bureau found that borrowers older than 60 represented the fastest-growing segment of the student loan market. The report also found that the majority of those older borrowers had taken out loans to finance their children's education.

Student loans do not represent the only threat to Social Security benefits. The government can also garnish your benefits if you have unpaid federal taxes, child support or alimony. The government cannot garnish Social Security disability benefits.

INCOME TAX RULES ON INHERITED EE OR I BONDS

Most people who own EE or I bonds opt to defer reporting the interest as income for federal tax purposes until the earlier of the year the bonds mature or when they are cashed in. If you inherit EE or I bonds that have not yet matured, who is taxed on the predeath accrued interest? It depends on how that predeath interest is treated on the decedent's final income tax return. If the executor elects to include all predeath interest on that final return, then the beneficiary reports post death interest on Form 1040 when the bonds mature or are cashed in, whichever comes first. If the executor does not include predeath interest on the decedent's final return, then the beneficiary owes federal income tax on all pre and post death interest on the earlier of the bond's maturity or redemption.



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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.

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*****Our newsletter is available on our website at www.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!***

EARNING INTEREST INCOME IS BACK!

Current interest rates on CDs and savings accounts would have been unheard of a year ago, when average one-year CD rates were 0.10% or less. Shop around, you can now find one-year CDs at more than 5%, with five-year CDs slightly lower. Rates exceeding 5% also can be found on liquid savings accounts but, remember that CDs lock in your rate for their duration, and savings account rates are subject to change.

White & Company Financial Planning, Inc. can invest your funds in taxable money market funds, currently paying 4.91%, at Charles Schwab. The funds are available in one day versus a CD that has your funds locked until maturity!

YOUR BIGGEST FINANCIAL RISK - LONGEVITY

For a 65-year-old couple, there is a 50% chance that one spouse will live to age 93 and a 25% chance that one will live to 97, according to the Society of Actuaries. While living into your nineties beats the alternative, it increases the risk that you will outlive your savings. With that in mind, you should start planning for longevity well before you retire- in your fifties or, ideally, even before that. The steps you take now to grow and preserve your nest egg will go a long way toward ensuring that your eighties and nineties are comfortable and worry-free. Save early and often, defuse the "tax bomb" triggered by having all your savings in tax-deferred accounts, plan for health care costs (including long-term care), be sure you have enough stocks in your portfolio to stay ahead of inflation. If you are coming up short, you will need a Plan B, work longer, boost savings and/or trim expenses.