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NEWSLETTER

FALL 2020

*reap financial
success this
harvest*

IT'S THE TIME OF THE SEASON

Spring might get all the attention when it comes to cleaning and taxes, but it's vital to revisit your finances in the fall as well. Before we all get swept away in holiday festivities, let's take a moment to revisit our financial goals and check our progress for the year as the season slows and the daylight decreases.

WITHIN THESE
PAGES:

02 *FINANCIAL
CHECKLIST*

03 *YEAR-END
TAX TIPS*

04 *ADJUST YOUR
FALL HABITS*

05 *BRAIN
EXERCISE*



FINANCIAL CHECKLIST

September 22nd was the first day of fall, and if you're like most people, you're ready for 2020 to be over. But with a few months left in the year (traditionally the most expensive ones) it's important to check in on your finances. These tips will help you maintain stability for the rest of 2020 and get you ready for another, hopefully better year.

Review your credit

An annual credit report review is a good idea any year, but it's crucial in 2020. Between forbearance and deferment programs and budget challenges caused by COVID shutdowns, you need to make sure that your credit report is accurate. The good news is that the three main U.S. credit bureaus (Experian, Equifax, TransUnion) have all agreed to provide consumers with free weekly reports through April 2021. When you review your reports, you want to look for any errors, such as missed payments that you either made on time or that were under deferment. Correcting them can give you a boost!

Revisit your budget

Expenses can change throughout the year, especially in fall. Now is the perfect time of year to review your budget. You should make sure all your expenses are accounted for, including new expenses you may have added since the last time you reviewed your budget. Analyze your actual spending vs. your expected spending. Evaluate if you can dedicate more money to saving or paying off debt.

DON'T FORGET TO

- *Make sure your debt payoff plan is on track*
- *Stop ignoring your retirement plans*
- *Get a head start on your taxes*
- *Check the progress of your financial goals*
- *Make sure your family and your assets are protected with insurance*

Start saving for the holidays

The winter holidays are the most expensive time of year for most families. This year spending is expected to be even higher as families try to make up for the doom and gloom of 2020. All of this can lead to increased credit card spending that you don't need. Instead, as you review your budget, see if you can find a few expenses that you can either cut or cut back.

There may be a few streaming services you can lose or some subscriptions that you need to cancel. If you aren't using something, cut it. Then use the money you save to increase your savings ahead of the holiday season.

YEAR-END TAX TIPS

1. Take some last-minute tax deductions

Just as you may want to defer income into next year, you may want to lower your tax bill by accelerating deductions this year. For example, contributing to charity is a great way to get a deduction.

2. Avoid the kiddie tax

Be careful if you plan to give a child stock to sell to pay college expenses. If the gain is too large and the child's unearned income exceeds \$2,200, you could end up paying taxes at the same rates as trusts and estates.

3. Beware of the Alternative Minimum Tax

Originally designed to make sure wealthy people could not use legal deductions to drive down their tax bill, the AMT is now increasingly affecting the middle class. This is a year-end issue because certain expenses that are deductible under the regular rules—and therefore candidates for accelerated payments—are not deductible under the AMT.

4. Contribute the maximum to retirement accounts

There may be no better investment than tax-deferred retirement accounts. They can grow to a substantial sum because they compound over time free of taxes. Try to increase your 401(k) contribution so that you are putting in the maximum amount of money allowed.

5. Defer your income

Whether you are employed or self-employed, you can also defer income by taking capital gains in 2021 instead of in 2020. Of course, it only makes sense to defer income if you think you will be in the same or a lower tax bracket next year.

6. Check IRA distributions

You must start making regular minimum distributions from your traditional IRA by the April 1 following the year in which you reach age 72 (70 1/2 if you reached 70 1/2 prior to January 1, 2020). However, minimum distribution requirements have been suspended for 2020.

7. Watch your flexible spending accounts

Flexible spending accounts, also called flex plans, are fringe benefits which many companies offer that let employees steer part of their pay into a special account which can then be tapped to pay child care or medical bills. The advantage is that money that goes into the account avoids both income and Social Security taxes. The catch is the notorious "use it or lose it" rule.

8. Sell loser investments to offset gains

A key year-end strategy is called "loss harvesting"—selling investments such as stocks and mutual funds to realize losses. You can then use those losses to offset any taxable gains you have realized during the year.



FALL INTO BETTER FINANCES

THERE ARE DOZENS OF WAYS TO FALL INTO BETTER FINANCES THIS YEAR, BUT THEY ALL REQUIRE SOME WORK ON YOUR PART. WITH A FEW SIMPLE CHANGES AND ENOUGH TIME, YOU COULD GET YOURSELF INTO BETTER FINANCIAL SHAPE THAN YOU THINK.



Hold the pumpkin spice everything — at least for a while. Fall is branded as the time to chug pumpkin spice lattes by the gallon, and the need for new hoodies and boots for the many, many campfires you'll attend. If you skipped buying a \$5 coffee each weekday, that's \$25 in weekly savings and at least \$100 per month. You don't have to freeze your spending forever, but taking a fall hiatus from extra purchases can help if you're falling behind on bills.

Track your spending. In addition to a freeze, you should consider tracking your spending for a while. Break out the last few months of bank statements and credit card bills to see where every dollar went. Then, tally up all your purchases in basic categories like food, entertainment and transportation. This is a great way to see how much you're spending each month. Trust us, what you find out may surprise you!

Start using a monthly budget. Keep in mind that your budget doesn't have to be restrictive — you can include anything you want in your plan each month. While there are budgeting strategies you can try, we love zero-sum budgeting before it forces you to give each dollar you earn "a job." You can create a simple zero-sum budget with just a pen and paper, so there's no excuse not to get started.

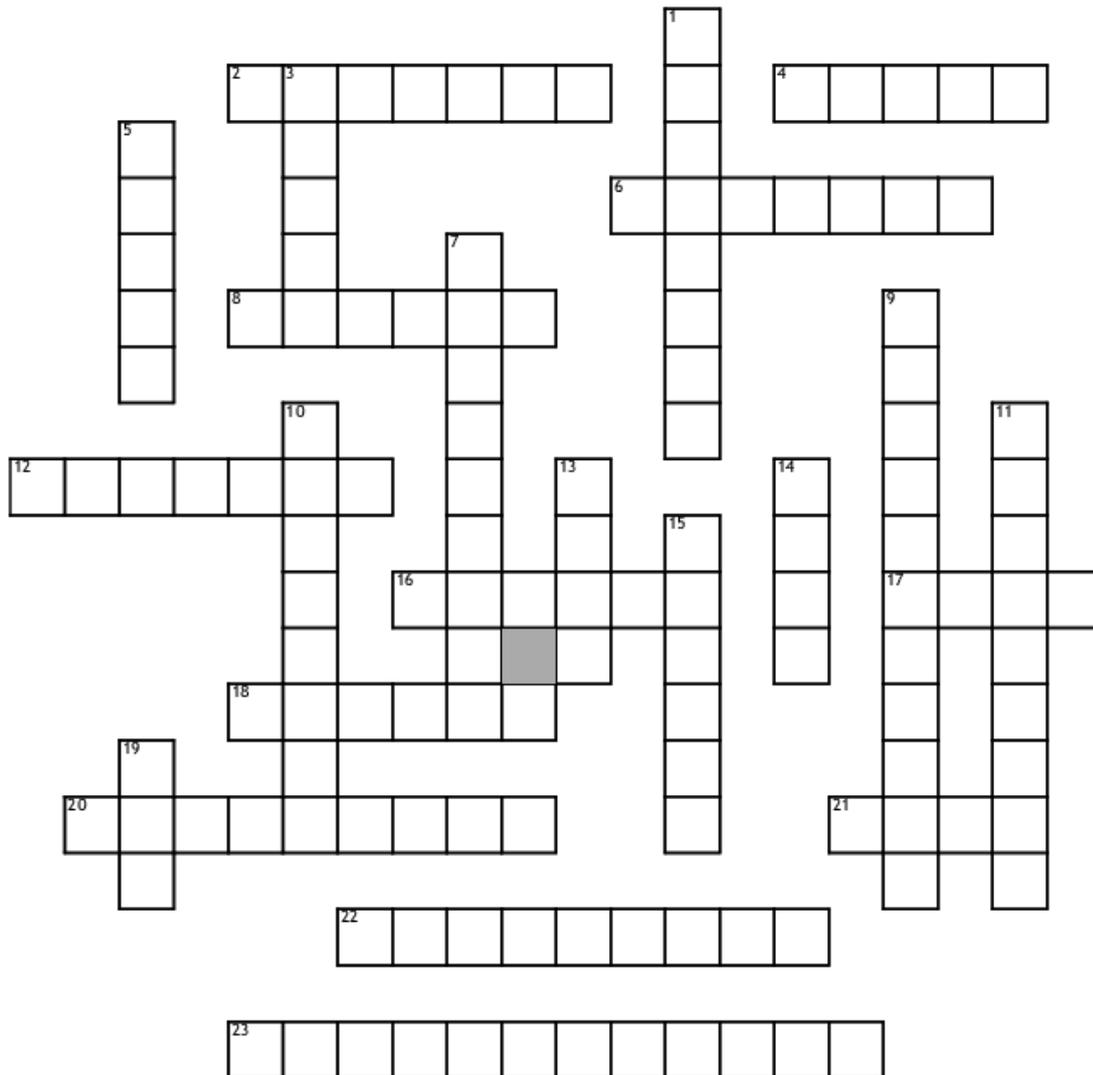
Build an emergency fund. A recent survey by the Federal Reserve revealed 40 percent of adults would be unable to cover a \$400 emergency expense — going without an emergency fund could get you into financial trouble. If you want to protect yourself from life's "what ifs," you should start by saving up \$1,000 as a starter fund — even if you can only save a little bit each payday. From there, strive to build an e-fund big enough to cover 3 to 6 months of expenses.

Boost your retirement contributions. While retirement may seem like forever away, the years may tick by faster than you think. If you want to be prepared, you should save as much as you can as often as you can. The easiest way to increase retirement contributions is to raise the percentage you contribute to a work-sponsored 401(k). If you don't have employer-sponsored retirement, take steps to increase your retirement savings on your own. And, whether you have workplace retirement or not, you can look into opening a traditional or Roth IRA.

Pay down debt. It's important to look at both sides when you're trying to build wealth: You need to save and invest, but you also need to limit your liabilities. Paying down debt is especially important if you have unsecured debt at high interest rates. Considering the average credit card APR is over 17%, you could save hundreds or even thousands of dollars per year by paying down high interest debt.

FALL MAY BE THE PERFECT TIME TO ASSESS YOUR FINANCES A FEW MONTHS BEFORE THE HOLIDAYS HIT.

AUTUMN WORDCROSS



Across

2. Gather a crop
4. Beverage served hot or cold
6. "Oh the days dwindle down to a precious few Sept. Nov..." Who is the singer?
8. Decorative corn
12. Spice Latte
16. Vegetable with many eyes
17. Another name for Autumn
18. Wide brim (pilgrim) hat
20. First month of autumn
21. Collection of paths with one entrance and one exit, sometimes in a cornfield
22. Something used in a field to ward off birds
23. Feast of Autumn 1621

Down

1. Nut hoarding animal
3. Nut from an oak tree
5. A tree with white, papery bark
7. Green bean
9. Busiest shopping day
10. A pine tree's seed protection
11. "All Saint's Eve" is also called this
13. To ___ through pages, or rather turn them quickly
14. How to get rid of a pile of leaves
15. Baby turkeys
19. Maple leaf color



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ANSWERS

Across

- 2. harvest
- 4. cider
- 6. Sinatra
- 8. Indian
- 12. pumpkin
- 16. potato
- 17. fall
- 18. cockel
- 20. September
- 21. maze
- 22. scarecrow
- 23. Thanksgiving

Down

- 1. squirrel
- 3. acorn
- 5. birch
- 7. casserole
- 9. black friday
- 10. pine cone
- 11. Halloween
- 13. leaf
- 14. burn
- 15. poults
- 19. red