YOUR Money AND Family Today
AMERICA'S TAX SOLUTIONS™ NEWSLETTER
MARCH 2015

TAX SEASON IS IN FULL BLOOM

Tax season is here and Americans need to be aware that new health care laws bring change to IRS tax forms. This year, new forms and some changes related to the Patient Protection and Affordable Care Act have been introduced. In addition to new lines you may see on Forms 1040, 1040A and 1040 EZ related to health care law, new tax forms have been created that some people will need to include with their tax returns.

- Form 8962: Premium tax credit - health insurance coverage purchased through an Exchange (Marketplace)
- Form 8965: Report or claim a health care coverage exemptions
- Form 1095-A: Health insurance marketplace statement (issued by the Exchange)
- Form 1095-B: Health coverage (issued by insurance provider)
- Form 1095-C: Employer provided health insurance coverage (issued by employer)

Be sure to make an appointment with your personal CPA or tax professional for answers to questions you may have – he/she can help determine which health care related forms may apply to you.

Are You Missing Out on Tax Deductions?

Even with the most careful do-it-yourself tax return attempts, deductions can be missed. Everyone's situation is different so the availability of deductions will vary, but here are some common tax deductions many Americans miss out on:

- Job Search Costs
- Refinancing Points
- Charitable Contributions
- Prior State Tax Liability
- IRD Estate Tax
- State Sales Tax
- Student Loan Interest
- Moving Expenses

If you are tired of doing the work yourself or are concerned you are missing out on deductions, a CPA or tax professional can help you. What makes them an even more valuable resource is their ability to help you implement effective tax planning strategies throughout the year, not just during tax season!

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Prohibited Transactions and IRAs

Prohibited transactions can trigger dire tax consequences with respect to your IRA funds. If you fail to follow the rules set forth by the IRS, your IRA assets may be subject to additional taxes and penalties. You also risk the possibility that the entire IRA may be deemed disqualified and immediately taxable! Be careful not to offset the tax advantages of your retirement savings by engaging in a prohibited transaction.

A prohibited transaction is any improper use of your traditional IRA funds or annuity by a disqualified person. Disqualified persons include the IRA owner, the owner's spouse, the owner's lineal descendants (and their spouses), IRA beneficiaries and any IRA fiduciary.

An IRA fiduciary includes anyone who exercises discretionary authority or discretionary control in managing or disposing of the IRA assets, anyone paid a fee to provide investment advice to the IRA (or has the authority or responsibility to) and anyone with discretionary authority or discretionary responsibility in administering the IRA.

Here are a few common examples of traditional IRA prohibited transactions:

- Using an IRA as collateral for a loan
- Using IRA funds to purchase property for personal use
- Receiving unreasonable compensation for managing the IRA
- Borrowing money from the IRA
- Selling property to the IRA

Inherited IRAs: Non-Spouse Distribution Options

Inherited IRA distribution options for non-spouse beneficiaries differ between traditional IRAs and Roth IRAs. Below is a brief comparison chart. Keep in mind that the actual options available to your IRA beneficiaries may differ! IRA custodial agreements are individual contracts and terms may vary among IRA custodians. Does your IRA custodian limit the options for your non-spouse beneficiaries? Find out what options are available to your heirs - your local retirement distribution expert can assist you by conducting a FREE custodial review.

Non-Spouse Beneficiary Distribution Options		
ROTH IRA	**TRADITIONAL IRA**	
	*Owner Dies **Before** RBD	*Owner Dies **After** RBD
Individuals	**Individuals**	**Individuals**
▪ Life Expectancy Payments ▪ 5-Year Rule	▪ Life Expectancy Payments ▪ 5-Year Rule	▪ Life Expectancy Payments
Non-Persons/Entities	**Non-Persons/Entities**	**Non-Persons/Entities**
▪ 5-Year Rule 	▪ 5-Year Rule	▪ Life Expectancy Payments
	Qualified Trusts	**Qualified Trusts**
	▪ Life Expectancy Payments ▪ 5-Year Rule	▪ Life Expectancy Payments

Source: www.irs.gov

Taxable and Non-Taxable Income

All income you earn is taxable unless the IRS has created an exception. Here is a quick cheat sheet based on IRS Publication 525 that identifies common taxable and non-taxable income sources:

TAXABLE	NOT USUALLY TAXABLE
Income, Wages and Tips	Income From A Qualified Scholarship
Unemployment Benefits	Gifts and Bequests
Non-Cash Income (bartering/exchange of property or services)	Life Insurance Proceeds (paid to you upon the insured's death)
Short-Term Capital Gains (taxed as ordinary income if assets are held less than 1 year)	Awards For Damages (physical injury or sickness)
Certain Canceled Debts	Child Support Payments
	Cash Rebates From Goods Purchased
	Welfare Benefits

Of course, certain non-taxable income could become taxable under certain circumstances. For example, if you redeem a life insurance policy for cash, the amount over the cost of the policy will be considered taxable. Another example is that although a qualified scholarship has been awarded, any amount used for room and board is taxable while amounts for tuition and required books are not taxable.

Social Security Benefits and Federal Income Taxes

Are your Social Security benefits taxable? If Social Security was your only source of income in 2014, your benefits may not be taxable. If, however, you earned income from other sources, your Social Security benefits could be subject to federal taxation.

According to the Social Security Administration, if you are married, file a joint return and your combined income is between $32,000 and $44,000, you may owe income taxes on up to 50% of your Social Security benefits. If your combined income exceeds $44,000, up to 85% of your Social Security benefits may be taxable.

If you file as an individual/single taxpayer, the combined income threshold to determine Social Security benefit taxation is $25,000 to $34,000 which may result in federal income tax on up to 50% of your benefits. If your combined income exceeds $34,000, up to 85% of your Social Security benefits could be taxable.

Remember, if you owe taxes on your Social Security benefits, you have the option to make quarterly IRS payments or you may choose to have federal taxes withheld from your benefits.

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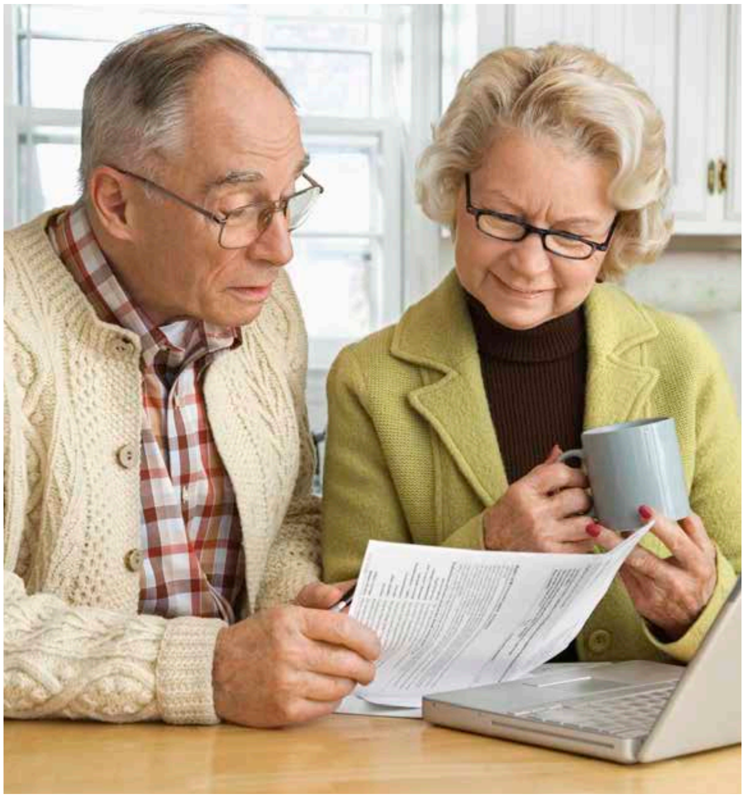


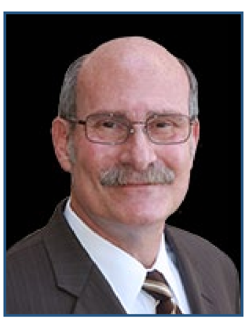
What a Will, Will and Will Not Do

Sound confusing? Many Americans are confused when it comes to understanding what can and what cannot pass by their will and they assume that a will takes care of everything.

There are several situations in which a will does not control the transfer of an asset. Disposition of a decedent's property is determined by the form of ownership of a particular asset or by a beneficiary designation form, which overrides the provisions of a will. For example, regardless of how perfect and well drafted a last will and testament may be, its terms cannot and do not override the terms of an IRA or 401(k) custodial agreement, a private and binding contract.

Here are just a few common assets that do not pass through a will: IRA, 401(k), Pension Plan, Annuity, Life Insurance Policy, Joint Tenancy Property, Community Property with Right of Survivorship, POD Accounts and Totten Trusts.

About America's Tax Solutions™



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America's Tax Solutions™

America's Tax Solutions was created to effectively meet the complex needs of clients in the areas of asset management, retirement distribution planning and wealth protection. We can help you understand what you need to know to secure your future and the future of your loved ones. Key benefits offered by America's Tax Solutions include: retirement distribution planning, tax planning, estate tax analysis, wealth distribution analysis, qualified plan distribution analysis, annuity strategies and a comprehensive retirement roadmap. Let us help you create and grow wealth, protect and preserve your life savings and plan for a life legacy.

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