Bennett Associates Wealth Management

2024 Q2

Welcome Spring!

2nd Quarter Dates to Remember:

Individual Tax Returns Due	APR 15
Individual Tax Return Extension Due (Form 4868)	APR 15
1st Quarter Estimated Tax Payment Due	APR 15
Last Day to Make 2023 IRA Contribution	APR 15
Last Day to Make 2023 HSA Contribution	APR 15
Mother's Day	MAY 12
Memorial Day **(markets closed)**	MAY 27
2nd Quarter Estimated Tax Payment Due	JUN 17
Juneteenth **(markets closed)**	JUN 19
FAFSA Filing Deadline	JUN 30

These newsletter articles are authored and brought to you by

Bennett Associates Wealth Management.

Need More Time to File Your Taxes?

If you need more time to file your taxes, you're not alone. Millions of taxpayers request an extension each year, and so can you if you need more time to get everything together. Although this extra time may feel like a reprieve, remember you still need to pay what is due by the April 15th deadline. The extension is for filing your taxes but does not grant any extension of time to pay your taxes. If you estimate you'll owe taxes for last year, you'll need to submit an estimated payment to prevent late-payment fees and interest.

The fastest and easiest way to get an extension is through **IRS Free File** at IRS.gov. Regardless of income, taxpayers can electronically request an automatic filing extension using **Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return**. Filing this form gives you until October 15 to file your tax return. If October 15 falls on a Saturday, Sunday, or legal holiday, the due date is delayed until the next business day. To get the extension, you must estimate your tax liability on this form and should also pay any amount due.

You can also file an extension by submitting IRS Form 4868 with the IRS by mail. This must be done before the last day for filing taxes, so make sure it is postmarked by April 15th and get proof that you mailed it on time. Filing an extension gives you additional months to prepare your tax return, regardless of the reason you need the extra time.

If you work with a tax professional or a tax preparer, you can request that they file for an extension on your behalf. If you are planning to use tax software, most providers support filing Form 4868 for tax extensions.

You can pay online with a direct transfer from your bank account using Direct Pay; the Electronic Federal Tax Payment System; a digital wallet such as Click to Pay, PayPal, and Venmo; or a debit or credit card. You can also pay by phone using the Electronic Federal Tax Payment System or by debit or credit card. You'll receive a confirmation number when you pay online or by phone. If you use an electronic payment method and indicate the payment is for an extension, you can skip the paperwork altogether and will not need to file Form 4868. Your extension will be automatically processed when you pay part or all of your estimated income tax electronically.

Questions & Answers ...

Q: How can I avoid a penalty for underpaying my annual tax liability?

A: Common ways to avoid a penalty include the following:

- You owe no more than $1,000 in taxes at the end of the year
- You had no tax liability the previous year
- If adjusted gross income is under $150,000 for married filing jointly, or $75,000 for single, you're required to pay 90% of your total tax liability as calculated at the end of the year on your tax return, or 100% of what you paid in taxes in the prior year—whichever amount is lower
- If adjusted gross income is over $150,000 for married filing jointly, or $75,000 for single, you're required to pay 90% of the current year's tax bill or 110% of the previous year's tax bill—whichever amount is lower

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We're on the web!
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It All Begins With a Plan!

Our Services …

Retirement Planning

- *Retirement Goal Setting*
- *Cash Flow Analysis*
- *RMD and Withdrawal Strategies*
- *Roth Conversions*
- *Socials Security and Pension Analysis*

Investment Planning

- *Asset Allocation*
- *Withdrawal Strategies*
- *Account Consolidation*

Tax Planning

- *Tax Sensitive Investing*
- *Review of Realized and Unrealized Gains*
- *Tax Loss Harvesting*
- *Roth Conversion Opportunities*
- *Tax Return Review*

Trust & Estate Planning

- *Minimize Estate Taxes*
- *Analyze Trust Needs*
- *Analyze stepped up cost-basis for highly appreciated assets*

Assistance to Others

- *Charitable giving through Qualified Charitable Distributions (QCDs)*
- *Charitable giving of appreciated assets*
- *529 College Saving Plans*
- *Donor-Advised Funds*

Spring Cleaning: Consolidate Your Investments

If you have retirement savings and investment accounts scattered among a variety of financial institutions, it's time to "spring clean" by consolidating everything in one place. This is especially important to simplify your investments in retirement. Advantages of consolidating include:

1. **Diversification**: While some argue that having multiple advisors can help avoid having "all your eggs in one basket," the reality is that you could be duplicating exposure to certain asset classes thus adding more risk to your portfolio without you or any of your advisors knowing it.
2. **Planning**: Your investments should all be working toward the same goals. Having your assets in one place allows you to view the full picture and to align your investments with a long-term plan that meets your goals. In addition, required minimum distributions (RMDs) from retirement accounts can be a headache if you have multiple investment accounts. This is especially true if they're a mix of 401(k)s and IRAs, as you must calculate and take RMDs from each account separately. If the accounts are all IRAs, RMDs get calculated for each account but can be taken from one single account.
3. **Tax Planning**: Bringing retirement accounts and brokerage accounts together with a single advisor will make it easier to implement a tax-efficient investing strategy. For taxable accounts, tax-loss harvesting can be done on a holistic level. It will also be easier to efficiently plan IRA withdrawals or Roth conversions.
4. **Lower Fees**: Typically, most investment related fees decrease as your invested assets grow. If your accounts are spread over multiple institutions, you may be paying higher fees than if they were consolidated with one provider.

Reduce Adjusted Gross Income with Charitable Contributions

The standard deduction amount for 2024 is $29,200 for married filing jointly and $14,600 for single filers. Ever since higher standard deduction amounts began in 2018, fewer taxpayers have been able to itemize their deductions, which includes charitable contributions.

There is another option for charitable-minded IRA owners who are age 70 ½ or older. Using a Qualified Charitable Contribution (QCD) can get these taxpayers both the larger standard deduction and the tax benefit of giving to charity. The QCD allows charitable donations to be made through direct transfers from an IRA to the charity. By doing so, the IRA transfer is excluded from income. This is even better than a tax deduction because excluding the IRA income decreases adjusted gross income (AGI), whereas an itemized deduction only decreases taxable income.

For those subject to any Required Minimum Distributions (RMDs), the QCD counts toward satisfying any RMD not yet withdrawn, lowering the tax bill on that RMD. In fact, the QCD might allow more medical expenses to be deductible as an itemized deduction since the QCD lowers adjusted gross income and thus the threshold above which medical deduction can be made. Properly utilizing QCDs to make contributions that otherwise would have been made out of pocket can enhance your cashflow throughout the year. Talk to your financial planner if you are interested in taking advantage of this tax efficient option.

Investing involves risk, including the possible loss of a principal investment. Investment decisions made by Bennett Associates Wealth Management may result in a profit or a loss. Bennett Associates will act solely in our capacity as a registered investment adviser and does not provide any legal, accounting or tax advice. You should seek the counsel of a qualified accountant and/or attorney when necessary.