Friends,

My name is Raj Maruvada. I have been practicing as a CPA for over 30 years. I got my MBA from St. Joseph's University. I have also qualified as a Personal Finance Specialist (PFS). This is a credential for CPAs who specialize in various areas of financial planning. I have been providing consultation on financial planning issues informally as a part of tax consultation. I am now going to provide personal financial services in a structured manner from May 1 onwards.

Today I would like to discuss changes in tax law, some other tax topics that are of interest to senior citizen.

The discussion will be for general information. If any of you is interested in more in-depth discussion of any topic of interest, I will be glad to provide consultation in my office.

Taxpayers can arrange their affairs in a manner that puts them in situations that are advantageous in future. That is where tax planning and financial planning play an important role.

Now, let us go over some changes in tax law that may be of interest to you

**Rajeswara Maruvada**

An
**AICPA Personal Financial Planning Section**
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# Inflation Reduction Act: What You Should Know

*The Inflation Reduction Act includes health-care and energy-related provisions, a new corporate alternative minimum tax, and an excise tax on certain corporate repurchases of stock.*

The Inflation Reduction Act, signed into law on August 16, 2022, includes health-care and energy-related provisions, a new corporate alternative minimum tax, and an excise tax on certain corporate stock buybacks. Additional funding is also provided to the IRS. Some significant provisions in the Act are discussed below.

## Medicare

The legislation authorizes the Department of Health and Human Services to negotiate Medicare prices for certain high-priced, single-source drugs. However, only 10 of the most expensive drugs will be chosen initially, and the negotiated prices will not take effect until 2026. For each of the following years, more negotiated drugs will be added.

Starting in 2025, a $2,000 annual cap (adjusted for inflation) will apply to out-of-pocket costs for Medicare Part D prescription drugs.

Starting in 2023, deductibles will not apply to covered insulin products under Medicare Part D or under Part B for insulin furnished through durable medical equipment. Also, the applicable copayment amount for covered insulin products will be capped at $35 for a one-month supply.

## Health Insurance

Starting in 2023, a high-deductible health plan can provide that the deductible does not apply to selected insulin products.

Affordable Care Act subsidies (scheduled to expire at the end of 2022) that improved affordability and reduced health insurance premiums have been extended through 2025. Indexing of percentage contribution rates used in determining a taxpayer's required share of premiums is delayed until after 2025, preventing more significant premium increases. Additionally, those with household incomes higher than 400% of the federal poverty line remain eligible for the premium tax credit through 2025.

## Energy-Related Tax Credits

Many current energy-related tax credits have been modified and extended, and a few new credits have been added. Many of the credits are available to businesses, and others are available to individuals. The following two credits are substantial revisions and extensions of an existing tax credit for electric vehicles.

NOT REFUNDIBLE — CANNOT BE C/FD

Starting in 2023, a tax credit of up to $7,500 is available for the purchase of new clean electric vehicles meeting certain requirements. The credit is not available for vehicles with a manufacturer's suggested retail price higher than $80,000 for sports utility vehicles and pickups, $55,000 for other vehicles. The credit is not available if the modified adjusted gross income (MAGI) of the purchaser exceeds $150,000 ($300,000 for joint filers and surviving spouses, $225,000 for heads of household). Starting in 2024, an individual can elect to transfer the credit to the dealer as payment for the vehicle.

CHANGE FROM L·YR. L·YR 200,000 VEHICLE

Similarly, a tax credit of up to $4,000 is available for the purchase of certain previously owned clean electric vehicles from a dealer. The credit is not available for vehicles with a sales price exceeding $25,000. The credit is not available if the purchaser's MAGI exceeds $75,000 ($150,000 for joint filers and surviving spouses, $75,000 for heads of household). An individual can elect to transfer the credit to the dealer as payment for the vehicle.

## Corporate Alternative Minimum Tax

For taxable years beginning after December 31, 2022, a new 15% alternative minimum tax (AMT) will apply to corporations (other than an S corporation, regulated investment company, or a real estate investment trust) with an average annual adjusted financial statement income in excess of $1 billion.

Adjusted financial statement income means the net income or loss of the taxpayer set forth in the corporation's financial statement (often referred to as book income), with certain adjustments. If regular tax exceeds the tentative AMT, the excess amount can be carried forward as a credit against the AMT in future years.

## Excise Tax on Repurchase of Stock

For corporate stock repurchases after December 31, 2022, a new 1% excise tax will be imposed on the value of a covered corporation's stock repurchases during the taxable year.

A covered corporation means any domestic corporation whose stock is traded on an established securities market. However, the excise tax does not apply: (1) to a repurchase that is part of a nontaxable reorganization, (2) with respect to certain contributions of stock to an employer-sponsored retirement plan or employee stock ownership plan, (3) if the total value of stock repurchased during the year does not exceed $1 million, (4) to a repurchase by a securities dealer in the ordinary course of business, (5) to repurchases by a regulated investment company or a real estate investment trust, or (6) to the extent the repurchase is treated as a dividend for income tax purposes.

## Increased Funding for the IRS

Substantial additional funds are provided to the IRS to help fund operations and business systems modernization and to improve enforcement of tax laws.

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**IMPORTANT DISCLOSURES**

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To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

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Raj Maruvada, MBA, CPA, PFS
raj@cparaj.com
856-520-1130

**CLEAN VEHICLE CREDIT**

**The new law replaces the number of sales a manufacturer reaches (200,000th sale) With an expiration date of 2032. Final assembly of the vehicle must occur within North America. In addition to qualified electric vehicles, the credit also applies to qualified fuel cell motor vehicles.**

**The credit is non-refundable. The unused credit cannot be carried forward.**

**The credit is claimed on Form 8936**

Raj Maruvada, MBA, CPA, PFS
raj@cparaj.com
856-520-1130

**ENERGY EFFICIENT HOME IMPROVEMENT CREDIT**

**Qualified energy efficiency improvements include Energy efficient insulation, exterior windows, skylights, and exterior doors that meet various energy standard requirements. The new law increases the credit to 30% of the cost of improvements made, subject to annual limitations of:**

| | |
|---|---|
| **Residential energy property expenditure** | **$ 600** |
| **Windows** | **600** |
| **Exterior door** | **250 ($500 in aggregate for all doors)** |
| **Combined credit for all the above in a year** | **$1,200** |

**In addition, annual credit of $2,000 is allowed for heat pumps and heat pump water heaters, biomass stoves and boilers**

**The new law removes roofs from the definition of building envelope contents but adds air sealing insulation to the definition of insulation material**

**The credit is non-refundable. The unused credit cannot be carried forward.**

**The credit is claimed on Form 5695**

# Residential Energy Credits Chart

**Energy Efficient Home Improvement Credit**

| *Credit Type* | *Eligible Property* | *Annual Credit Limit*[1] | *Applicable Costs* | *Maximum Credit* | *Principal Residence or Second Home* | *Existing Home* | *New Construction* |
|---|---|---|---|---|---|---|---|
| *Qualified Energy Efficiency Improvements* | • Exterior doors. | $250 per door and $500 total. | Materials costs only. | Combined annual credit of $1,200. Excess credit does not carry over. No lifetime limit. | Principal residence only. | Yes | No |
| | • Exterior windows and skylights. | $600 | | | | | |
| | • Insulation and air sealing materials or systems. | $1,200 | | | | | |
| *Residential Energy Property Expenditures* | • Home energy audits. | $150 | Cost of audit. | | | | |
| | • Central air conditioners.<br>• Natural gas, propane, or oil water heater.<br>• Natural gas, propane, or oil furnaces and hot water boilers.<br>• Electrical components needed to support residential energy property. | $600 per item | Materials and labor costs. | | Either (but not rentals unless also used as a residence by the taxpayer). | | |
| | • Heat pumps and biomass stoves and boilers. | $2,000 | | $2,000 per year | | | |

**Residential Clean Energy Credit**

| *Credit Type* | *Eligible Property* | *Annual Credit Limit*[1] | *Applicable Costs* | *Maximum Credit* | *Principal Residence or Second Home* | *Existing Home* | *New Construction* |
|---|---|---|---|---|---|---|---|
| *Residential Clean Energy Credit* | • Solar electric panels.<br>• Solar water heaters.<br>• Wind turbines.<br>• Geothermal heat pumps.<br>• Battery storage technology. | 30% | Materials and labor costs. | No combined limit. Any credit amount that exceeds tax liability carries over to the following tax year. | Either (but not rentals unless also used as a residence by the taxpayer). | Yes | Yes |
| | • Fuel cell property. | The lesser of $500 per 0.5-kilowatt hour of capacity or 30% of the cost. | | | Principal residence only. | | |

[1] The credit amount for energy efficient home improvements is 30% of the applicable costs up to the yearly credit limit.

## Residential Energy Credits

Residential energy credits are divided into two main categories, energy efficient home improvements and residential clean energy property.

**Timing of the credits.** For purposes of both credits, costs are treated as being paid when the original installation of the item is completed, or, in the case of costs associated with the reconstruction of a taxpayer's home, when his or her original use of the home begins. For purposes of the residential clean energy credit only, costs connected with the construction of a home are treated as being paid when the original use of the constructed home begins.

**Business use of home.** If 20% or less of the home is used partly for business, both credits are allowed in full. If business use of the home is more than 20%, the credit is based on the share of expenses allocable to nonbusiness use. If a taxpayer uses a property solely for business purposes, he or she cannot claim either credit.

**Subsidies, rebates, and incentives.** Subsidies, rebates, or other financial incentives may need to be subtracted from the qualified property expenses if they are considered a purchase price adjustment.

***Public utility subsidies.*** Public utility subsidies for buying or installing clean energy property are subtracted from qualified expenses. This is true whether the subsidy comes directly to the taxpayer or to a contractor on the taxpayer's behalf. However, utility payments for clean energy the taxpayer sells back to the grid, such as net metering credits, do not affect qualified expenses.

***Rebates.*** Rebates are subtracted from qualified expenses if all of the following apply:
- The rebate is based on the cost of the property,
- It comes from someone connected to the sale such as the manufacturer, distributor, seller, or installer, and
- It is not given as payment for services the taxpayer provides.

***State energy efficiency incentives.*** State energy efficiency incentives are generally not subtracted from qualified costs unless they qualify as a rebate or purchase-price adjustment under federal income tax law.

## Energy Efficient Home Improvement Credit

New for 2023 If a taxpayer makes qualified energy-efficient improvements to his or her home in 2023, he or she may qualify for a tax credit up to $3,200. The $500 lifetime credit limit for tax years 2006 through 2022 no longer applies.

The credit equals 30% of certain qualified expenses, including:
- Qualified energy efficiency improvements installed during the year,
- Residential energy property expenses, and
- Home energy audits.

There are limits on the allowable annual credit and on the amount of credit for certain types of qualified expenses.

**Maximum credit.** The maximum credit a taxpayer can claim each year is:
- $1,200 for energy property costs and certain energy efficient home improvements, and
- $2,000 per year for qualified heat pumps, biomass stoves or biomass boilers.

The credit has no lifetime dollar limit. A taxpayer can claim the maximum annual credit every year that he or she makes eligible improvements.

***Carryover of credit.*** The Energy Efficient Home Improvement Credit is nonrefundable and unused amounts cannot be carried forward.

**Qualified taxpayers.** A taxpayer may claim the Energy Efficient Home Improvement Credit for improvements to his or her main home. The home must be: *continued on next page*

Raj Maruvada, MBA, CPA, PFS
raj@cparaj.com
856-520-1130

**AGE FOR REQUIRED BEGINNING DATE FOR RMDS**

**Prior to 2020 taxpayers were required to start taking RMDs by April 1 of the calendar year following the year in which the individual reached age 70 and a half**

**Effective for 2020, no RMDs were required**

**Effective for 2021 taxpayers were required to start taking RMDs by April 1 of the calendar year following the year in which the individual reached age 72**

**Effective 2023, taxpayers were required to start taking RMDs by April 1 of the calendar year following the year in which the individual reached age 73**

**Effective 2033, taxpayers were required to start taking RMDs by April 1 of the calendar year following the year in which the individual reached age 75**

# Dependent Support Worksheet

(See *Qualifying Child*, page 3-12, *TheTaxBook, 1040 Edition/Deluxe Edition*)

## Funds Belonging to the Person Supported

1) Enter the total funds belonging to the person supported, including income received (taxable and nontaxable) and amounts borrowed during the year, plus the amount in savings and other accounts at the beginning of the year. Do not include funds provided by the state; include those amounts on line 23 instead ........ 1) ______
2) Enter the amount on line 1 that was used for the person's support ........ 2) ______
3) Enter the amount on line 1 that was used for other purposes ........ 3) ______
4) Enter the total amount in the person's savings and other accounts at the end of the year ........ 4) ______
5) Add lines 2 through 4. (This amount should equal line 1.) ........ 5) ______

## Expenses for Entire Household (where the person supported lived)

6) Lodging (complete line 6a or 6b):
   6a) Enter the total rent paid ........ 6a) ______
   6b) Enter the fair rental value of the home. If the person supported owned the home, also include this amount in line 21... 6b) ______
7) Enter the total food expenses ........ 7) ______
8) Enter the total amount of utilities (heat, light, water, etc., not included in line 6a or 6b) ........ 8) ______
9) Enter the total amount of repairs (not included in line 6a or 6b) ........ 9) ______
10) Enter the total of other expenses. Do not include expenses of maintaining the home, such as mortgage interest, real estate taxes, and insurance ........ 10) ______
11) Add lines 6a through 10. These are the total household expenses ........ 11) ______
12) Enter total number of persons who lived in the household ........ 12) ______

## Expenses for the Person Supported

13) Divide line 11 by line 12. This is the person's share of the household expenses ........ 13) ______
14) Enter the person's total clothing expenses ........ 14) ______
15) Enter the person's total education expenses ........ 15) ______
16) Enter the person's total medical and dental expenses not paid for or reimbursed by insurance ........ 16) ______
17) Enter the person's total travel and recreation expenses ........ 17) ______
18) Enter the total of the person's other expenses ........ 18) ______
19) Add lines 13 through 18. This is the total cost of the person's support for the year ........ 19) ______

## Did the Person Provide More Than Half of His or Her Own Support?

20) Multiply line 19 by 50% (0.50) ........ 20) ______
21) Enter the amount from line 2, plus the amount from line 6b if the person supported owned the home. This is the amount the person provided for his or her own support ........ 21) ______
22) Is line 21 more than line 20?
   **No.** The taxpayer meets the support test for this person to be a qualifying child. If this person also meets the other tests to be a qualifying child, STOP here; do not complete lines 23–26. Otherwise, go to line 23 and fill out the rest of the worksheet to determine if this person is a qualifying relative.
   **Yes.** The taxpayer does not meet the support test for this person to be either a qualifying child or a qualifying relative. STOP here ........ 22) ______

## Did the Taxpayer Provide More Than Half?

23) Enter the amount others provided for the person's support. Include amounts provided by state, local, and other welfare societies or agencies. Do not include any amounts included on line 1 ........ 23) ______
24) Add lines 21 and 23 ........ 24) ______
25) Subtract line 24 from line 19. This is the amount the taxpayer provided for the person's support ........ 25) ______
26) Is line 25 more than line 20?
   **Yes.** The taxpayer meets the support test for this person to be a qualifying relative.
   **No.** The taxpayer does not meet the support test for this person to be a qualifying relative. The taxpayer cannot claim this person as a dependent unless he or she can do so under a multiple support agreement, the support test for children of divorced or separated parents, or the special rule for kidnapped children. See *Children of divorced or separated parents*, page 3-12, *TheTaxBook, 1040 Edition/Deluxe Edition* ........ 26) ______

## REQUESTS FROM MEMBERS

I have informed Bharti Shah that if any members want me to discuss any particular topic they can forward their request through her. In response I received three requests. I will address the requests in a general way. Please do not consider this as a consulting session. You should go to a consultant to obtain a solution based on your specific situation. Tax laws provide many alternative choices. Consultant helps you make the choice that is most advantageous to you based on your specific situation

**REQUEST 1**

My main source of income is social security. This year I have interest income of $30,000. Do I have to file a return?

Yes. You have to file a return. I want to cover the area in a broader manner. I have attached information from IRS on who needs to file a return.

I also wanted to discuss taxation of social security benefits. The taxation varies from zero tax to 85% tax. The tax rate depends on 1. The amount of social security benefit and 2. Total income other than social security income (Including tax exempt income). For MFJ status that total is $32,000 and for singles it is $25,000. The attached calculations for different scenarios explain the taxability.

There are strategies to get SS benefits taxed at lower or zero rate. The strategies vary with individual circumstances and are a subject for detailed consultation

IRS

# Who needs to file a tax return

FS-2023-02, Jan. 2023

Taxpayers need to know their tax responsibilities, including if they're required to file a tax return. Generally, most U.S. citizens and permanent residents who work in the United States need to file a tax return if they make more than a certain amount for the year.

Taxpayers may have to pay a penalty if they're required to file a return but fail to do so. If they willfully failed to file a return, they may also be subject to additional fines and possible criminal prosecution.

## Factors that affect filing requirement

Publication 501, Dependents, Standard Deduction, and Filing Information, has all the details, but here are the things that affect whether an individual is required to file a tax return.

**Gross income.** Gross income means all income an individual received in the form of money, goods, property and services that aren't exempt from tax. This includes any income from sources outside the United States or from the sale of a main home, even if a taxpayer can exclude part or all of it.

**Required filing threshold.** Taxpayers will need to see if their gross income is over the required filing threshold. Filing statuses have different income thresholds, so taxpayers may need to consider their potential filing status as well.

Filing status is divided into five categories: single, head of household, married filing jointly, married filing separate and qualifying surviving spouse.

### Tax Year 2022 Filing Thresholds by Filing Status

| Filing Status | Taxpayer age at the end of 2022 | A taxpayer must file a return if their gross income was at least: |
|---|---|---|
| single | under 65 | $12,950 |
| single | 65 or older | $14,700 |

| Filing Status | Taxpayer age at the end of 2022 | A taxpayer must file a return if their gross income was at least: |
|---|---|---|
| head of household | under 65 | $19,400 |
| head of household | 65 or older | $21,150 |
| married filing jointly | under 65 (both spouses) | $25,900 |
| married filing jointly | 65 or older (one spouse) | $27,300 |
| married filing jointly | 65 or older (both spouses) | $28,700 |
| married filing separately | any age | $5 |
| qualifying surviving spouse | under 65 | $25,900 |
| qualifying surviving spouse | 65 or older | $27,300 |

**Self-employment status.** Self-employed individuals are required to file an annual return and pay estimated tax quarterly if they had net earnings from self-employment of $400 or more.

**Status as a dependent.** A person who is claimed as a dependent may still have to file a return. It depends on their gross income, including:

- **Earned income.** This includes salaries, wages, tips, professional fees and other amounts received as pay for work actually performed.
- **Unearned income.** This is investment-type income and includes interest, dividends and capital gains, rents, royalties, etc. Distributions of interest, dividends, capital gains and other unearned income from a trust are also unearned income to a beneficiary of the trust.

A parent or guardian must file a tax return for dependents who are required to file but aren't able to file for themselves.

## Potential benefits when taxpayers file a tax return

**Get money back.** In some cases, people may get money back when they file a tax return. For example, if their employer withheld taxes from their paycheck, they may be owed a refund when they file their taxes.

**Avoid interest and penalties.** Taxpayers can avoid interest and penalties by filing an accurate tax return on time and paying any tax they owe before the deadline. Even if they can't pay, they should file on time or request an extension to avoid some penalties.

**Apply for financial aid.** When applying for financial aid, students may need to provide tax account information from their or their parents' tax return. The IRS Data Retrieval Tool allows people completing the Free Application for Federal Student Aid to transfer their data easily and securely from their tax return to their FAFSA form.

**Build Social Security benefits.** Reporting income on a tax return is important for self-employed taxpayers because this information is used to calculate their Social Security benefit. Unreported income can lead to an incorrect calculation.

**Get an accurate picture of their income.** When taxpayers report all their income, they give lenders an accurate financial picture to determine the loan amounts and rates the taxpayer should be entitled to receive.

**Get peace of mind.** When taxpayers file an accurate tax return and pay their taxes on time, they know that they're doing the right thing to follow the law.

## Some taxpayers should consider filing, even if they aren't required to

People may want to file even if they make less than the filing threshold, because they may get money back. This could apply to them if they:

- Have had federal income tax withheld from their pay
- Made estimated tax payments
- Qualify to claim tax credits like:
  - Earned income tax credit
  - Child tax credit
  - American opportunity tax credit
  - Credit for federal tax on fuels
  - Premium tax credit
  - Health coverage tax credit
  - Credits for sick and family leave
  - Child and dependent care credit

## Use the Interactive Tax Assistant to help determine the need to file

The Interactive Tax Assistant is a tool that provides answers to many common tax law questions based on an individual's specific circumstances. Based on user input, it can determine if they should file a tax return. It can also help them understand:

- Their filing status
- If they can claim a dependent

- If the type of income they have is taxable
- If they're eligible to claim a credit
- If they can deduct expenses

The user's information is anonymous and only allows the assistant to answer the taxpayer's questions. The assistant will not share, store or use information in any other way, nor can it identify the individual using it. The system discards the information the user provides when they exit a topic.

## More information:

- Do I Need to File a Tax Return?
- Publication 501, Dependents, Standard Deduction, and Filing Information
- Publication 929, Tax Rules for Children and Dependents (obsolete)

*Page Last Reviewed or Updated: 17-Jan-2024*

TAXATION OF SOCIAL SECURITY BENEFITS

| | | | | | |
|---|---|---|---|---|---|
| SS BENEFITS | 22,500 | 22,500 | 22,500 | 43,400 | 8,300 |
| FILING STATUS | Single | Single | Single | MFJ | MFJ |
| First tier | | | | | |
| 1 50% of social security benefits | 11,250 | 11,250 | 11,250 | 21,700 | 4,150 |
| 2 MAGI (AGI plus tax-exempt income) | 128,000 | 40,000 | 13,750 | 46,000 | 27,850 |
| 3 Total of lines 1 and 2 - Provisional income | 139,250 | 51,250 | 25,000 | 67,700 | 32,000 |
| 4 Less: $32,000 (Joint filers) or $25,000 (all others) | 25,000 | 25,000 | 25,000 | 32,000 | 32,000 |
| 5 Income over base | 114,250 | 26,250 | - | 35,700 | - |
| 6 50% of Line 5 | 57,125 | 13,125 | - | 17,850 | - |
| 7 50% of Social Security Benefits | 11,250 | 11,250 | 11,250 | 21,700 | 4,150 |
| 8 Enter smaller of Line 6 or 7 | 11,250 | 11,250 | - | 17,850 | - |
| If Line 3 does not exceed $44,000 (Joint filers) or $34,000 (Other Taxpayers), Line 8 amount=portion of Social Security Benefit includible in gross income. If Line 3 exceeds $44,000 (Joint filers) or $34,000 (Other Taxpayers), continue with Line 9 | | | | | |
| Second Tier | | | | | |
| 9 Enter smaller of Line 8 or $6,000 (MFJ) or $4,500 (Others) | 9,000 | 6,000 | | 12,000 | |
| 10 85% of Line 3 less $44,000 or $34,000 | 84,363 | 9,563 | | 13,545 | |
| 11 Line 9 plus Line 10 | 93,363 | 15,563 | | 25,545 | |
| 12 85% of Social Security Benefits | 19,040 | 19,040 | | 36,890 | |
| 13 Lesser of Line 11 or 12 = portion of social security benefits includible in income | 19,040 | 15,563 | | 25,545 | |
| PERCENT OF SS BENEFITS TAXABLE | 0.85 | 0.69 | NOT TAXABLE | 0.59 | NOT TAXABLE |

# Social Security Taxable Benefits Worksheet (2023)

## Worksheet 1. Calculating Taxable Benefits

Before filling out this worksheet:

- Determine any write-in adjustments to be entered on the dotted line next to line 24z, Schedule 1, (Form 1040).
- If Married Filing Separately, and taxpayer lived apart from his or her spouse for the entire tax year, enter "D" to the right of the word "benefits" on line 6a.
- Do not include in income any disability payments (including Social Security Disability Insurance payments) that are received for injuries incurred as a direct result of a terrorist attack directed against the United States (or its allies) whether outside or within the United States.

***Exceptions:*** Do not use this worksheet if any of the following apply.

- The taxpayer made contributions to a traditional IRA for 2023, and the taxpayer or spouse was covered by a retirement plan at work or through self-employment. Instead, use the worksheets in IRS Pub. 590-A, *Contributions to Individual Retirement Arrangements (IRAs),* to see if any of the Social Security benefits are taxable and to compute the IRA deduction.
- Benefits were repaid in 2023, and total repayments (box 4) were more than total benefits for 2023 (box 3). None of the benefits are taxable. Also, if the total repayments in 2023 exceed total benefits received in 2023 by more than $3,000, the taxpayer may be able to claim an itemized deduction or a credit for part of the excess repayments for benefits included in gross income in an earlier year. See IRS Pub. 915, *Social Security and Equivalent Railroad Retirement Benefits,* for details.
- The taxpayer filed Form 2555, *Foreign Earned Income,* Form 4563, *Exclusion of Income for Bona Fide Residents of American Samoa,* or Form 8815, *Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989,* or excluded employer-provided adoption benefits or income from sources within Puerto Rico. Instead, use the worksheet in IRS Pub. 915, *Social Security and Equivalent Railroad Retirement Benefits.*

1) Enter the total amount from box 5 of all Forms SSA-1099 and Forms RRB-1099.
Also, enter this amount on Form 1040 or Form 1040-SR, line 6a.................... 1) ________

2) Multiply line 1 by 50% (0.50).................... 2) ________

3) Combine the amounts from Form 1040 or Form 1040-SR, lines 1z, 2b, 3b, 4b, 5b, 7, and 8.................... 3) ________

4) Enter the amount, if any, from Form 1040 or Form 1040-SR, line 2a.................... 4) ________

5) Combine lines 2, 3, and 4.................... 5) ________

6) Enter the total of the amounts from Schedule 1, lines 11 through 20, and 23 and 25.................... 6) ________

7) Is the amount on line 6 less than the amount on line 5?
**No.** STOP. None of the Social Security benefits are taxable. Enter -0- on line 6b, Form 1040 or Form 1040-SR.
**Yes.** Subtract line 6 from line 5.................... 7) ________

8) If the taxpayer is:
- Married Filing Jointly, enter $32,000.
- Single, Head of Household, Qualifying Surviving Spouse, or Married Filing Separately and lived apart from spouse for the entire tax year, enter $25,000.
- Married Filing Separately and lived with spouse at any time during the tax year, skip lines 8 through 15; multiply line 7 by 85% (0.85) and enter the result on line 16. Then go to line 17.................... 8) ________

9) Is the amount on line 8 less than the amount on line 7?
**No.** STOP. None of the Social Security benefits are taxable. Enter -0- on Form 1040 or Form 1040-SR, line 6b.
If Married Filing Separately and lived apart from spouse for the entire tax year, be sure to enter "D" to the right of the word "benefits" on line 6a.
**Yes.** Subtract line 8 from line 7.................... 9) ________

10) Enter: $12,000 if Married Filing Jointly; $9,000 if Single, Head of Household, Qualifying Surviving Spouse, or Married Filing Separately and the taxpayer lived apart from spouse for the entire tax year.................... 10) ________

11) Subtract line 10 from line 9. If zero or less, enter -0-.................... 11) ________

12) Enter the smaller of line 9 or line 10.................... 12) ________

13) Enter one-half of line 12.................... 13) ________

14) Enter the smaller of line 2 or line 13.................... 14) ________

15) Multiply line 11 by 85% (0.85). If line 11 is zero, enter -0-.................... 15) ________

16) Add lines 14 and 15.................... 16) ________

17) Multiply line 1 by 85% (0.85).................... 17) ________

18) **Taxable Social Security benefits.** Enter the smaller of line 16 or line 17.
Also enter this amount on Form 1040 or Form 1040-SR, line 6b.................... 18) ________

**Tip:** If any benefits are taxable and they include a lump-sum benefit payment that was for an earlier year, the taxpayer may be able to reduce the taxable amount. See Pub. 915, *Social Security and Equivalent Railroad Retirement Benefits,* for details.

*continued on next page*

REQUEST 2

What is optimum AGI for retirees to reduce fed and state income tax with reference to:

1. Income from capital gains
2. Retirement income exclusion from state income tax
3. Property tax freezes
4. Medicare part B premium

I have attached the information from various authoritative sources

# 6 Investment Income

## Tab 6 Contents



## Income Tax Treaties—Qualified Dividends

The U.S. has income tax treaties with the following countries, which allows for qualified dividend treatment from foreign corporations in these countries.

| | | | | |
|---|---|---|---|---|
| Australia | Estonia | Jamaica | Pakistan | Sweden |
| Austria | Finland | Japan | Philippines | Switzerland |
| Bangladesh | France | Kazakhstan | Poland | Thailand |
| Barbados | Germany | Latvia | Portugal | Trinidad and Tobago |
| Belgium | Greece | Lithuania | Romania | Tunisia |
| Bulgaria | Hungary | Luxembourg | Russia | Turkey |
| Canada | Iceland | Malta | Slovak Republic | Ukraine |
| China | India | Mexico | Slovenia | United Kingdom |
| Cyprus | Indonesia | Morocco | South Africa | Venezuela |
| Czech Republic | Ireland | Netherlands | South Korea | |
| Denmark | Israel | New Zealand | Spain | |
| Egypt | Italy | Norway | Sri Lanka | |

## New for 2023

- **Wash sale rules.** Wash sale relief is extended to all money market funds. See *Money market fund wash sale rule,* page 6-12
- **Non-fungible tokens (NFTs).** The IRS intends to treat certain NFTs as collectibles. See *Non-fungible tokens (NFTs),* page 6-15.

## Common Elections

- Election to amortize bond premium, page 6-7.
- Election to treat the sale of self-created musical works as a sale of a capital asset, page 6-10.
- Election to exclude QSB stock gain, page 6-11.
- Election of a trader in securities to use mark-to-market accounting method, page 6-14.
- Election to defer income for capital gain invested in qualified opportunity fund, page 6-14.
- Election to report the entire gain in the year of sale for an installment sale, page 6-19.
- Election to defer income on stock options, page 6-20.
- Election to suspend the 5-year test period of a principal residence for taxpayers on official extended duty, page 6-23.

## 2023 Tax Rates: Capital Gain & Dividend Income (page 6-8)

| If income is... | Maximum tax rate % | If asset is held... |
|---|---|---|
| Gain from the sale of collectibles | 28% | More than 1 year |
| Taxable portion of gain on qualified small business stock (section 1202 exclusion) | 28% | More than 5 years |
| Unrecaptured section 1250 gain | 25% | More than 1 year |
| Long-term capital gain | See below | More than 1 year |
| Qualified dividend income | See below | More than 60 days |
| **Taxable Income**<br>Single $0 – $44,625<br>MFJ/QSS $0 – $89,250<br>MFS $0 – $44,625<br>HOH $0 – $59,750<br>Estates and trusts $0 – $ 3,000 | 0% | |
| **Taxable Income**<br>Single $44,626 – $492,300<br>MFJ/QSS $89,251 – $553,850<br>MFS $44,626 – $276,900<br>HOH $59,751 – $523,050<br>Estates and trusts $ 3,001 – $ 14,650 | 15% | |
| **Taxable Income**<br>Single $492,301 and over<br>MFJ/QSS $553,851 and over<br>MFS $276,901 and over<br>HOH $523,051 and over<br>Estates and trusts $ 14,651 and over | 20% | |
| Short-term capital gain | 37% | 1 year or less |
| Ordinary dividend income | 37% | 60 days or less |

## Net Investment Income Tax (NIIT) (page 6-4)

**3.8% additional tax on investment income if MAGI above threshold amount**

| Filing status | Single, HOH | MFJ, QSS | MFS |
|---|---|---|---|
| Threshold amount | $200,000 | $250,000 | $125,000 |

## Types of Business Property (page 6-16)

| Section 1231 (page 6-17) | Section 1245 (page 6-17) | Section 1250 (page 6-17) |
|---|---|---|
| Trade or business property. Not inventory. | Depreciable personal property. | Depreciable real property. |

## Line 28a – Pension/Retirement Exclusion

You can exclude all or part of the income reported on line 20a if you meet the following qualifications:

- You (and/or your spouse if filing jointly) were age 62 or older or blind/disabled as defined by Social Security guidelines on the last day of the tax year; **and**
- Your income on line 27 is $150,000 or less (part-year residents see below).

**Determining Your Exclusion Amount**

Line A. Amount from line 20a................ ______________

**Joint Filers:** If only one spouse is 62 or older or disabled, enter only the pension income of that spouse. You cannot exclude the pension income of the spouse who is younger than 62 and not disabled.

Line B. Amount for your filing status and income using the chart below ...... ______________

**Part-year residents** see below.

Enter on line 28a the lesser of line A or line B.

| **Filing Status:** | **Income on line 27:** **$0–$100,000** | **$100,001–$125,000** | **$125,001–$150,000** |
|---|---|---|---|
| Married/CU couple, filing joint return | $100,000 | 50% of line 20a | 25% of line 20a |
| Single<br>Head of household<br>Qualifying widow(er)/ surviving CU partner | $75,000 | 37.5% of line 20a | 18.75% of line 20a |
| Married/CU partner, filing separate return | $50,000 | 25% of line 20a | 12.5% of line 20a |

For more information, see GIT-1 & 2, *Retirement Income.*

**Part-Year Residents.** Your income for the *entire* year must have been $150,000 or less to qualify for the exclusion. If your income for the entire year is $0–$100,000, prorate the maximum exclusion amount from the chart above based on the number of months you were a New Jersey resident and enter on line B above when calculating your exclusion. If your income for the entire year is over $100,000, do not prorate the exclusion amount.

## Line 28b – Other Retirement Income Exclusion

If you were 62 or older on the last day of the tax year, you may be able to use the other retirement income exclusion. If you are filing jointly and only one spouse is 62 or older, only the income of that spouse can be excluded. You cannot exclude the income of the spouse who is younger than 62.

**Unclaimed Exclusion.** If you did not use your entire maximum exclusion on line 28a, you may be able to use the unclaimed portion. Complete Worksheet D to determine whether you have any exclusion remaining and meet the eligibility requirements and, if so, to calculate the amount to include on line 28b. Part-year residents **do not** complete Worksheet D. Instead, use Worksheet E.

**Special Exclusion.** If you (and your spouse if filing jointly) will **never** be able to receive Social Security or Railroad Retirement benefits because your employer did not participate in either program, you may qualify for the Special Exclusion. If you qualify, you can claim $6,000 (married, filing joint; head of household; qualifying widow(er)) or $3,000 (single; married, filing separate).

**Note: Do not** claim the Special Exclusion if you (or your spouse if filing jointly) will **ever** be eligible for Social Security or Railroad Retirement benefits.

For more information, see GIT-1 & 2, *Retirement Income.*

**Part-Year Residents.** If you did not use your entire *prorated* maximum exclusion on line 28a, you may be able to use the unclaimed portion. Complete Worksheet E to determine whether you have any exclusion remaining and meet the eligibility requirements and, if so, to calculate the amount to include on line 28b.

## Line 28c – Total Exclusion Amount

Add lines 28a and 28b and enter the total.

## Line 29 – New Jersey Gross Income

Subtract line 28c from line 27 and enter the result. If zero or less, make no entry.

### Required to file a return

You are **required** to file a return if your income on line 29 is more than the filing threshold:

- $20,000 Married filing jointly, Head of Household, or Qualified Widow(er);
- $10,000 Single or married/CU partner filing separate return.

### Not required to file a return

You are **not required** to file a return if your income is at or below the filing threshold. However, you still need to file if you:

- Had New Jersey Income Tax withheld;
- Paid estimated taxes or had a credit from the prior year; or
- Are eligible for a New Jersey Earned Income Tax Credit or other credit and are due a refund.

# Eligibility Requirements

Find Out If I Am Eligible

| | |
|---|---|
| **Age/Disability** | You (or your spouse/civil union partner) were:<br>• 65 or older on December 31, 2022; **or**<br>• Actually receiving federal Social Security disability benefit payments (not benefit payments received on behalf of someone else) on or before December 31, 2022. |
| **Home Ownership** | **Homeowners.** You owned and lived in your home since December 31, 2019, or earlier (and you still owned and lived in that home on December 31, 2023).<br><br>**Mobile Home Owners.** You leased a site in a mobile home park where you placed a manufactured or mobile home that you owned since December 31, 2019, or earlier (and still lived in that home/leased the site on December 31, 2023).<br><br>**If you moved** from one New Jersey property to another and received a reimbursement for your previous residence for the last full year you lived there, you may qualify for an exception to re-applying to the Senior Freeze Program. Visit Requirements for Resuming Eligibility for more information. |
| **Property Taxes/ Site Fees** | **Homeowners.** The 2022 property taxes due on your home must have been paid by June 1, 2023, and the 2023 property taxes must be paid by June 1, 2024.<br><br>**Mobile Home Owners.** Your site fees must have been paid by December 31 of each year respectively. |
| **Income Limit** | Your total annual income (combined if you were married or in a civil union and lived in the same home) was:<br>• 2022 – $150,000 or less; and<br>• 2023 – $163,050 or less<br>See Income Limits History for past years' income limit amounts. |

You are not eligible for a reimbursement on:

- A vacation home or second home;
- Property that you rent to someone else;
- Property that consists of more than four units; **or**
- Property with four units or less that contains more than one commercial unit.
- Are completely exempt from paying property taxes on your home; **or**
- Made P.I.L.O.T. (Payments-in-Lieu-of-Tax) payments to your municipality.

**Life Estate (Life Tenancy)**. You are considered the owner of the property if you have life estate rights or hold a lease for 99 years or more. You must include with your application a copy of an official document (e.g., deed, lease) establishing your right to occupy the property.

Last Updated: Wednesday, 02/07/24

Fact sheet

# 2024 Medicare costs

Medicare

## Medicare Part A (Hospital Insurance) Costs

### Part A monthly premium

Most people don't pay a Part A premium because they paid Medicare taxes while working. If you don't get premium-free Part A, you pay up to $505 each month. If you don't buy Part A when you're first eligible for Medicare (usually when you turn 65), you might pay a penalty.

### Hospital stay

In 2024, you pay:

- $1,632 deductible per benefit period
- $0 for the first 60 days of each benefit period
- $408 per day for days 61–90 of each benefit period
- $816 per "lifetime reserve day" after day 90 of each benefit period (up to a maximum of 60 days over your lifetime)

### Skilled Nursing Facility stay

In 2024, you pay:

- $0 for the first 20 days of each benefit period
- $204 per day for days 21–100 of each benefit period
- All costs for each day after day 100 of the benefit period

## Medicare Part B (Medical Insurance) Costs

### Part B monthly premium

Most people pay the standard Part B monthly premium amount ($174.70 in 2024). Social Security will tell you the exact amount you'll pay for Part B in 2024.

You pay the standard premium amount if you:

- Enroll in Part B for the first time in 2024.
- Don't get Social Security benefits.
- Are directly billed for your Part B premiums.
- Have Medicare and Medicaid, and Medicaid pays your premiums. (Your state will pay the standard premium amount of $174.70 in 2024.)

## Medicare Advantage Plans (Part C) & Medicare Drug Coverage (Part D) Premiums

Visit Medicare.gov/plan-compare to find and compare plan premiums. You can also call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

### Part D monthly premium

The chart below shows your estimated drug plan monthly premium based on your income. If your income is above a certain limit, you'll pay an income-related monthly adjustment amount in addition to your plan premium.

| **If your yearly income in 2022 was:** | | | |
|---|---|---|---|
| File individual tax return | File joint tax return | File married & separate tax return | You pay (in 2024): |
| $103,000 or less | $206,000 or less | $103,000 or less | Your plan premium |
| above $103,000 up to $129,000 | above $206,000 up to $258,000 | not applicable | $12.90 + your plan premium |
| above $129,000 up to $161,000 | above $258,000 up to $322,000 | not applicable | $33.30 + your plan premium |
| above $161,000 up to $193,000 | above $322,000 up to $386,000 | not applicable | $53.80 + your plan premium |
| above $193,000 and less than $500,000 | above $386,000 and less than $750,000 | above $103,000 and less than $397,000 | $74.20 + your plan premium |
| $500,000 or above | $750,000 or above | $397,000 or above | $81.00 + your plan premium |

### 2024 Part D national base beneficiary premium—$34.70

Medicare uses the national base beneficiary premium to estimate the Part D late enrollment penalty and the income-related monthly adjustment amounts listed in the table above. This amount can change each year. If you pay a late enrollment penalty, these amounts may be higher.

## For detailed information on costs and enrollment penalties

- Visit Medicare.gov/coverage to get more detailed Medicare cost information by service.
- Visit Medicare.gov/basics/costs/medicare-costs/avoid-penalties to learn how Medicare calculates late enrollment penalties.
- Call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

Medicare

You have the right to get Medicare information in an accessible format, like large print, braille, or audio. You also have the right to file a complaint if you feel you've been discriminated against. Visit Medicare.gov/about-us/accessibility-nondiscrimination-notice, or call 1-800-MEDICARE (1-800-633-4227) for more information. TTY users can call 1-877-486-2048.

This product was produced at U.S. taxpayer expense.

CMS Product No. 11579 • 11/2023

## Medicare Part B (Medical Insurance) Costs (continued)

If your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount, you'll pay the standard Part B premium and an income-related monthly adjustment amount.

| **If your yearly income in 2022 was:** | | | |
|---|---|---|---|
| File individual tax return | File joint tax return | File married & separate tax return | You pay (in 2024): |
| $103,000 or less | $206,000 or less | $103,000 or less | $174.70 |
| above $103,000 up to $129,000 | above $206,000 up to $258,000 | not applicable | $244.60 |
| above $129,000 up to $161,000 | above $258,000 up to $322,000 | not applicable | $349.40 |
| above $161,000 up to $193,000 | above $322,000 up to $386,000 | not applicable | $454.20 |
| above $193,000 and less than $500,000 | above $386,000 and less than $750,000 | above $103,000 and less than $397,000 | $559.00 |
| $500,000 or above | $750,000 or above | $397,000 or above | $594.00 |

If you have questions about your Part B premium, call Social Security at 1-800-772-1213. TTY users can call 1-800-325-0778. If you pay a late enrollment penalty, these amounts may be higher.

**2024 Part B deductible—$240 before Original Medicare starts to pay.**

**REQUEST 3**

Best way to minimize taxes on inherited IRS from spouse

There are a host of rules and requirements regulating when and how beneficiaries are required to take RMDs. The requester should consult with a professional.

I will provide general rules relating to inherited IRA from spouseSurviving spouse can opt to be treated as a beneficiary of the IRA or elect to be treated as its owner.

A spouse who chooses to be treated as a beneficiary of the IRA can step into the shoes of the deceased spouse. If the owner dies before his/her required beginning date, RMDs for the surviving spouse can be postponed until the later of 1. The year following owner's death or 2. The year of the owner's required beginning date for RMDs.

A spouse may also choose to treat the inherited IRA as a beneficiary IRA if he or she is older than the deceased spouse. This could result in a smaller RMD than the one based on the surviving spouse's age.

To be treated as a beneficiary, the spouse must take RMDs. If no RMD is taken before the end of the ear following the owner's death, the account will be deemed to be rolled over to the spouse's own IRA.

## ABOUT FINANCIAL PLANNING

**Financial planning is the process of setting financial goals and objectives during life, designing strategies to achieve them, and monitoring progress toward achieving them. Financial planning includes investment planning, college planning, insurance planning and risk management, employee benefits planning, retirement planning, income tax planning, and estate planning.**

**One of the areas I am interested in practicing is planning for the elderly and disabled. With the aging of a significant part of the population, the large number of baby boomers reaching age 60 and beyond, the longevity of people increasing, the financial planner can certainly recognize that understanding and addressing the issues affecting elderly clients will be an important part of a financial planner's practice.**

**I am planning to start providing financial planning services from May onwards, i.e; after the March 15 and April 15 tax deadlines.**

Personal Financial Planning Section

# Personal Finance Scorecard

No matter what your needs are, planning for the future is important, and your CPA financial planner can help. It's good to have a realistic picture of your finances, your goals and what you might be overlooking. Start now by filling out this personal finance scorecard.

**How to use the scorecard:**
Review each question carefully. If you answer "yes" give yourself one point. If you answer "no" or are in doubt, give yourself a 0 so that you can identify areas for improvement. At the end of each category, work with your CPA financial planner to determine what steps to take next to help improve your score.

Consider reviewing the scorecard on an annual basis to see progress and new areas that may need revisiting based on changes in your life.

AICPA

The AICPA's **Personal Financial Planning (PFP) Division** created this scorecard. Your CPA is dedicated to helping you reach your financial goals, as well as to their own continuing education and excellence. CPAs who are AICPA PFP Section members have access to a library of tools and resources, such as this scorecard, that help them better communicate with and serve their important clients like you.

*Special thanks to Less Antman for developing this concept.*

# Estate planning

## Wills and trusts

| | Yes or No |
|---|---|
| 1. Do you have a will, and has it been updated since the last major life event? | |
| 2. Have you transferred assets to your living trust (if applicable)? | |
| 3. Do you understand the way your documents work? | |
| 4. Do your beneficiaries know the location of these documents or the right person to contact? | |
| **Total score** | 0 out of 4 |

## Asset titling

| | Yes or No |
|---|---|
| 1. Have you designated beneficiaries on all retirement accounts and life insurance policies? | |
| 2. Have you made designations on bank accounts, brokerage accounts and car titles? | |
| 3. Have you considered whether some of your assets should be solely in your name? | |
| **Total score** | 0 out of 3 |

## Advanced directives

| | Yes or No |
|---|---|
| 1. Do you have health care proxies and durable powers of attorney for financial decisions? | |
| 2. Have they been updated since the last life event such as birth, divorce or death? | |
| 3. Do you have HIPAA authorizations and living wills? | |
| 4. Have you provided the appropriate parties with a copy? | |
| **Total score** | 0 out of 4 |

## Gifts and charity

| | Yes or No |
|---|---|
| 1. Is it important for you to leave assets to your loved ones and/or charity? | |
| 2. Do you have a strategy for gifts to loved ones? Have you executed it? | |
| 3. Do you have a strategy for charitable contributions? Have you executed it? | |
| 4. Have you reviewed these considering recent life changes like health or an inheritance? | |
| **Total score** | 0 out of 4 |

**Focus areas to raise your estate planning score:**

______________________________

______________________________

______________________________

**Estate planning score**

0

# Investment planning

| Asset allocation | Yes or No |
| --- | --- |
| 1. Do you have an overall investment strategy? | ____ |
| 2. Do you understand your risk tolerance? | ____ |
| 3. Have you identified ways of diversifying to reduce risk? | ____ |
| 4. Have you identified when you'll need to withdraw funds? | ____ |
| **Total score** | 0 out of 4 |

| Tax efficiency | Yes or No |
| --- | --- |
| 1. Do you have the right balance between taxable and tax-deferred accounts? | ____ |
| 2. Have you set aside dollars to cover upcoming tax obligations? | ____ |
| 3. Do you have a strategy to withdraw funds in the most tax efficient manner? | ____ |
| **Total score** | 0 out of 3 |

| Minimizing costs | Yes or No |
| --- | --- |
| 1. Is your investment strategy cost-effective? | ____ |
| 2. Are you minimizing unnecessary turnover of investments? | ____ |
| 3. Have you considered individual securities vs. mutual funds? | ____ |
| 4. Have you adopted strategies to minimize the tax cost of investments held in taxable accounts? | ____ |
| **Total score** | 0 out of 4 |

| Benefits | Yes or No |
| --- | --- |
| 1. Do you make the most of the benefits available to you at work? | ____ |
| 2. Are you participating in your company retirement plan and taking advantage of employer matching contributions? | ____ |
| 3. Do you have a plan for exercising and selling employee stock options (if applicable)? | ____ |
| **Total score** | 0 out of 3 |

**Focus areas to raise your investment planning score:**

____________________

____________________

____________________

**Investment planning score**

0

# Risk management planning

| Life insurance | Yes or No |
|---|---|
| 1. Do you know how much life insurance you need? | ______ |
| 2. Do you know what type of policy would best meet your goals? | ______ |
| 3. If you have a policy, is the policy owned by the correct person or trust? | ______ |
| 4. Have you canceled unnecessary coverage? | ______ |
| **Total score** | 0 out of 4 |

| Health insurance | Yes or No |
|---|---|
| 1. Are you and your family members covered? | ______ |
| 2. Have you considered the appropriate deductibles and amount of coverage needed? | ______ |
| 3. If applicable, do you understand Medicare eligibility requirements? | ______ |
| **Total score** | 0 out of 3 |

| Disability and long-term care insurance | Yes or No |
|---|---|
| 1. Would you and your loved ones be supported if a catastrophic event occurred? | ______ |
| 2. Have you determined if you need to insure your income (disability policy)? | ______ |
| 3. Are you paying premiums with after-tax dollars where possible? | ______ |
| 4. Do you know the costs associated with nursing home care? | ______ |
| **Total score** | 0 out of 4 |

| Property and liability | Yes or No |
|---|---|
| 1. Do you have enough insurance to cover replacement costs of your home? | ______ |
| 2. Do you have additional protection as needed for floods and/or earthquakes? | ______ |
| 3. Have you raised deductibles for losses you can afford to pay? | ______ |
| 4. Do you have umbrella coverage? | ______ |
| **Total score** | 0 out of 4 |

**Focus areas to raise your risk management planning score:**

______________________________

______________________________

______________________________

Risk management planning score

0

# Retirement and cash flow planning

| Retirement planning | Yes or No |
|---|---|
| 1. Do you have a plan to stop working when you want to or if you have to? | ______ |
| 2. Have you identified probable sources of retirement income (e.g., social security, pension) and their best claiming strategies? | ______ |
| 3. Have you calculated the capital you will need to fund retirement from investments and have a plan to accumulate it? | ______ |
| 4. Have you planned for unexpected costs in retirement (e.g., health care, long-term-care or caring for a loved one)? | ______ |
| **Total score** | 0 out of 4 |

| Budgeting | Yes or No |
|---|---|
| 1. Do you know how much you spend each month? | ______ |
| 2. Do all family members understand the family budget? | ______ |
| 3. Have you considered costs for caring for dependents (children or parents)? | ______ |
| 4. Do you have enough cash to cover deductibles and other expected payments? | ______ |
| **Total score** | 0 out of 4 |

| Savings | Yes or No |
|---|---|
| 1. Do you have 3–6 months cash to cover expenses in the event of an emergency? | ______ |
| 2. Do you know how much you need to save each month to reach your goals? | ______ |
| **Total score** | 0 out of 2 |

| Debt management | Yes or No |
|---|---|
| 1. Have you eliminated as much non-deductible debt as possible? | ______ |
| 2. Do you have lines of credit available in case of an emergency? | ______ |
| 3. Do you know your credit score? | ______ |
| 4. Do you check your credit reports regularly to ensure your identity hasn't been compromised? | ______ |
| **Total score** | 0 out of 4 |

**Focus areas to raise your retirement and cash flow planning score:**

______________________________

______________________________

______________________________

Retirement and cash low planning score

0

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