ZUEHLKE KARCZ FINANCIAL GROUP

MONEY MATTERS

Securities offered through **Raymond James Financial Services, Inc**. Member FINRA/SIPC.
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1ST QUARTER 2023

2022 Tax Forms – When can you expect yours?

We are now a few weeks into 2023. Tax forms have started to arrive, and many clients are eager to file their income tax returns. Below are some guidelines for when you can expect tax forms regarding brokerage accounts.

Mailed by January 31:

- **1099R** - report withdrawals from retirement accounts such as IRAs, Pensions, Annuities, SEPs and Simple IRAs.

  1099Q - report withdrawals from 529 college savings plans, state prepaid tuition program or Coverdell education savings.

Tax forms for non-retirement accounts are mailed in three groups:

- **Mailed by Feb. 15:** Accounts holding less complex securities, such as equities.
- **Mailed by Feb. 28:** Accounts holding more complex securities, such as mutual funds.

  Mailed by March 15: Remaining original 1099s including final real estate mortgage investment conduit (REMICs) that report on form 1099-OID, GNMAs and CMOs. Additionally, second amended forms are mailed.

We understand revisions can be inconvenient, however filing too soon could cause the need for an amended return, so be patient.

Mail dates vary, but typically by March 15:

K-1 - report income generated by Master Limited Partnerships. These are mailed directly from the partnership, not Raymond James, so mail dates may vary.

Mailed by March 31:

2439 statements (Notice to Shareholders of undistributed long-term capital gains and taxes paid by regular investment companies).

Mailed by May 31:

Forms 5498 which capture any IRA contributions between January 1 - April 18 made for the prior tax

You can make 2022 IRA contributions until **April 18, 2023**

REMINDER to make all checks for deposit into your account payable to:
RAYMOND JAMES

The SECURE (Setting Every Community Up for Retirement Enhancement) Act of 2019 went into effect December 2019. Now, just three years later, SECURE Act 2.0 was signed by President Biden in December 2022. This act makes significant changes to the rules for individual retirement accounts and employer retirement plans and thus affects nearly all of our clientele.
Here is an overview of just a few key provisions.

1. Mandatory automatic enrollment
Effective for plan years beginning after December 31, 2024, new 401(k) and 403(b) plans must automatically enroll employees when eligible. Automatic deferrals start at between 3% and 10% of compensation, increasing by 1% each year, to a maximum of at least 10%, but no more than 15% of compensation.

2. Increased age for Required Minimum Distributions (RMD)
The age increases for RMDs to 73, beginning on January 1, 2023, and to age 75 on January 1, 2033, for certain individuals.
Under the old rule, if you failed to take your RMD on time, your penalty would be 50% of the amount you were suppose to withdraw. However, now it is decreased to 25 % and to 10% if you correct your mistake after the fact.

3. Increase in catch-up limits
For those aged 50 or older, the retirement plan contribution limit is increased ("catch-up contributions"). For 2023, the catch-up contribution amount is limited to $7,500 for most retirement plans and is subject to inflation increases.

SECURE 2.0 provides a second increase in the contribution amount for those aged 60 to 63, effective for tax years after 2024. For most plans, this "second" catch-up limitation is $10,000, and $5,000 for SIMPLE plans. (*Like the "standard" catch-up amounts, these limitations are subject to inflation adjustments.)*

4. Penalty-free emergency withdrawals are allowed under certain circumstances
Penalty-free distributions are allowed for "unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses" up to $1,000. Only one distribution may be made every three years or one per year if the distribution is repaid within three years.

5. Tax and penalty free rollover from 529 to Roth IRA
Beneficiaries of 529 college savings accounts are permitted to rollover up to $35,000 from a 529 account in their name to a Roth IRA account. Rollovers are subject to IRA annual contribution limits and are available for 529 accounts which have been open for more than 15 years. Rollovers are permitted starting 2024.

6. Employer matching of student loan repayments is allowed
Whatever amount the worker is spending on their loans, the employer may match a percentage of that amount for their retirement plan.

7. Automatic rollovers rules change
Currently, plans may automatically distribute small accounts of less than $5,000 to former participants. If the distribution is greater than $1,000, the plan must roll the account into an IRA. Effective 12 months from enactment, SECURE 2.0 permits the transfer of default IRAs into participant's new employer's plan, unless the participant affirmatively elects otherwise. SECURE 2.0 also increases the limit for automatic rollovers from $5000 to $7000.

8. For the first time, SEP and Simple IRAs will be able to accept ROTH contributions

9. Long-term, part-time workers qualify more easily
Under current law, employees with at least 1,000 hours of service in a 12-month period or 500 service hours in a three-consecutive-year period must be eligible to participate in the employer's qualified retirement plan. SECURE 2.0 reduces that three-year rule to two years for plan years beginning after December 31, 2024.

2023 Retirement Plan Limits

Description	2023	2022
401(k)/403(b)/457 Elective Deferrals	$22,500	$20, 500
401(k)/403(b)/457 Catch-Up Contribution Limit (age 50 & older)	$7,500	$6,500
Annual Defined Contribution Limit	$66,000	$61,000
Annual Covered Compensation Limit	$330,000	$305,000
Highly Compensated Employees Threshold	$150,000	$135,000
Key Employees Compensation Threshold	$215,000	$200,000
Social Security Wage Base - subject to FICA taxes	$160,200	$147,000
Defined Benefit Annual Benefit Maximum	$265,000	$245,000
SIMPLE IRA Employee Deferrals	$15,500	$14,000
SIMPLE IRA Catch-up Deferrals (age 50 & older)	$3,500	$3,000
Traditional/Roth IRA Contribution Limits	$6,500	$6,000
Traditional/Roth IRA Catch-Up Contribution Limits (age 50 & older)	$1,000	$1,000

A Plan For The Season

THINGS TO DO

- **Organize for tax time:** Prepare for smooth filing. Make sure to organize documents in a dedicated spot, as well as any receipts if you itemize. To ensure all is in order, talk to your advisor about coordinating with your tax professional.
- **Get set for 65:** This is the age you become eligible for Medicare. A 10% premium penalty applies for each year you go without Part B coverage beyond this birthday in most cases. You have seven months to enroll, starting from three months before your birth month. Ask us about healthcare planning resources that can guide you.
- **Become a benefits whiz:** Research your company's open enrollment schedule and decide if you need to make changes.
- **Fine-tune your health spending:** If you participate in a flexible spending account (FSA) or health savings account (HSA), review contribution levels to take full advantage without exceeding limits, which are adjusted regularly for inflation. If you have an FSA, use available funds before your plan's use-it-or-lose-it deadline.
- **Pay yourself first:** If you don't have automatic retirement contributions then start now. It's also a good time to reconfirm your employer match and increase your contributions to allow more time to generate tax-deferred gains.
- **Revisit an IRA:** Pre-tax contributions to IRAs can reduce taxable income, and Roth IRAs might be the answer if you're above income thresholds to make a tax-deductible traditional IRA contribution. You have until tax filing deadline (not including extensions) to contribute for the current tax year.

Document Shredding Checklist

KEEP ONE YEAR OR LESS*

- Sales receipts, ATM receipts, credit offers and expired warranties – dispose of immediately
- Paid credit card statements – one month for reconciliation purposes
- Household bills – one year
- Bank statements – one year
- Paid, undisputed medical bills – one year
- Pay stubs – one year to check against W-2
- Canceled personal checks – one year, unless needed for taxes, warranty or insurance

KEEP THREE YEARS

- Expired insurance policies

KEEP SEVEN YEARS

- Investment account summaries, particularly if there are gains and losses (dispose of monthly or quarterly statements once you receive your annual summary)
- W-2s
- Tax-related receipts, returns, records and sup-porting papers

KEEP INDEFINITELY

- Marriage, divorce, adoption, citizenship, birth and death documents
- Property deeds and auto titles – keep while you retain ownership
- Wills, trusts and estate plan documents – when updated, properly dispose of outdated versions
- Medical history details
- Social Security/pension documents
- Disputed medical bills – keep until resolved

**If a document will be used as support for tax deductions, keep it for seven years along with your other tax papers.*

Upcoming Holiday Schedule

In recognition of the upcoming holidays, our office is closed:

Mon. Jan 16th - Closed

Mon. Feb. 20th - Closed

1277 W. Mason St. ~ Green Bay, WI 54303

Office Hours: Mon.– Fri. 8:00 a.m. to 4:30 p.m.

Phone: 920-498-2720
Toll Free: 855-338-9922
Fax: 920-498-2723
Website: ZKFinancial.com

ZK Financial is on Facebook and LinkedIn. We use these social media channels to post informational articles and to keep you up to date on the industry and events happening at our office.

ZK Financial Group—Raymond James Financial Services

Richard Zuehlke

Heather Karcz

Sharing is Caring

"When you read this content we've shared and it causes you to think of others in your life who would benefit from seeing it, please share it with them."