

What's New for '20



January 1st marked the beginning of a new decade. It also marks the beginning of my 50th year of tax preparation/accounting service in Vermilion Parish. Over the past 49 years I was privileged to work for some of the nicest people in this community and have seen some great times and some bad times over this time span.

We Cajuns are a resilient group of folks that storms, economic depressions, and other calamities cannot keep down. Somehow, we pull together to overcome whatever life hurdles are thrown at us. That speaks well for our culture and the people that surround us.

I want all of you to know that Vermilion Parish residents have been very good to me for the past 49 years! My daughter, Pam, who herself is into her 30th year with our firm, has been a tremendous asset to me and has assumed much of the management duties of running our office.

I continue to work on being "Semi-Retired" by coming into the office after tax season, but only on an as needed basis. I must admit, I feel like the lonely Maytag repairman, but I like it.

During tax season, I continue to come in each day, but I cannot pull the long hours I use to pull. Father time has a way of doing this to you if you're fortunate to stay around long enough. In addition, last season I worked with Ms. Karmen Abshire Bodin to form a tag team with Karmen doing the data entry/interview part of the tax work. She would call me in to handle any unanswered questions our client may have. This afforded me an opportunity to still see the

many friends I serve which brings me great pleasure.

Karmen is a CPA and holds an MBA degree from UL. She has been one of our lead accountants for the last 5 years. Pam and I are extremely fortunate to retain the services of someone with these high qualifications. You, our customer, deserve nothing less.

Many of you have asked "Don, how much longer will you prepare taxes?" My answer has always been—forever. However, sometimes our "can do can't keep up with our want to", so now I tell everyone that the day is coming that I will be sitting up front with our receptionist, Roxie, and be a greeter to all of you.

When that day comes, I ask that you tolerate me if I don't remember your name, or what day of the week it might be, or what city I live in. I hope that day is in the far, far future.

That is why today I want to take the time to thank all of you for entrusting **FACTS-5** with your important tax preparation. Pam and I are always striving to find ways to make a very unpleasant chore - tax preparation - as easy and comfortable as possible. We are well aware that you have a choice and many of you have allowed me to provide that service for the past 49 years. How cool is that?



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By: Pam Trahan



It occurred to me, as I began writing my yearly newsletter article, that it's my work anniversary; **30 years** ago I began preparing tax returns, but it seems like only yesterday!

The year was 1990: I was a single mom with a baby girl, rocking "The Rachel" haircut, George H.W. Bush was President, Garth Brooks was dominating the country music charts, and I had just completed the toughest classes of my life—Dad's tax school. Tax school required me to read several chapters of tax law in one week, and at the end of that week, I would have to take an exam. Each exam had a minimum of 20 questions. Each question required a complete hand-calculated tax return along with a full-page handwritten essay explaining my answer and the impact it had on the return. The essay was graded on grammar, punctuation, vocabulary, and content with a strong emphasis on my ability to convey the law back to him in simple terms.

I never received a letter grade of an "A"; **D's, D's, D's**, every paper (although I did receive a B+ one time)! He was worse than Ms. Bennie Sue Hebert; he nitpicked everything!! I loathed him and his classes. It took me a few years to appreciate his darn **red** pen and those stupid essay questions. I came to realize what he was teaching me, beyond the tax law, was that clients will have questions about their taxes and it would be my obligation to explain to them how the law impacts their personal lives in a way that they can clearly understand.

Dad taught me how to ride a bike, how to tie my shoes, how to drive a car (that's another story), how to be a good person, and how to be a tax preparer. I thank him from the bottom of my heart for his steadfast years of shared wisdom, mentorship, and love.

And to you, my dear clients - **thank you** for your friendship and allowing me to prepare your taxes for all these years. I hope that you will continue to have confidence in my ability to serve you with the preparation of your taxes and answering your tax questions for many years to come. So let's raise a glass and say "Cheers to 30 years!"

New Form for 2020

Form 1040-SR is a new form for use by seniors. Taxpayers 65 or older will have the option to use this new form when they file their 2019 income taxes. Taxpayers do not need to file a tax return if you don't meet the filing requirements and aren't due a refund. If you have Self-Employment Income of \$400 or more then you will need to file a tax return, regardless of your total income. For all others, the following table shows your filing requirements:

Filing Status	Age	Minimum Income
Single	<65	\$12,200
	>65	\$13,850
Head of Household	<65	\$18,350
	>65	\$20,000
Married Jointly	<65	\$24,400
	1 >65	\$25,700
	2 >65	\$27,000
Married Separately	Any Age	\$5
Widow(er)	<65	\$24,400
	>65	\$25,700

2020 Tax News

IRA—RMD

The recently passed SECURE ACT has changed the mandatory date for IRA distributions. Under the old law, a person HAD TO begin withdrawing from their traditional IRA when they reached 70½ years old. This is called a "Required Minimum

Distribution" (RMD).



For 2020 and subsequent years that age requirement has been changed to 72. So if you turn 70½ at any time in 2020, **you do not need to worry about taking an RMD until the year you turn 72.**



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Can You Have Both a 401(k) and an IRA?

By: Pam Trahan

I recently asked a local Edward Jones agent, John Suire, what tax question was he most frequently asked. He said the #1 tax question was "Can I have a 401K and still make an IRA contribution?". The answer is YES. Is it tax-deductible?...maybe. Even if you participate in a 401(k) plan at work, you can still contribute to a Roth IRA and/or traditional IRA, as long as you meet the IRA's eligibility requirements. You might not be able to take a tax deduction for your traditional IRA contributions if you also have a 401(k), but that will not affect the amount you are allowed to contribute—up to \$6,000, or \$7,000 with a catch-up contribution, for 2019 & 2020.

It usually makes sense to contribute enough to your 401(k) account to get the maximum matching contribution from your employer. But after that, adding an IRA to your retirement mix can provide you with more investment options. A Roth IRA will also give you a source of tax-free income in retirement.

For a Traditional IRA

Contributions to a traditional IRA are often tax-deductible. But if you are covered by a 401(k) or any other employer-sponsored plan, your modified adjusted gross income (MAGI) will determine how much of your contribution you can deduct—if any.

For a Roth IRA

With Roth IRAs, which provide no up-front tax benefit, it doesn't matter whether you have an employer plan. How much you can contribute, or whether you can contribute at all, is based on your tax-filing status and your income for the year. The table below shows the current income thresholds:

KEY TAKEAWAYS

- Having a 401(k) account at work doesn't affect your eligibility to make IRA contributions.
- Whether your traditional IRA contributions are deductible, however, will depend on your income.
- Your income will also affect how much money, if any, you can put into a Roth IRA.

Roth IRA income and contribution limits for 2019 and 2020

Filing status	2019 MAGI	2020 MAGI	Maximum annual contribution
Single, head of household or married filing separately (if you didn't live with spouse during year)	Less than \$122,000	Less than \$124,000	\$6,000 (\$7,000 if 50 or older)
	\$122,000 up to \$137,000	\$124,000 up to \$139,000	Contribution is reduced
	\$137,000 or more	\$139,000 or more	No contribution allowed
Married filing jointly or qualifying widow(er)	Less than \$193,000	Less than \$196,000	\$6,000 (\$7,000 if 50 or older)
	\$193,000 up to \$203,000	\$196,000 up to \$206,000	Contribution is reduced
	\$203,000 or more	\$206,000 or more	No contribution allowed
Married filing separately (if you lived with spouse at any time during year)	Less than \$10,000	Less than \$10,000	Contribution is reduced
	\$10,000 or more	\$10,000 or more	No contribution allowed



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Top 10 Most Common Questions About Taxes

By: Pamela Trahan

1. **Is my Social Security income taxable?** The simplest answer is yes, Social Security is taxable. Whether or not you have to pay taxes on your Social Security benefits depends on your income level. If you have other sources of retirement income, such as a 401(k) or a part-time job, then you should expect to pay income taxes on your Social Security benefits. If your only source of income is Social Security checks, you probably won't pay taxes on your benefits.
2. **How long should I keep my tax records?** The IRS says you should hang onto your tax documents for three years; if you get audited, that's generally the look-back period they're allowed to cover. However, if they suspect fraud or underpayment of income tax, or if you've written off worthless securities, they can request up to seven years' worth of tax records. Hang on to the copies of your actual tax returns for life.
3. **What are the education expenses I can deduct for my child that is attending college?** Qualified education expenses are costs associated with a college education. This includes amounts paid for tuition, fees, school supplies, and other student costs. Items that cannot be expensed include room and board, insurance, medical expenses, transportation, non-credit courses, etc.
4. **What if I can't pay my tax bill right now?** You must pay your taxes by the due date, even if you are filing an extension application. If you cannot pay your taxes by this date, penalties and interest will be imposed. Don't think that by filing a short-term (120 day) extension that you are given more time to pay the balance that you owe; interest and penalties will still apply. You may be able to request an installment agreement payment plan. The IRS will automatically agree to an installment plan if you owe \$10,000 or less. (Other criteria may apply)
5. **Who can I claim as a dependent?** Your significant other is probably many things to you—but is he or she also a tax deduction? The question of who you can claim as a dependent has confused taxpayers for years. The short answer: You can claim a "qualifying child" or "qualifying relative" if they meet specific requirements related to residence, relationship to you, age, the financial support provided and income.
6. **What expenses can I deduct?**
 - **For individual taxpayers**, if you can itemize your deductions, the most common deductions are charitable contributions, home mortgage interest, state and local taxes, and medical expenses. However, there
7. **What are the tax implications if I**
 - are a few tax deductions that you can use regardless of whether you itemize or not. These are adjustments to income commonly referred to as above-the-line tax deductions. The most common above-the-line deductions are contributions to a tax-deferred retirement account, contributions to an HSA account, student loan interest, and if you're a teacher you can deduct up to \$250 for the classroom expenses that you paid for.
 - **For self-employed business owners**, the most common expenses that are deductible are office supplies, cost of goods sold, advertising and promotion, dues and subscriptions, licenses and permits, equipment, auto expenses, insurance costs, utilities, and telephone, etc. Business travel is also deductible, along with 50% of business meals...the list goes on. *Note that entertainment expense is no longer deductible.*

(Continued on page 5)

2020 Tax News

Some Early Filers Will See A Delay In their Refund

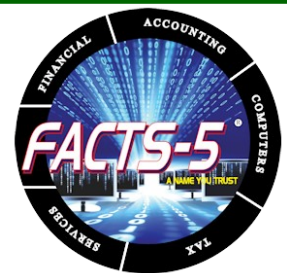
Congress passed a law last year that requires the IRS to HOLD all tax refunds that include the Earned Income Tax Credit (EITC) and Additional Child Tax Credit (ACTC) until February 15, 2020, regardless of how early the tax return was filed. So, if you file on the first day, you might still be waiting until February 15 for your refund.



The IRS released a note last year that people held up by this

delay shouldn't expect their refunds until the week of February 24, assuming there are no other problems with the tax returns. The goal of this is to cut down on fraud and give the IRS time to ensure no duplicate returns are filed. The trouble is, the IRS will hold your entire tax refund, not just the EITC or ACTC part.

When you get your refund, don't let it go to waste! Make sure you put it in a high yield savings account ASAP!



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Louisiana START and START K-12 Programs

By: Karmen Bodin, CPA, MBA



If you are looking for a great way to save for college, you may want to consider the Louisiana START program which is a Qualified Tuition Plan

under Section 529 of the Internal Revenue Code. This plan was designed to help families cope with the rising costs of education after high school. In the next 18-20 years, the estimated cost of an undergraduate degree from a Louisiana public university will be close to \$174,000. As an incentive to save, the State of Louisiana created an earnings enhancement feature which will annually match up to 14% of deposits made to the account during the tax year depending on the category of the account and your federal adjusted gross income. Contributions of up to \$2,400 per beneficiary for Single filers and



\$4,800 per beneficiary for Married Filing Jointly filers may be excluded from taxable income and any unused exclusion can be carried forward to future tax returns. Earnings from your START investment(s) are tax deferred until withdrawn. If the withdrawals are used to pay qualified higher education such as tuition, fees, books, supplies, equipment, room/board and expenses for special needs, then the earnings are tax exempt on both Federal and State levels. In 2018, the

State of Louisiana began its START K-12 program which allows you to save for tuition only expenses associated with any Louisiana school offering Kindergarten through 12th grade instruction. This program does not offer any deductibility of contributions from your taxable income; however,

the earnings remain tax free when withdrawn if used on qualified tuition expenses only. The funds in your START K-12 program can be rolled over to a START program once your child has graduated from high school but the funds in a START program cannot be rolled over into a START K-12 program. **One very important piece of information that you all should know is that these programs must be opened with the State of Louisiana to be considered eligible for any tax benefits.** Opening these accounts with any brokerage firm such as Edward Jones or LPL Financial will not qualify for the tax benefits. If you are interested in getting a head START with your child's education, please visit startsaving.la.gov for more information.

(Continued from page 4)

withdraw money early from my IRA or retirement account to pay bills or debt? In difficult economic times, many people start eyeing their retirement accounts to pay off bills or debt. While it is your money, you may be unaware of the impacts of withdrawing from your nest egg. Withdrawing money early from a retirement account comes with a 10 percent tax penalty if you withdraw your money before 59-1/2 in addition to the regular income tax on the amount withdrawn. There can be other consequences, too. The retirement money may also bump you into a

- higher tax bracket, which can result in the taxation of other income, such as social security, that you may have not been taxed on otherwise.
9. **What happens if I don't file or pay my taxes by April 15?** If you miss the April 15 due date you will be charged some late fees. The IRS charges two different kinds of late fees: failure-to-file and failure-to-pay penalties. A failure to file penalty is charged on returns filed after the due date or extended due date.
 10. **How can I get a bigger tax refund?** If you work for someone else — let's call it "the man" — then taxes are withheld from each of your paychecks. When you file your tax return you have a chance to claim

deductions and credits that lower your total taxable income. If you're lucky enough to lower it far enough, Uncle Sam will owe you some of that money they were withholding (as I commonly tell my clients, "your cookie jar money") during the year. That's called a refund! One way to get a bigger refund is to withhold more money from each paycheck (put more cookies in your jar). Keep in mind, though, that you could probably do smarter things with that money than lend it to the IRS. It won't return with any interest. Consider investing the extra income or using it to pay down debts.

- **How Can I Reduce The Risk of An Audit?** An audit can be a scary thing, which is why most taxpayers

would prefer to avoid one. The best advice we can offer is to always file on time, file accurate tax returns, and always be honest. If you are reporting all of your income and paying the correct amount, you should have nothing to worry about.

Now keep those questions coming and I'll keep answering them and learning which will make the ole man with the red pen happy.

New Mileage Rates

The standard mileage rate has been increased for 2019. The Standard Mileage Rate for your business miles is 58¢ for 2019. In 2020 your standard mileage rate will decrease to 57½¢. You will use these rates for all business related auto miles.

Did you know that you can also deduct miles for medical purposes? You can take a 20¢ per mile deduction for medical purposes—all medical purposes. This is the 2019 rate. To nail down this deduction, you need to maintain a **contemporaneous** log of all your miles driven. This means that you must log your miles as they occur. Yes, you should include odometer readings in your mileage log.

We can provide you with a log book to help you track your miles for the 2020 calendar year. Ask for one on your next visit.

College Financial Aid Planning

Individuals who want to attend college but cannot afford the costs outright must find alternative funding through various types of financial aid. Many factors affect eligibility for federal financial aid; therefore, all students should apply for financial aid every year even if they think they do not otherwise qualify.

- **FAFSA.** The Free Application for Federal Student Aid (FAFSA) is the first step in the financial aid process. Students use the FAFSA to apply for federal student aid, such as grants, loans, and work-study. The FAFSA must be submitted for each year the student wants financial aid.
Income tax return. If the student (or parents) needs to file an income tax return with the IRS, it is recommended that it is completed before filling out the FAFSA.
- **Expected Family Contribution.** The questions on the FAFSA are required to calculate the student's Expected Family Contribution (EFC). The EFC measures the student's family's financial strength and is used to determine the student's eligibility for federal student aid. The EFC is split between an expected amount contributed from the student (usually more) and an expected amount being contributed from the parents.
- **Student Aid Report.** A student's EFC will be listed on their Student Aid Report (SAR). The SAR summarizes the information submitted on the student's FAFSA.
- **Financial Need.** Financial need is the difference between the EFC and the college's cost of attendance (which can include living expenses), as determined by the college. The college will use the student's EFC to prepare a financial aid package to help meet financial need.
- **Need Analysis Formula.** To determine financial need, a need analysis formula measures the parents' and student's assets and income. Assets are measured as follows:
 - ◇ Assets in the student's name are assessed at a maximum rate of 20%, whereas parents' assets are assessed at a maximum rate of 12%.
 - ◇ The assets of other children are not considered by the need analysis formula.
 - ◇ Specific types of property (automobiles, computers, furniture, books, clothing and school supplies, boats, and appliances) do not count as assets.
 - ◇ Retirement funds and pensions are generally not considered assets.
 - ◇ Annuities and life insurance policies are generally not considered assets.
 - ◇ Small businesses owned and controlled by the student's family are excluded as assets. However, a partnership where the family owns 50% of the business is not excluded.
 - ◇ Consumer debt (such as a credit card balance) is not counted against assets and income.
 - ◇ Only debt secured by property (mortgage on home or business loan for equipment) is counted against assets and income.

What's New for 2020

A new **FORM W-4** has been released by the IRS for you to give to your employer for the withholding of Federal income taxes. This new form is designed to hit your tax withholding spot-on when prepared correctly. IRS has a tool on their website to assist you in the preparation of this important form. You no longer have the tool to adjust your withholding based on the number of dependents you have. It is intended to function so that next filing season your refund will be within a few dollars of what your true tax bill will be—plus or minus.

In past years, many of you have used your tax withholdings as a savings account and have come to expect a nice refund at year's end. We urge you to spend a few minutes with your tax preparer for advice on the consequences of your newly submitted W-4. If you can provide us with a copy, that would be a huge help. Remember, you can change your withholding at any time during the year by simply filing a new Form W-4 with your employer.

It might not be a bad idea to do this early in the year rather than later! A copy of Form W-4 is at the end of this newsletter.

2020 Tax News

Using your Administrative Assistant—It Works!

By Paige Abshire



As an administrative assistant, I have many rolls to play and juggle throughout the day. I am the middleman between you and your tax preparer. I make every effort to take an unpleasant situation, like paying taxes, and make it a comfortable task. Many times, your preparers are in client appointments and cannot promptly answer your questions. However, **communication is key** in our industry; therefore, I work diligently to build a bridge to timely connect you and your tax preparer. I spend my days helping our valued clients by answering questions via phone and email while also gathering all of your tax documents in preparation for your appointment.

It is my job to make your tax appointment go as smoothly as possible. Whether you have questions such as what tax documents to bring, whether or not to provide your medical receipts, how to prepare and mail vouchers and payments

to the IRS or the State, I am here to be your advisor and a helpful hand. Should you need to speak with a tax preparer during the season and he/she is not available, I can be **your assistant**, by obtaining the information that you need in a timely manner and conveying this to you. **FACTS-5** has a pipeline of support dedicated to serving your needs.

I am looking forward to my second season with **FACTS-5** and to seeing all of your smiling faces again. I will do my very best to help you with all of your needs. I can always be reached year round by email at paige@facts-5.com or by phone at 337-893-6798, extension 35. **Happy New Year!**



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THANK YOU!

By: **Karmen Bodin, CPA, MBA**

Last year, I was initially heartbroken to learn that Mr. Don Chauvin was beginning his slow exit into the wonderful world of retirement. This sadness quickly turned into excitement and happiness as I realized that after 49+ years of working on tax returns, he has earned and deserves to spend his retirement years relaxing with his Queen, Mrs. Janet!

With this retirement transition and due to the fact that for the past five years I have been working with many of Mr. Don's business clients, he devised a plan that would allow me to meet and establish trusting relationships with all of his clients during the tax season while still giving him time to "vay-yay" or "visit" with his friends.

The plan worked very well last season until I lost my father a few weeks prior to the end of the season. I did get to meet with many of you, though, and I sincerely thank you for making the transition easy for me and for trusting me with your accounts and tax return preparation. I am looking forward to seeing you all again this season to discuss your year and plan for 2020 while continuing to solidify your confidence in me as your tax preparer. It is a comfort to both you and me knowing that Mr. Don is still there to help us along the way.

LINK—Your Tool for Submitting Data to Us

By: **Cynthia Anderson**



I'm very excited to act as your client portal liaison this tax season. Our secure Client Portal is powered through *Intuit Link*. *Link* offers you an easy and safe way to upload documents to and from our

office using your smartphone, tablet, laptop, or computer. You may access your Client Portal at any time 24 hours a day 7 days a week!

Link's benefits:

- The most secure way to share your private information.
- The easiest way to know what information your preparer needs from you, to see what you've already shared and best of all, to know when you're

done.

- The fastest way to give us access to your tax data: by taking pictures of the documents with your phone or by uploading from your computer.
- Get quicker response from a live assistant during normal business hours.
- Year round access to current and prior year tax returns when you need them.

If you have any questions or need any assistance, just call or email me, Cynthia Anderson. That's what I'm here for. I am ready to assist you Monday through Friday from 9:00 to 5:00; cynthia@facts-5.com or call 337-893-6798 ext. 26.

FACTS-5 wants to help you to get rid of all those paper copies of your tax returns that just adds to the paper clutter in your lives. That's why this year, we are excited to announce that we will be providing you with a copy of your 2019 return on a **USB flash drive**. Digitally archiving your important tax records on a USB flash drive comes with many advantages:

- You will rid yourself of paper clutter and maximize your home office and storage space;
- You can search for specific tax years efficiently;
- You can backup electronic documents to multiple locations so that you can access them anytime, anywhere. And sharing your digital documents with family members, lawyers, and anyone else who needs them, is so much easier than photocopying or faxing;
- You are helping protect the environment by reducing waste;
- You will be preventing inappropriate access to your private information, which can occur when people gain access to unlocked record storage areas and file cabinets. All USB flash drives will be password-protected for your privacy and security.
- If you opted for a copy of a CD in a prior year, you will now have all of those years stored on this one device.

Our goal is to continue to refine our service through technology and offer convenient solutions to better serve you.

Information for people who receive Social Security benefits

Earnings limits		
Under federal law, people who are receiving Social Security benefits, and who have not reached full retirement age, are entitled to receive all of their benefits as long as their earnings are under the limits indicated below. For people born in 1943 through 1954, the full retirement age is 66. The full retirement age increases gradually each year until it reaches age 67 for people born in 1960 or later.		
	2019	2020
At full retirement age or older	No limit on earnings	No limit on earnings
Under full retirement age	\$17,640 For every \$2 over the limit, \$1 is withheld from benefits.	\$18,240 For every \$2 over the limit, \$1 is withheld from benefits.
In the year you reach full retirement age	\$46,920 For every \$3 over the limit, \$1 is withheld from benefits until the month you reach full retirement age.	\$48,600 For every \$3 over the limit, \$1 is withheld from benefits until the month you reach full retirement age.
Disability beneficiaries' earnings limits: If you work while receiving disability benefits, you must tell us about your earnings no matter how little you earn. You may have unlimited earnings during a trial work period of up to nine months (not necessarily in a row) and still receive full benefits. Once you have completed your nine-month trial work period, we will determine if you are still entitled to disability benefits. You also may be eligible for other work incentives to help you make the transition back to work.		
	2019	2020
Substantial Gainful Activity (non-blind)	\$1,220 per month	\$1,260 per month
Substantial Gainful Activity (blind)	\$2,040 per month	\$2,110 per month
Trial work period month	\$880 per month	\$910 per month



Can I file Married Filing Separate(MFS)?

By: Jimmie Adams



At the beginning of every tax season, the most common question I am asked is “My spouse and I are in the process of getting a divorce. Can I claim our children and file separate?” Let me start by saying that I’m a woman that loves everything about

love so it saddens me when I hear my friends are going through a divorce and you and your spouse, my tax clients, whom I consider my friends, are no exception. Divorce can be very stressful. Adding taxes to the mix will make you want to find a babysitter and go out for cocktails until you’re ready to “adult” again. Whose bright idea was it to grow up?

If you’re anything like me, I want the most bang for my buck and I want savings anyway I can get it and more money in my pocket, Legally of course! While there are a few advantages to MFS, in most cases, it’s not beneficial for either party. Not only will filing MFS cause you to lose several

tax benefits, but you will both be taxed at a higher rate. On a joint tax return the taxable income belongs to you and your spouse as a whole. Taking into consideration that Louisiana is a community property state, half of your spouse’s taxable income is yours and vice versa. For example, if your spouse’s taxable income is \$60,000 and yours is \$15,000 the combined total is \$75,000. Half is \$37,500 and will be reported on your return as well as your spouse’s tax return. There are a number of reasons why the MFS status is seldom chosen by couples. The biggest reason is the forfeiture of a number of major tax credits and deductions that are available to those who file jointly, such as:

- Earned income credit
- Child tax credit
- Child and dependent care credit
- Elderly and disabled credit
- All deductions and credits of every kind relating to education, such as the American Opportunity and Lifetime Learning Credits, student loan

interest deduction and tuition and fees deduction

- Adjusted gross income (AGI) phase-out threshold of \$0-\$10,000 for traditional IRA deductibility
- Both spouses must choose the same method of recording deductions, even if one of them would do better making the opposite choice. If one spouse decides to itemize deductions, then the other spouse **must** do so as well, even if their itemized deductions are less than the standard deduction. If one spouse has itemized deductions of \$20,000 and the other has only \$2,500, the second spouse must claim that \$2,500 rather than the larger standard deduction.

As you can see, like divorce, taxes can be very complicated. Married Filing Separate is certainly not a one size fits all. There are many factors to consider. So don’t stress! **FACTS-5** is here to help you make the wise choice!

Check List

By: Pam Trahan

Not sure what items you need to prepare your 2019 tax return? Use the tax checklist below to find the documents and forms you’ll need to get started.

Personal Information

Your social security number or tax ID number & drivers license
Your spouse’s full name and social security number or tax ID number & drivers license

Dependent(s) Information

Dates of birth and social security numbers or tax ID numbers
Childcare records (including the provider’s tax ID number) if applicable
Income of other adults in your home
Form 8332 showing that the child’s custodial parent is releasing their right to claim a child to you, the noncustodial parent (if applicable)

Sources of Income

Employed
Forms W-2
Unemployed
Unemployment, state tax refund (1099-G)

Self-Employed

Forms 1099, Schedules K-1, income records to verify amounts not reported on 1099s

Records of all expenses — check registers or credit card statements, and receipts

Business-use asset information (cost, date placed in service, etc.) for depreciation

Office in home information, if applicable

Record of estimated tax payments made (Form 1040-ES)

Rental Income

Records of income and expenses
Rental asset information (cost, date placed in service, etc.) for depreciation
Record of estimated tax payments made (Form 1040-ES)

Retirement Income

Pension/IRA/annuity income (1099-R)
Traditional IRA basis (i.e., amounts you contributed to the IRA that were already taxed)
Social security/RRB income (1099-SSA, RRB-1099)

Savings & Investments or Dividends

Interest, dividend income (1099-INT, 1099-OID, 1099-DIV)
Income from sales of stock or other property (1099-B, 1099-S)
Dates of acquisition and records of your cost or other basis in property you sold (if basis is not reported on 1099-B)

Health Savings Account and long-term care reimbursements (1099-SA or 1099-LTC)

Expenses related to your investments

Record of estimated tax payments made (Form 1040-ES)

Other Income & Losses

Gambling income (W-2G or records showing income, as well as expense records)

Jury duty records

Hobby income and expenses

Prizes and awards

Trusts

Royalty Income 1099-Misc.

Any other 1099s received

Types of Deductions

Home Ownership

Forms 1098 or other mortgage interest statements

Real estate and personal property tax records

Receipts for energy-saving home improvements (e.g., solar panels, solar water heater)

All other 1098 series forms

Charitable Donations

Cash amounts donated to houses of worship, schools, other charitable organizations

Records of non-cash charitable donations

Amounts of miles driven for charitable or medical purposes

Medical Expenses

Amounts paid for healthcare insurance and to doctors, dentists, hospitals, prescriptions, medical equipment, lab fees, medical miles, etc.

Health Insurance

Form 1095-A if you enrolled in an insurance plan through the Marketplace (Exchange)

Childcare Expenses

Fees paid to a licensed day care center or family day care for care of an infant or preschooler

Wages paid to a baby-sitter

Don’t include expenses paid through a flexible spending account at work

Educational Expenses

Forms 1098-T from educational institutions

Receipts that itemize qualified educational expenses

Records of any scholarships or fellowships you received

Form 1098-E if you paid student loan interest

K-12 Educator Expenses

Receipts for classroom expenses (for educators in grades K-12)

State & Local Taxes

Amount of state/local income tax paid (other than wage withholding), or amount of state and local sales tax paid

Invoice showing amount of vehicle sales tax paid

Retirement & Other Savings

Form 5498-SA showing HSA contributions

Form 5498 showing IRA contributions

All other 5498 series forms (5498-QA, 5498-ESA)

Federally Declared Disaster

City/county you lived/worked/had property in

Records to support property losses (appraisal, cleanup costs, etc.)

Records of rebuilding/repair costs

Insurance reimbursements/claims to be paid

FEMA assistance information



ITEMIZED DEDUCTIONS WORKSHEET

TAX YEAR 2019

Name: _____

S/S # _____

MEDICAL EXPENSE:

Drug Store _____
 Drug Store _____
 Drug Store _____
 Drug Store _____

HOSPITAL INSURANCE:

Self Financed Health Insurance _____
 Group Hospital Insurance Premiums _____
 Group Hospital Insurance Premiums _____
 Medicare Part B Premium _____

DOCTORS:

Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____
 Dr: _____

HOSPITALS:

NURSE CARE:

OTHER MEDICAL:

Hearing Aids _____
 Dentures _____
 Eyeglasses _____
 Ambulance Service _____
 Lodging Expense for Medical Care _____
 Medical Miles:
 Jan 1 thru Dec 30 _____ @ 20¢ P/Mile _____
 Other Medical Expenses: _____
 Crutches & Wheel Chair Rental/Expense _____

Total Medical Expenses

TAXES:

State Income Taxes W/H (Current Year) _____
 State Income Tax Paid on Prior Yr. Tax Return _____
 Sales Tax _____
 Property Taxes _____
 Personal Property Tax _____

Total Taxes

INTEREST EXPENSE:

Home Mortgage _____
 Second Mortgage _____
 Second Home _____
 Investment Interest Expense _____
Total Interest Expense _____

CASH CONTRIBUTIONS:

Church _____
 Church _____
 Muscular Dystrophy _____
 Cancer Fund _____
 St. Jude _____
 United Way _____
 Various Missions _____
 Misc. Contributions _____
 Charity Miles _____ @ 14¢ P/Mile _____
Total Cash Contributions _____

CONTRIBUTIONS OTHER:

To: _____
 What? _____
 To: _____
 What? _____
Total Non-Cash Contributions _____

CASUALTY LOSSES

(Only Federally declared disasters are allowable in 2018)

OTHER DEDUCTIONS:

(Not Subject to 2% Floor)
 Gambling Losses (Limited to winnings only) _____
 Impairment-related Work Exp F/Handicapped _____
 Adjustments under a Claim of Right _____
 Other _____
Total Deductions Not Subject 2% Floor _____

Total Itemized Deductions _____

NOTE: Effective 1/1/2018 you no longer can deduct your auto expense, hotel and food expense, safety clothing and equipment expense, union dues, investment expenses, tax preparation fees, safe deposit box rental, IRA custodial fees, uniform expense, telephone expense, and many more items. Talk with your tax preparer for more information.



2019

1040 - INDIVIDUAL TAX RETURN ENGAGEMENT LETTER

Dear Valued Client

Thank you for selecting **FACTS-5** to assist you with your tax affairs. This letter confirms the terms of our engagement with you and the nature and extent of services we will provide.

We will prepare your 2019 federal and all state income tax returns you request using information you provide to us. We may ask for clarification of some items, but we will not audit or otherwise verify the data you submit. Upon your request, we will provide an "Organizer" which may help you gather the information required for a complete return. If you use the Organizer, it will help you avoid overlooking important information and contribute to efficient preparation of your returns. This helps keep the cost of our services as low as possible.

It is your responsibility to provide information required for preparation of complete and accurate returns. You should keep all documents, canceled checks and other data that support your reported income and deductions for a period of 5 years. They may be necessary to prove accuracy and completeness of the returns to a taxing authority. You are responsible for the accuracy of your returns, so you should review them carefully before signing.

Our work will not include any procedures to discover defalcations or other irregularities. The only accounting or analysis work we will do is that which is necessary for preparation of your income tax returns.

We must use our judgment in resolving questions where the tax law is unclear, or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. In order to avoid penalties, we will apply the "more likely than not" reliance standard to resolve such issues. You agree to honor our decisions regarding the need to make protective disclosures in your returns.

Penalties of as much as \$100,000 can be imposed on you for failing to disclose participation in "reportable transactions," that is, certain arrangements the IRS has identified as potentially abusive. We will insist that all such transactions be properly disclosed to us for further disclosure to the IRS.

The law also imposes penalties when taxpayers understate their tax liability. If you have concerns about such penalties, please call us.

Your returns may be selected for audit by a taxing authority. Any proposed adjustments are subject to appeal. In the event of a tax examination, we can arrange to be available to represent you. Such representation will be a separate engagement for which an engagement letter will be provided to you. Fees and expenses for defending the returns will be invoiced in accordance with terms we agree on for that engagement.


Our fee for preparation of your tax returns will be based on the amount of time required at standard billing rates plus out-of-pocket expenses. All invoices are due and payable prior to electronic filing of your return or presentation to you for mailing. To the extent permitted by state law, a \$35 fee will be charged for any NSF check return to us by your bank.

We will retain electronic copies of records you supplied to us along with our work papers for your engagement for a period of five years. After five years our electronic records will be destroyed. All of your original records will be returned to you with your copy of your returns. You should keep the original records in secure storage.

To affirm that this letter correctly summarizes your understanding of the arrangements for this work, please sign the enclosed copy of this letter in the space indicated and return it to us in the envelope provided.

We appreciate your confidence in us. Please call if you have questions.

Sincerely,

FACTS-5 
PAMELA C. TRAHAN, PRESIDENT
AZCO, INC. (d/b/a **FACTS-5**)



(Both husband and wife must sign for preparation of joint returns)

Taxpayer Signature: _____

Spouse Signature: _____

Date Signed: _____

Taxpayer Printed Name: _____

Spouse Printed Name: _____

Taxpayer SSN: _____

Spouse SSN: _____

Please sign where provided. Bring these signed sheets with you on your scheduled appointment date

FACTS-5

Consent for Use of Form 1040 Information

Federal law requires that this consent form be provided to you. Unless authorized by law, we cannot use, without your consent, your tax return information for purposes other than the preparation and filing of your tax return.

You are not required to complete this form. If we obtain your signature on this form by conditioning our services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

Duration of Consent: One Year from this date Other _____
(Check one)

I, _____, authorize **FACTS-5** to use any and all information having to do with my 2019 Tax Return for the purpose of:

- Investment advice to be given.
- Estate planning advice to be rendered.
- Electronic Filing of my 2019 Tax Return to a 3rd Party, Intuit, Inc. d/b/a ProSeries.
- Retirement planning advice.
- Social Security planning.
- Calling me to make an appointment or remind me of an appointment.
- Sending newsletters, birthday cards, etc.
- Text message me with tax alerts or information regarding my tax return.
- Acquisition and disposal information of stock, bonds and other assets with my financial advisor.
- General current and future tax advice.

(Cross through any not authorized)

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.

Taxpayer Signature: _____

Date: ____/____/____

Spouse Signature: _____

Date: ____/____/____



For a jointly filed tax return, BOTH taxpayers' signatures are required.

Please make a copy of this signed form and return the original to this office at:
118 LeBlanc Street, Abbeville, Louisiana 70510
Or mail to: P.O. Box 698, Abbeville, LA 70511-0698.
Or scan and email this document to: cynthia@facts-5.com.

Noncash Charitable Contributions—Fair Market Value Guide

Men's Clothing

Accessories	\$2 – \$8
Belts/leather	\$5 – \$15
Belts/not leather	\$2 – \$6
Boots	\$6 – \$18
Coats	\$15 – \$60
Jackets	\$8 – \$25
Jeans	\$4 – \$21
Shirts	\$3 – \$12
Shoes	\$4 – \$25
Shorts	\$4 – \$10
Ski suit	\$14 – \$20
Slacks	\$5 – \$12
Sleepwear	\$2 – \$10
Suits	\$15 – \$40
Sweat clothes	\$2 – \$12
Sweaters	\$5 – \$15
Swimwear	\$4 – \$12
T-shirts	\$1 – \$6
Ties	\$1 – \$5
Tuxedo	\$10 – \$60
Wallets	\$2 – \$6

Women's Clothing

Belts/leather	\$5 – \$15
Belts/not leather	\$2 – \$6
Boots	\$6 – \$18
Coats	\$7 – \$40
Dresses/evening wear	\$10 – \$60
Dresses/everyday	\$4 – \$20
Hospital wear	\$3 – \$5
Intimate apparel	\$3 – \$8
Jeans	\$4 – \$21
Purses	\$3 – \$20
Shirts/blouses	\$2 – \$12
Shoes	\$4 – \$25
Shorts	\$1 – \$9
Skirts	\$3 – \$12
Slacks	\$3 – \$12
Sleepwear	\$4 – \$12
Suits	\$5 – \$30
Sweat clothes	\$2 – \$12
Sweaters	\$5 – \$20
Swimwear	\$4 – \$12
Tanks	\$1 – \$6
T-shirts	\$1 – \$6
Vests	\$3 – \$9
Wedding dress	\$25 – \$60

Children's Clothing

Belts/leather	\$3 – \$9
Belts/not leather	\$1 – \$2
Coats	\$5 – \$20
Dresses	\$2 – \$6
Jeans	\$3 – \$10
Pants	\$2 – \$12
Shirts	\$2 – \$6
Shoes	\$2 – \$8
Shorts	\$1 – \$6
Skirts	\$1 – \$6

Sleepwear	\$1 – \$6
Sweat clothes	\$1 – \$6
Sweaters	\$1 – \$6
Swimsuit	\$1 – \$6
T-shirts	\$1 – \$3
Vests	\$1 – \$3

Infants

0–4T	\$3 – \$5
Baby clothes	\$1 – \$15
Coat to 4T	\$5 – \$8

Electrical Items

Calculator	\$5 – \$15
Camera	\$20 – \$200
Coffee maker	\$4 – \$15
Curling iron	\$2 – \$5
DVD player	\$8 – \$15
Lamps/floor	\$5 – \$30
Lamps/table	\$4 – \$12
Phone	\$5 – \$50
Radio	\$5 – \$20
Small appliances	\$2 – \$8
Stereo system	\$15 – \$75
Television	\$60 – \$170
Vacuum cleaner	\$15 – \$65
VCR	\$8 – \$15

Computers

Monitors	\$5 – \$50
Printers	\$5 – \$150
Systems	\$100 – \$400

Kitchen Items

Baking pans	\$1 – \$3
Gadgets	\$1 – \$2
Glasses/mugs ¹	\$1 – \$2
Plates	\$1 – \$3
Pots and pans	\$1 – \$3

Sporting Goods

Bicycles	\$12 – \$60
Exercise equipment	\$5 – \$200
Fishing rods	\$5 – \$25
Golf clubs	\$2 – \$25
Skates	\$3 – \$15
Skis	\$5 – \$50
Sled	\$5 – \$15
Tennis rackets	\$3 – \$10
Tricycles	\$5 – \$20
Wagon	\$5 – \$40

Furniture

Bed/complete (double)	\$50 – \$170
Bed/complete (single)	\$35 – \$100
Bedroom set (complete)	\$250 – \$1,000
Chairs	\$5 – \$15
Chest	\$25 – \$95
China cabinet	\$85 – \$300
Coffee tables	\$15 – \$65

Crib with mattress	\$25 – \$100
Desks	\$25 – \$140
Dining room set (complete)	\$150 – \$900
Dressers	\$25 – \$100
End tables	\$5 – \$20
High chair	\$10 – \$50
Kitchen set	\$35 – \$150
Mattress/box spring	\$10 – \$50
Play pen	\$4 – \$30
Recliners	\$30 – \$50
Sofa	\$30 – \$200
Wardrobe	\$20 – \$100
Wooden trunk	\$5 – \$70

Textiles

Bath towel	\$2 – \$6
Bedspreads	\$8 – \$24
Blankets	\$2 – \$15
Curtains	\$2 – \$12
Dish towel	\$1 – \$2
Drapes	\$7 – \$30
Mattress pads	\$2 – \$8
Pillows	\$2 – \$8
Quilts	\$8 – \$24
Rugs	\$3 – \$10
Sheets	\$2 – \$8
Tablecloth	\$3 – \$5
Throw rugs	\$3 – \$12
Towels	\$2 – \$6

Books, Records, Etc.

CDs	\$2 – \$5
DVDs	\$2 – \$5
Hard cover books	\$1 – \$3
Paperback books	\$1 – \$2
Records	\$1 – \$2

Toys, Games

Puzzles	\$1 – \$2
Board games	\$1 – \$3
Stuffed animals	\$1 – \$2

Appliances

Air conditioner	\$20 – \$90
Dryer	\$45 – \$90
Fan	\$3 – \$25
Gas stove	\$50 – \$125
Heaters	\$8 – \$22
Iron	\$3 – \$10
Microwave	\$10 – \$50
Refrigerator	\$75 – \$250
Toaster	\$4 – \$12
Washing machine	\$40 – \$150

Miscellaneous

Lawn mower	\$25 – \$100
Luggage	\$5 – \$15
Organ/Piano	\$50 – \$200
Pictures	\$2 – \$10
Riding mower	\$50 – \$300

Note: The price ranges shown represent a compilation based on valuation guides published by various charitable organizations. The taxpayer is responsible for establishing actual value of items donated.

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Employee's Withholding Certificate

Department of the Treasury
Internal Revenue Service

▶ **Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.**
▶ **Give Form W-4 to your employer.**
▶ **Your withholding is subject to review by the IRS.**

2020

Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number
	Address		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly (or Qualifying widow(er)) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual)		

Complete Steps 2-4 **ONLY** if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the online estimator, and privacy.

**Step 2:
Multiple Jobs
or Spouse
Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3-4); or

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; or

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld ▶

TIP: To be accurate, submit a 2020 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

Complete Steps 3-4(b) on Form W-4 for only **ONE** of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents	If your income will be \$200,000 or less (\$400,000 or less if married filing jointly):		
	Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$		
	Multiply the number of other dependents by \$500 ▶ \$		
	Add the amounts above and enter the total here	3	\$
Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	4(a)	\$
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b)	\$
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$

Step 5: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
	▶ _____ Employee's signature (This form is not valid unless you sign it.)		▶ _____ Date

Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)

Document Retention Suggestion

BUSINESS

Accounting Records	Retention Period
Accounts payable.....	7 years
Accounts receivable.....	7 years
Audit reports.....	Permanent
Chart of accounts.....	Permanent
Depreciation schedules.....	Permanent
Expense records.....	7 years
Financial statements (annual).....	Permanent
Fixed asset purchases.....	Permanent
General ledger.....	Permanent
Inventory records.....	7 years ¹
Loan payment schedules.....	7 years
Purchase orders (1 copy).....	7 years
Sales records.....	7 years
Tax returns.....	Permanent

Bank Records	Retention Period
Bank reconciliations.....	2 years
Bank statements.....	7 years
Cancelled checks.....	7 years ²
Electronic payment records.....	7 years

Corporate Records	Retention Period
Board minutes.....	Permanent
Bylaws.....	Permanent
Business licenses.....	Permanent
Contracts—major.....	Permanent
Contracts—minor.....	Life + 4 years
Insurance policies.....	Life + 3 years ³
Leases/mortgages.....	Permanent
Patents/trademarks.....	Permanent
Shareholder records.....	Permanent
Stock registers.....	Permanent
Stock transactions.....	Permanent

Employee Records	Retention Period
Benefit plans.....	Permanent
Employee files (ex-employees).....	7 years ⁴
Employment applications.....	3 years
Employment taxes.....	7 years
Payroll records.....	7 years
Pension/profit sharing plans.....	Permanent

Real Property Records	Retention Period
Construction records.....	Permanent
Leasehold improvements.....	Permanent
Lease payment records.....	Life + 4 years
Real estate purchases.....	Permanent

¹Permanent for LIFO system.

²Permanent for real estate purchases.

³Check with your agent. Liability for prior years can vary.

⁴Or statute of limitations for employee lawsuits.

Tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income. It is wise to keep tax records at least seven years after a return is filed. Requirements for records kept electronically are the same as for paper records.

Generally, follow these recommended periods for various documents:

Individual Records	Retention Period
Tax returns (uncomplicated).....	7 years
Tax returns (all others).....	Permanent
W-2s.....	7 years
1099s.....	7 years
Cancelled checks supporting tax deductions.....	7 years
Bank deposit slips.....	7 years
Bank statements.....	7 years
Charitable contribution documentation.....	7 years
Credit card statements.....	7 years
Receipts, diaries, logs pertaining to tax return.....	7 years
Investment purchase and sales slip.....	Ownership period + 7 years
Dividend reinvestment Records.....	Ownership period + 7 years
Year-end brokerage statements.....	Ownership period + 7 years
Mutual fund annual statements.....	Ownership period + 7 years
Investment property purchase documents.....	Ownership period + 7 years
Home purchase documents.....	Ownership period + 7 years
Home improvement receipts and cancelled Checks.....	Ownership period + 7 years
Home repair receipts and cancelled checks.....	Warranty period for item
Retirement plan annual reports.....	Permanent
IRA annual reports.....	Permanent
IRA nondeductible contributions Form 8606.....	Permanent
Insurance policies.....	Life of policy + 3 years ¹
Divorce documents.....	Permanent
Loans.....	Term of loan + 7 years
Estate planning documents.....	Permanent

¹ Check with your agent. Liability for prior years can vary.

Information for people who receive Supplemental Security Income (SSI)

Monthly federal SSI payment (maximum)		
	2019	2020
Individual	\$771	\$783
Couple	\$1,157	\$1,175
Monthly income limits		
	2019	2020
Individual whose income is only from wages	\$1,627	\$1,651
Individual whose income is not from wages	\$791	\$803
Couple whose income is only from wages	\$2,399	\$2,435
Couple whose income is not from wages	\$1,177	\$1,195

NOTE: If you have income, your monthly benefit generally will be lower than the maximum federal SSI payment. Remember, you must report all of your income to us. Some states add money to the federal SSI payment. If you live in one of these states, you may qualify for a higher payment. Your income can be greater than the limits indicated and you still may qualify.

Information for people on Medicare

Most Medicare costs are increasing this year to keep up with the rise in health care costs.		
	2019	2020
Hospital Insurance (Part A)		
For first 60 days in a hospital, patient pays	\$1,364	\$1,408
For 61st through 90th days in a hospital, patient pays	\$341 per day	\$352 per day
Beyond 90 days in a hospital, patient pays (for up to 60 more days)	\$682 per day	\$704 per day
For first 20 days in a skilled nursing facility, patient pays	\$0	\$0
For 21st through 100th days in a skilled nursing facility, patient pays	\$170.50 per day	\$176 per day
Part A Premium Buy-In: The amount of the premium you pay to buy Medicare Part A depends on the number of Social Security credits you have earned. If you have:		
40 credits	\$0	\$0
30-39 credits	\$240 per month	\$252 per month
less than 30 credits	\$437 per month	\$458 per month
Medical Insurance (Part B)		
	2019	2020
Premium	\$135.50 per month	\$144.60 per month**
Deductible	\$185 per year	\$198 per year
After the patient has paid the deductible, Part B pays for 80 percent of covered services.		

NOTE: If you get Medicare and your income is low, your state may pay your Medicare premiums and, in some cases, your deductibles and other out-of-pocket medical expenses. Contact your local medical assistance (Medicaid) agency, social services or welfare office for more information.

**Standard monthly premium is \$144.60. Some people with higher incomes pay higher premiums.



Securing today
and tomorrow

Social Security Administration
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