

As someone who is retired, what issues should I consider when reviewing my 2020 tax return?



Family and Filing Issues

- **Did you take the standard deduction of \$12,400 (single) or \$24,800 (MFJ) listed on Form 1040, Line 9?**
- **Are you recently divorced or has your spouse passed away recently?** If so, review your filing status (located at the top of Form 1040). Stimulus payment confusion.
- **Are you and/or your spouse age 65 or older (or are you or your spouse blind)?** If so, you are eligible for a higher standard deduction of \$1,300 for each married taxpayer and \$1,650 for unmarried taxpayers.
- **Review your balance due or refund and adjust payments/withholdings accordingly.** For most taxpayers, you must pay at least 90% of the tax due in the current year, or 100% of the tax due in the prior year, whichever is smaller.
 - **2020 Required Minimum Distributions suspended**

Investment Income Issues

- **Is any interest being reported (Form 1040, Line 2a and 2b) or are dividends being reported (Form 1040, Line 3a and 3b)?** If so, reference Schedule B to understand which accounts are generating the interest and whether the dividends are ordinary or qualified.
- **Is your MAGI above \$200,000 (single) or \$250,000 (MFJ), and you have significant Net Investment Income (calculated on Form 8960)?** If so, you may be subject to the Net Investment Income Tax of 3.8%. If your MAGI is close to the thresholds, consider reduction strategies to avoid this surtax.
- **Were there any capital gains (or losses) reported (Form 1040, Line 6)?** If so, see Schedule D, Line 13, for Capital Gain Distributions. See Schedule D, Line 6 and Line 14, for short-term and long-term loss carryovers, ensuring that they have been carried over from previous tax returns.

Qualified Plan Issues

- **Did you have a 2020 IRA distribution?** Make sure that it has been reported (Form 1040, Lines 4a and 4b).
- **Are you at least age 70 ½ and did you complete a Qualified Charitable Distribution?** If so, make sure it is properly reflected, with the amount excluded on Form 1040, Line 4b.

- **Have you ever made a non-deductible IRA contribution (Form 8606)?** If so, make sure the cost basis is being tracked properly.
- **Did you convert amounts from a traditional IRA to a Roth IRA?** If so, check Form 8606 to ensure that the amount converted is reported and any non-deductible IRA contributions which were converted are treated as non-taxable.

Other Issues

- **Did you have large medical expenses?** If so, review Schedule A, Line 1, to determine your medical expenses and your deduction limit. When calculating medical expenses remember to count Medicare premiums and long-term care premiums.
- **Are there state-specific issues that should be considered?** Some states offer tax benefits to retirees such as nontaxable Social Security and/or pensions.