

# AROUND THE SQUARE

Fall / 2020



## IN THIS ISSUE:

*Our guest columnists dig into topics, including how COVID-19 impacted the summer tourism industry here in the Berkshires and how the various stimulus packages passed by Congress may affect your personal tax planning this year.*

## QUOTABLE:

*“Don’t judge each day by the harvest you reap but by the seeds you plant.” – Robert Louis Stevenson*

Welcome to the first edition of *Around the Square*! Our goal is to provide you with a quarterly publication featuring exclusive insight into subjects of interest from special guest commentators and original content from Park Square Financial Advisors. There is no shortage of national news sources and we don’t intend to try and replace them. Instead, we will cover timely subjects that address the feedback we receive from clients about a variety of topics. In addition, we will be inviting individuals from our network to share their expertise on local happenings, current events or simply resources from their personal experience. It is a work in progress, and we hope you will join us by suggesting subject matter you would like discussed or reviewed.

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## VIEWS FROM THE EXPERTS

### **The 1Berkshire Team**

#### ***The Berkshire Summer of Resilience***

As the nation retreated into a pandemic-driven shutdown this past spring, it was immediately evident that it would pose significant challenges to our regional economy here in the Berkshires. While it has placed strain upon every sector in our county, this strain has likely concentrated most acutely within those sub-sectors that both attract visitors and rely on tourism.

In a typical season, the Berkshires would see a massive influx of second-home owners returning for the summer experience in the late spring months. They would be followed by a wave of visitors in June coming to



*Photos by Ogden Gigli*

enjoy the outdoor recreation, museums, and countless other unique Berkshire attractions. By July, our world-class performing arts scene would bring us into peak season and the Berkshire lodging properties, small businesses, and downtowns would all be bustling and feeling the benefits of another thriving season.

The shutdown, of course, had something entirely different in mind, and by the late spring we had already learned that several anchor institutions would be cancelling their 2020 seasons. Included among them was Tanglewood Music Festival, which on its own drives approximately one-eighth of visitor spending in the region each peak season. Additional limitations on out-of-state travel, lodging, dining, and capacity at other cultural venues presented a challenge that appeared to be a formula for a devastating summer season.

Now that we've experienced the peak season months, with the benefit of hindsight, our qualitative observations don't seem nearly as bleak as many feared several months ago. The loss of performing arts was a serious blow, but other cultural venues - such as MASS MoCA, The Clark, and Norman Rockwell Museum (the second, third, and fourth-largest drivers of visitor spending after Tanglewood) - were all able to open in the earliest weeks of July. Our lodging properties and local dining innovated - in many cases, pivoting their normal operating models - and provided the much-desired getaway that so many urban-dwelling visitors craved. Also in early July the limitation on travelers from other New England states, NY and NJ were lifted, allowing us again to welcome back visitors from our primary markets. Perhaps the most profound revelation was outdoor recreation, as visitors and residents alike poured into our parks, trail systems, and adventure attractions in search of an escape from the emotionally-suffocating isolation of sheltering in place.

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The overall visitor spending numbers comparative to prior years won't be quantified until the end of the calendar year (we depend upon the Massachusetts Office of Travel & Tourism for that data), and we're conscious that those numbers will look much different than usual. However, we've received very positive anecdotes about attendance and activity from many anchor properties focused on outdoor recreation and the arts. Additionally, AAA Northeast reported in their annual Labor Day travel feature that summer vehicle traffic in the Berkshires was down just 15-30%. Those numbers are disappointing, but not nearly as dire as we feared possible.

The takeaway here is that the Berkshires this summer did what we have always done best – innovated, collaborated, supported one another, and refused to be denied playing our hand to its fullest potential. The pandemic has placed many local businesses and organizations in extremely difficult positions, but collectively, the region has maintained the best of what we have to offer. We're hopeful that the resilience demonstrated this summer will continue into the fall and winter seasons, and that as our nation hopefully soon climbs out of this challenging moment, that we'll see the return of a more normal-feeling summer season in 2021. We're all likely ready for that first glass of wine on the lawn at Tanglewood.

**1BERKSHIRE**

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## ***Highlights from the various coronavirus stimulus packages in 2020***

There are many personal tax planning considerations to take into account with the various stimulus packages passed by Congress during 2020 in response to the Coronavirus Pandemic.

### **Economic Impact Payments (EIP)**

In late spring 2020, individual taxpayers received an advance tax credit of \$1,200 (\$2,400 for married couples) plus \$500 for each qualifying child. Based on 2019 adjusted gross income or 2018 adjusted gross income if 2019 had not been filed, the credit began to phase out for taxpayers with adjusted gross income above \$150,000 for joint filers, \$112,500 for heads of households and \$75,000 for other individuals.

In June/ July and beyond, any EIP not issued by direct deposit were issued on debit cards. If you are still waiting for your EIP, you can check the status at <https://www.irs.gov/coronavirus/get-my-payment>.

It is important to note, stimulus rebates are being treated as advance refunds of a 2020 tax credit. Taxpayers will need to reduce the amount of the credit available on their 2020 tax return by the amount of the advance refund they receive. Contrary to popular belief, these payments are NOT taxable. However, taxpayers will need to know the amount they received to report and reconcile on their 2020 tax filings. The credit is not available to nonresident aliens, individuals who can be claimed as a dependent by another taxpayer, and estates and trusts.

### **DID YOU KNOW?**

*Great for back to school and recently highlighted on CNN's "United Shades of America," a non-profit organization called DonorsChoose makes it easy to help public school teachers and classrooms in need. Teachers post requests for items such as books, art supplies, or even lab equipment. You, the donor, choose exactly how much and where you want your support to go.*

*For more information, visit [www.donorschoose.org](http://www.donorschoose.org).*

### **Retirement plans**

Taxpayers can take up to \$100,000 in coronavirus-related distributions from retirement plans without being subject to the 10% additional tax for early distributions. Eligible distributions can be taken up until Dec. 31, 2020.

Coronavirus-related distributions may be repaid within three years. Any resulting income inclusion would be subject to tax over three years. Existing loans of up to \$100,000 from qualified plans, and repayment can be delayed for one year.

### **2020 Required Minimum Distributions**

The required minimum distribution rules are temporarily suspended for 2020.

There is no "doubling" of the 2020 distributions in 2021; 2020 simply does not need to be taken. The determination to still take the 2020 distribution depends on the taxpayers needs for the cash.

### **Charitable deductions**

For 2020 individual income tax returns, there will be an above-the-line deduction for cash charitable contributions (will not need to itemize to receive a benefit). The amount is not to exceed \$300.

For those taxpayers that will still take their Required Minimum Distributions and are charitably inclined as well, may want to make a Qualified Charitable Distribution (QCD) to any charities. The QCD allows the taxpayer to reduce the taxable distribution by the amount of the charitable donation. The QCD needs to be paid directly from the retirement account to qualify. This allows tax savings if the taxpayer does not have itemized deductions higher than the current standard deduction and is a great option for those who used to benefit from the charitable deduction when able to itemize.



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## THANK YOU

Please stay tuned as we refine this newsletter to ensure we are providing the kind of content that is interesting and important to you. We appreciate any and all feedback and welcome suggestions for future postings! In the meantime, it's Fall in the Berkshires. That means apple picking, hayrides and perhaps venturing out on your favorite hiking trail. Regardless of your personal passions, you can find something or somewhere right here in the Berkshires to satisfy your every whim. Until next quarter...

## Contact Us

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