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Financial focus

WHAT MATTERS MOST TO YOUR FAMILY, MATTERS MOST TO OURS.

Alden News

It is hard to believe we have been COVID-19 social-distancing for a whole year. As an extra precaution, Matt and Laura have restricted our office to allow only one employee to work at a time, with the rest of us working remotely. Rest assured, we are still in regular communication with clients throughout the day. This issue is dedicated to our furry co-workers, whose relentless snuggles, companionship, and overall cuteness have helped keep our spirits up. Enjoy!



Have You Hired the Right Tax Accountant?

Five signs you've chosen the right accountant; two signs: proceed with caution.

Not everyone needs a professional in their corner come tax season. For some, tax software might do, perhaps followed by a professional review. But for those contending with master limited partnerships, complicated business structures, income from multiple states, major life transitions or other prickly tax scenarios, a strategic, knowledgeable numbers pro may be valuable when it comes to preparing and filing your personal or business taxes.

Don't forget that your advisor likely has relationships with accounting professionals and can let you know what to expect, so tap into that experience if you need to.

1. They have good ideas before you do. Your accountant should be proactively leading the tax strategy conversation, collaborating closely with your other professional advisors. Just expect those in-depth discussions to happen before or a bit after the hectic 13 or so weeks that comprise tax season.

2. The shoe fits. Your accountant should have experience in your particular situation and be capable of thoroughly researching rarer issues. Invest in private companies? Work in a particular industry or run your own business? Dealing with foreign affairs or global investing? Experience is vital in these complex arenas.

3. They're in the know. Your accountant should have their fingers on the pulse and ear to the ground. The laws surrounding personal and business deductions change frequently, so an accountant should be well-versed in ways to help you legally maximize your return. Expect your accountant

to be up to speed on regulatory changes as well as current tax law, and to keep you informed in language you understand.

4. Their reputation precedes them. You'll likely want to work with someone who has been vetted and recommended by people you know well and trust. Consider an accountant who is part of a professional organization (e.g., the AICPA) with continuing education standards and qualifications or has certifications in the type of service you need.

5. They're accountable for what they say and do. Your accountant should be responsive, responsible, trustworthy and transparent. He or she doesn't have to be an expert in everything, but should be able to research an issue and get back to you as needed. Prompt, honest communication paired with a proposed solution is what you're looking for.

Proceed with caution if:

They have their head in the sand. They do not have secure systems in place to keep the practice going in case of emergency or to protect your private information.

They're an artful dodger. If you're working with an accountant who suggests something that sounds more like dodging taxes rather than minimizing them, look elsewhere. You don't want to be on the wrong side of the law or the ledger.

Sources: inc.com; entrepreneur.com; investopedia.com; irs.gov; accountingweb.co.uk. Raymond James and its advisors do not offer tax advice. You should discuss any tax matters with the appropriate professional. All expressions of opinion reflect the judgment of Raymond James & Associates, Inc., and are subject to change.

What Does the \$1.9 Trillion 'American Rescue Plan' Include?

Raymond James Washington Policy Analyst Ed Mills outlines the provisions for payments, education, restaurant grants and more.

Individual payments \$1,400 payments are provided for individuals, including \$1,400 for children and adult dependents. Payments phase out to zero at incomes of \$80,000 for individuals, \$120,000 for head of household and \$160,000 for joint filers. By design, an average family of four will receive \$5,600 from the next round of payments.

Federal unemployment support The federal unemployment insurance (UI) supplement is set at \$300 per week through Sept. 6. The Senate bill also makes the first \$10,200 in federal UI assistance nontaxable for incomes under \$150,000.

Restaurant grants The bill includes \$25 billion for a restaurant grant relief program. Grants are exempt from inclusion in recipients' gross income for tax purposes. Entities operating more than 20 locations and publicly traded companies are excluded.

Small business support Additionally, \$15 billion in new funding is provided for Economic Injury Disaster Loans (EIDL) as grants. The bill designates \$7 billion for the Paycheck Protection Program (PPP) to nonprofits and news services. An additional \$1 billion funds a grant program for independent live venues, theaters and cultural institutions. EIDL grants are exempt from gross income for tax purposes.

Housing assistance The bill includes a \$27 billion allocation for rental assistance, \$10 billion for homeowner assistance, \$5 billion for Section 8 housing, and \$5 billion for homelessness programs.

Expansion of earned income tax credit (EITC) Maximum EITC raised to around \$1,500 for childless workers and makes eligible 19-24-year-old workers as well as those over 65.

Education The bill provides \$130 billion for K-12 schools and \$40 billion for colleges and universities. A provision in the bill also specifies that any student loan forgiveness implemented between 2021 and 2025 is exempt from the classification of canceled debt as additional income for tax purposes, potentially a key step in expanded federal student debt relief.

Child Tax Credit (CTC) and Child and Dependent Care Tax Credit For those who qualify, the CTC is raised to \$3,000 for children over 6 and \$3,600 for children under 6 while expanding eligibility for the credit for 17-year-olds. The credit is made fully refundable, reaching homes without reported income. The bill instructs the Treasury Department to make "periodic payments to taxpayers ... in equal amounts." We expect Treasury to design these as monthly payments, starting in July. The Dependent Care Tax Credit is raised to \$8,000 for a single dependent, with a max of \$16,000 for multiple dependents and made refundable.

State and local aid A total of \$350 billion is provided for state and local government support.

FEMA Disaster Relief Fund An additional \$50 billion is provided for the relief fund for pandemic response.

Airline payroll support Airlines are provided \$14 billion / contractors \$1 billion for the extension of the airline payroll support program.

Nutrition assistance The bill provides \$12 billion for SNAP and Pandemic EBT nutrition benefits.

Broadband access The bill includes \$7 billion to expand broadband access for households and remote education.

Healthcare The bill increases subsidies for those on Affordable Care Act plans, provides for 100% coverage of COBRA premiums for those who have become unemployed, and delays the removal of the Medicaid drug rebate cap for one year. The bill also provides significant levels of funding for COVID-19 testing and vaccines.

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Tax Deadline Changed to May 17
The IRS has extended the deadline for filing your 2020 income taxes.



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