Tax and Pension
Tax-Smart Pension-Wise

Newsletter

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1 Still missing all or part of your Stimulus Payment? We can help.

If you are one of several eligible taxpayers who have only received a portion of the Stimulus Payments they are entitled to,

or

You might have not received any Stimulus Payments at all so far, or perhaps you never filed your U.S. tax return, and the IRS does not have a record of you and therefore no Stimulus Payments were sent to you, then please read on.

The good news is that you can still claim these missing Stimulus Payments. These were the Stimulus Payments issued to date. They are also known as Economic Impact Payments (EIP)

STIMULUS PAYMENT 1 – approved in March 2020: $1,200 (children = $500) per person
STIMULUS PAYMENT 2 – approved in January 2021: $ 600 (children = $600) per person
STIMULUS PAYMENT 3 – approved in March 2021: $1,400 (children = $1,400) per person

We can help you claim any missing payments by filing your 2020 U.S. tax return where the first two Stimulus Payments ($1200+600= $1800) can be claimed, and the 2021 tax return where the third Stimulus Payment ($1,400) can be claimed.

The bad news is that the 2020 tax return can only be sent by mail. The e-filing deadline for that tax year was in October 2021.

If you hurry, you will still be in time to e-file the 2021 tax return. The e-filing deadline for the 2021 tax year return is October 17, 2022.

You can find more information here. Please reach out to us for more information.

2 Do you receive your pension, tax refunds and other benefits in the mail via a paper check? We will help you set up a Direct Deposit account.

Paper checks are so last century. Several countries and banks are phasing them out.

They are too expensive to process and besides, they are environmentally unfriendly – paper/envelopes/stamps, mail delivery, waste of time queuing at the bank and then another few days to clear – well, you get the idea.

Today there is a much better solution. Direct Deposit solves all these problems, including slow or lost mail. You will never have to worry about going to the bank every month or forgetting to cash a check or losing it.

It is very easy to set up Direct Deposit with whoever pays you your pension, dividends, IRA/401(k) distributions, tax refunds and so on.

If you live outside the U.S. and do not have a U.S. bank account that is needed for Direct Deposit, we have you covered as well. You can literally have a U.S. bank account in your pocket – in your mobile.

Please contact us for more information. We will take care of the paperwork and any mobile app installation/setup involved.

3 You might be worth more than you realize. You may have Abandoned Assets that we can recover for you.

What if someone told you that you have won the lottery? Well, we might have some good news for you: you may be sitting on a small fortune (or maybe a big one) without knowing.

Here's a recent case we had. A man in his sixties came to us claiming that his late mother gave him a $2,000 check that was never cashed. This uncashed check had a date that was about 10 years old. We contacted the issuing bank in New York, and the bank sent us a claim form that we could submit to the New York Unclaimed Funds Office in Albany.

We submitted the claim, and lo and behold, the New York Unclaimed Funds Office sent a list of items that were listed under this person's name that he never knew about. There was an abandoned CD that his late mother had at the same bank where his name was listed as In Trust For. The total CD amount was over $20,000. It took us a while to claim it back (obviously there is a process where one must submit certain documents to prove lawful ownership), but after some months he received a check for the entire amount, plus interest.

You could be in the same situation. Someone could have listed you as the In Trust Person without you knowing, or you may have simply forgot to cash a check or had a bank account that was inactive for a couple of years, and you forgot all about it.

All of these ‘forgotten’ items assets are sent to the respective state where the issuing payer was domiciled at the time of payment or account opening.

You may also be the owner of real estate property or some other valuable asset. Someone might have left you some inheritance and you were never informed.

If you would like us to conduct a detailed search across several Abandoned Property databases to see if your name, or the name of any of people who are close to you, comes up, then contact us for more details.

4 Tips for reducing your 2022 tax bill

This year is quickly coming to an end. In less than three months we will be celebrating Christmas and then 2023 starts, and along with it, the 2022 Tax Year filing season.

The IRS is expected to announce the beginning of the 2022 Tax Year filing season. Usually, it occurs in the second or third week of January, with the deadline being April 15.

You are still in time to make a dent in the amount of taxes you will owe the IRS, or even reduce them totally and may even be entitled to a refund.

Read on to see what you can do.

TRADITIONAL IRA CONTRIBUTIONS

- Consider contributing to a Traditional IRA.
- The 2022 contribution limit is $6,000 ($7,000 if you are age 50 or older. Please see here for more information.
- Contributions you make to a traditional IRA may be fully or partially deductible, depending on your filing status and income, and generally, amounts in your traditional IRA (including earnings and gains) are not taxed until you take a distribution (withdrawal) from your IRA.

This can mean that you can deduct up to $14,000 ($7,000 for you and $7,000 for your spouse) from your Adjusted Gross Income on your 2022 tax return and save yourself the tax due on that amount ($14,000) which can amount to several hundred dollars, or even thousands, depending on your tax bracket.

You can find more information **here**.

CAPITAL GAIN LOSSES

2022 was a bad year for the stock market. If you have any type of investment related to the market, be it stocks, bonds, funds, etc., the chances are that you have steep losses.

If you expect to owe money to the IRS, you might want to consider selling some of your losing assets. You can claim up to $3,000 in **Capital Gain losses** and deduct this amount from your adjusted gross income. This can save you a few hundred dollars in what you owe to Uncle Sam.

If you have more than $3,000 in capital gains losses, you may carry over the amount over $3,000 and claim it in future years.

EARNED INCOME CREDIT

You might be eligible for a tax credit of almost $7,000, depending on your income, marital status and how the number of children you have.

This means that you will be getting a tax credit, which is a dollar-for-dollar reduction in your actual tax bill, as opposed to a tax deduction. The latter simply decreases how much of your income gets taxed.

If this Earned Income Credit reduces your tax bill below zero, the IRS will send you a refund, depending on the amount of the credit.

You can find more information **here**.

The November 2022 newsletter will be online on the 1st of the month.
