

## 2022 INDIVIDUAL YEAR-END PLANNING

It's time to think about steps that may help lower your tax bill for this year and next. Your professional tax preparers at Mierendorf & Co. stay on top of Federal and State taxes and tax law changes with continuous education and tax preparer resources. We can assist you with tax saving guidance.

**Standard Deductions - Many taxpayers won't want to itemize** because of the high basic standard deduction amounts that apply for 2022 (\$27,700 for joint filers, \$13,850 for singles and marrieds filing separately, \$20,800 for heads of household). You can still itemize

- medical expenses that exceed 7.5% of your Adjusted Gross Income,
- state and local taxes up to \$10,000,
- your charitable contributions,
- plus mortgage interest deductions on a restricted amount of debt,

*but these deductions won't save taxes unless they total more than your standard deduction.*

**Flexible Savings Accounts and Health Savings Accounts** - Consider increasing the amount you set aside for next year in your employer's FSA if you set aside too little for this year and anticipate similar medical costs next year.

If you become eligible in December of 2022 to make HSA contributions, you can make a full year's worth of deductible HSA contributions for 2022.

**Gift Tax** - Make gifts sheltered by the annual gift tax exclusion before the end of the year if doing so may save gift and estate taxes. The exclusion applies to gifts of up to \$16,000 made in 2022 to each of an unlimited number of individuals. You can't carry over unused exclusions to another year.

**Retirement Contribution Limits** - For 2022, the elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is \$20,500. For persons age 50 or older in 2022, the limit is \$27,000 (\$6,500 catch-up contribution). The catch-up

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### FRAUD UPDATES

#### THREATENING COLLECTIONS LETTER

If a letter directs you to call a number to pay Michigan tax debt, this is a scam! Be suspicious of text messages, emails or calls claiming you owe taxes. Official notices are mailed. Mierendorf clients are encouraged to securely upload or drop off any Federal or State tax notices for us to review for you.

#### PROTECT YOUR CHILD FROM IDENTITY THEFT!

Consider freezing your child's credit by contacting the three national credit bureaus – Equifax, Experian and TransUnion. More information and forms to be completed and mailed are available online. Once the credit file is frozen, a PIN will be assigned to your child's file for future changes. You should monitor their free credit report. Pre-approved credit offers, IRS notices, collections notices or calls to a child are red flags.



contribution limit for employees aged 50 and over who participate in SIMPLE plans remains unchanged at \$3,000. You can make 2022 Tax Year IRA contributions until April 17, 2023.

**Required Minimum Distributions - RMD** withdrawals from an IRA or 401(k) plan (or other employer-sponsored retirement plan) must be taken if you were 72 or older in 2022. Those who turned 72 in 2022 have until April 1, 2023 to take their first RMD, but may want to take it by the end of 2022 to avoid having to double up on RMDs next year. After your first withdrawal year, subsequent withdrawals are made annually by December 31. Individuals are not required to take RMDs from Roth IRAs. Your retirement account provider, financial or tax planner can help you better understand RMDs.

**Federally Declared Disasters** – If you were in a federally declared disaster area, you may want to settle an insurance or damage claim in 2022 to maximize your casualty loss deduction this year.

## 2022 TAX ORGANIZERS

Mierendorf 2022 Tax Organizers will soon be sent by mail or email. Contact us if you haven't received your Organizer by January. Complete and sign your Organizer Client Acknowledgement and upload or return it to us with your completed Organizer and records. This year the IRS requires us to include Yes/No questions on virtual currency and foreign accounts, so please complete them.

**Gather and organize tax records** – Please upload or return your completed Organizer and records (copies are fine if you prefer to

keep originals) once they are all gathered. Most income is taxable.

Records to include to us with your Organizer may include:

**Forms W-2** from employer(s)

**Forms 1099** from banks, issuing agencies and other payers including unemployment compensation, dividends, distributions from a pension, annuity or retirement plan

**Form 1099-K, 1099-NEC, 1099-MISC, W-2** or other income statement for workers in the gig economy. This year the **1099-K** will be issued for online sales, like eBay or Facebook Marketplace and sometimes for simple cash transfers using an app, such as Zelle.

**Form 1099-INT** for interest received

**Form 1099-S** for proceeds from Real Estate Transactions

**Form 1095-A, Health Insurance Marketplace Statement** to reconcile advance Premium Tax Credits for Marketplace coverage

**If enrolled with the IRS for a tax IP PIN** -

Provide new PIN information which the IRS annually sends you, or you can request at IRS.gov with your personal login, for us to file your taxes.

**Bank Account changes** for any tax refund direct deposits

**Other Income** - Documents and records of virtual currency transactions

**MIERENDORF & COMPANY, PC** 

*Bottom line—we help yours grow!*

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