To Our Clients and Friends,

David Sides and Other Office Information

It is with great sadness that we share some difficult news from the office of DeLong & Brower PC. David Sides CPA, long-time partner in the company, has been diagnosed with terminal cancer. Dave's cancer diagnosis was received in mid-October and he will not be returning to work so that he can spend time with his family and friends. His knowledge and work ethic can never be replaced but we are doing our best to move forward.

We are currently reviewing Dave's client list and workload. Many of Dave's clients, especially the business clients, have already had another CPA assisting Dave in the preparation of tax returns, financial statements, tax planning, etc. Therefore, this CPA will continue to work with that client and will be the CPA who takes Dave's place.

Other clients, mostly with individual tax returns, will be assigned to other CPAs in our office based on the client's needs compared to our CPA's area of expertise. In December we will be finalizing the assignment of Dave's clients to the new CPA. We will be contacting you to let you know the name of your new contact person.

As you can imagine, all our CPAs are extremely busy during tax season but will do their best to take care of Dave's clients in addition to their existing work. It may be necessary for us to get extensions on March 15 and April 15 and due to COVID the IRS may again postpone the due date to July 15, 2021. We hope that you will be flexible this tax season because of the additional clients of Dave's that our staff will be working with.

Because of the state mandated COVID restrictions and our wish to keep everyone healthy, we are planning no in-person tax appointments during the upcoming tax season. We understand that many other CPA firms are also following this procedure. Even though we are planning for no in-person appointments, we are still going to schedule an appointment date and time for those clients who would typically meet with their CPA in our office. When you receive your Tax Organizer form it will indicate that you have 3 options:

1. Your CPA will contact you after he/she has been able to review your Tax Organizer and information.
2. Have a phone call with your CPA at the date and time of your scheduled appointment.
3. Setup a Zoom video call with your CPA at the date and time of your scheduled appointment.

We are requesting that all clients fill out their Tax Organizer, and along with their information, do one of the following:

1. Drop it off at our office (remember we have moved – 460 S. Waverly Rd.)
2. Mail it to our office (see #1 above)
3. Send it through our portal (if you have one set up, or we can help you set one up)

There will be more information on this later.

Thank you very, very much for your understanding and cooperation during this difficult time. Please keep Dave and his family in your thoughts and prayers.

Year-End Tax Planning Moves for Individuals

As year-end approaches now is a good time to think about planning moves that may help lower your tax bill for this year and possibly next. Year-end planning for 2020 takes place during the COVID-19 pandemic, which in addition to its devastating health and mortality impact has widely affected personal and business finances. New tax rules have been enacted to help mitigate the financial impact of the disease, some of which should be considered as part of this years' planning, most notably elimination of required retirement plan distributions, and liberalized charitable deduction rules.

Major tax changes from recent years generally remain in place, including lower income tax rates, larger standard deductions, limited itemized deductions, elimination of personal exemptions, an increased child tax credit, and a lessened alternative minimum tax (AMT) for individuals; and a major corporate tax rate reduction and elimination of the corporate AMT, limits on interest deductions, and generous expensing and depreciation rules for businesses. And non-corporate taxpayers with certain income from pass-through entities may still be entitled to a valuable deduction.

Despite the lack of major year-over-year tax changes, the time-tested approach of deferring income and accelerating deductions to minimize taxes still works for many taxpayers, as does the bunching of expenses into this year or next to avoid restrictions and maximize deductions.

We have compiled a list of actions based on current tax rules that may help you save tax dollars if you act before year-end. Not all actions will apply in your situation, but you (or a family member) will likely benefit from many of them. We can narrow down the specific actions that you can take once we talk with you to tailor a particular plan. In the meantime, please review the following list and contact us at your earliest convenience so that we can advise you on which tax-saving moves to make.

... Higher-income earners must be wary of the 3.8% surtax on certain unearned income (basically called Net Investment Income or NII). Some clients should consider ways to minimize (e.g., through deferral) additional NII for the balance of the year, others should try to see if they can reduce MAGI other than NII, and other individuals will need to consider ways to minimize both NII and other types of MAGI.

... Long-term capital gain from sales of assets held for over one year is taxed at 0%, 15% or 20%, depending on taxable income. If you hold long-term appreciated-in-value assets, consider selling enough of them to generate long-term capital gains that can be sheltered by the 0% rate. The 0% rate generally applies to the excess of long-term capital gain over any short-term capital loss to the extent that, when added to regular taxable income, it is not more than the maximum zero rate amount (e.g., $80,000 for a married couple). If the 0% rate applies to long-term capital gains you took earlier this year for example, you are a joint filer who made a profit of $5,000 on the sale of stock held for more than one year and your other taxable income for 2020 is $75,000 then try not to sell assets yielding a capital loss before year-end, because the first $5,000 of those losses won't yield a benefit this year. (It will offset $5,000 of capital gain that is already tax-free.)

... Postpone income until 2021 and accelerate deductions into 2020 if doing so will enable you to claim larger deductions, credits, and other tax breaks for 2020 that are phased out over varying levels of adjusted gross income (AGI). These include deductible IRA contributions, child tax credits, higher education tax credits, and deductions for student loan interest. Postponing income also is desirable for taxpayers who anticipate being in a lower tax bracket next year due to changed financial circumstances. Note, however, that in some cases, it may pay to accelerate income into 2020. For example, that may be the case for a person who will have a more favorable filing status this year than next (e.g., head of household versus individual filing status), or who expects to be in a higher tax bracket next year.

... If you believe a Roth IRA is better than a traditional IRA, consider converting traditional-IRA money invested in any beaten-down stocks (or mutual funds) into a Roth IRA in 2020 if eligible to do so. Keep in mind, however, that such a conversion will increase your AGI for 2020, and possibly reduce tax breaks geared to AGI (or modified AGI).

... It may be advantageous to try to arrange with your employer to defer, until early 2021, a bonus that may be coming your way. This could cut as well as defer your tax.

... Many clients won't be able to itemize because of the high basic standard deduction amounts that apply for 2020 ($24,800 for joint filers, $12,400 for singles and for marrieds filing separately, $18,650 for heads of household), and because many itemized deductions have been reduced or abolished. Like last year, no more than $10,000 of state and local taxes may be deducted; miscellaneous itemized deductions (e.g., tax preparation fees and unreimbursed employee expenses) are not deductible. You can still itemize medical expenses but only to the extent they exceed 7.5% of your adjusted gross income, state and local taxes up to $10,000, your charitable contributions, plus interest deductions on a restricted amount of qualifying residence debt, but payments of those items won't save taxes if they don't cumulatively exceed the standard deduction for your filing status. Two COVID-related changes for 2020 may be relevant here: (1) Individuals may claim a $300 above-the-line deduction for cash charitable contributions on top of their standard deduction; and the percentage limit on charitable contributions has been raised from 60% of modified adjusted gross income (MAGI) to 100%.

Some clients may be able to work around these deduction restrictions by applying a bunching strategy to pull or push discretionary medical expenses and charitable contributions into the year where they will do some tax good. For example, a taxpayer who will be able to itemize deductions this year but not next will benefit by making two years' worth of charitable contributions this year, instead of spreading out donations over 2020 and 2021. The COVID-related increase for 2020 in the income-based charitable deduction limit for cash contributions from 60% to 100% of MAGI assists in this bunching strategy, especially for higher income individuals with the means and disposition to make large charitable contributions.

... If you expect to owe state and local income taxes when you file your return next year and you will be itemizing in 2020, consider asking your employer to increase withholding of state and local taxes (or pay estimated tax payments of state and local taxes) before year-end to pull the deduction of those taxes into 2020. But remember that state and local tax deductions are limited to $10,000 per year, so this strategy is not good to the extent it causes your 2020 state and local tax payments to exceed $10,000.

…The SECURE Act removed the age restriction on making traditional IRA contributions. Individuals over the age of 70 ½ who are still working in 2020 are no longer prohibited from contributing to a traditional IRA. However, if you're over age 70 ½ and considering making a charitable donation directly from your IRA (known as a Qualified Charitable Distribution or QCD) in the future, making a deductible IRA contribution will affect your ability to exclude future QCDs from your income. Please contact us for further explanations of QCDs and how they can be an effective way to give to charity and reduce your income.

... Required minimum distributions (RMDs) that usually must be taken from an IRA or 401(k) plan (or other employer-sponsored retirement plan) have been waived for 2020. This includes RMDs that would have been required by April 1 if you hit age 70½ during 2019 (and for non-5% company owners over age 70½ who retired during 2019 after having deferred taking RMDs until April 1 following their year of retirement).

... If you are age 70½ or older by the end of 2020, have traditional IRAs, and especially if you are unable to itemize your deductions, consider making 2020 charitable donations via qualified charitable distributions from your IRAs. These distributions are made directly to charities from your IRAs, and the amount of the contribution is neither included in your gross income nor deductible on Schedule A, Form 1040. However, you are still entitled to claim the entire standard deduction

... If you are younger than age 70½ at the end of 2020, you anticipate that you will not itemize your deductions in later years when you are 70½ or older, and you don't now have any traditional IRAs, establish and contribute as much as you can to one or more traditional IRAs in 2020. If these circumstances apply to you, except that you already have one or more traditional IRAs, make maximum contributions to one or more traditional IRAs in 2020. Then, in the year you reach age 70½, make your charitable donations by way of qualified charitable distributions from your IRA. Doing this will allow you, in effect, to convert nondeductible charitable contributions that you make in the year you turn 70½ and later years, into deductible-in-2020 IRA contributions and reductions of gross income from later year distributions from the IRAs.

... Consider increasing the amount you set aside for next year in your employer's health flexible spending account (FSA) if you set aside too little for this year and anticipate similar medical costs next year.

... If you become eligible in December of 2020 to make health savings account (HSA) contributions, you can make a full year's worth of deductible HSA contributions for 2020.

... Make gifts sheltered by the annual gift tax exclusion before the end of the year if doing so may save gift and estate taxes. The exclusion applies to gifts of up to $15,000 made in 2020 to each of an unlimited number of individuals. You cannot carry over unused exclusions from one year to the next. Such transfers may save family income taxes where income-earning property is given to family members in lower income tax brackets who are not subject to the kiddie tax.

Year-End Tax-Planning Moves for Businesses & Business Owners

... Taxpayers other than corporations may be entitled to a deduction of up to 20% of their qualified business income (known as QBID). For 2020, if taxable income exceeds $326,600 for a married couple filing jointly, $163,300 for singles, marrieds filing separately, and heads of household, the deduction may be limited based on whether the taxpayer is engaged in a service-type trade or business (such as law, accounting, health, or consulting), the amount of W-2 wages paid by the trade or business, and/or the unadjusted basis of qualified property (such as machinery and equipment) held by the trade or business. The limitations are phased in; for example, the phase-in applies to joint filers with taxable income between $326,600 and $426,600, and to all other filers with taxable income between $163,300 and $213,300.

Taxpayers may be able to achieve significant savings with respect to this deduction, by deferring income or accelerating deductions to come under the dollar thresholds (or be subject to a smaller phaseout of the deduction) for 2020. Depending on their business model, taxpayers also may be able increase the new deduction by increasing W-2 wages before year-end. The rules are quite complex, so do not make a move in this area without consulting us.

... Businesses should consider making expenditures that qualify for the liberalized business property expensing option. For tax years beginning in 2020, the expensing limit is $1,040,000, and the investment ceiling limit is $2,590,000. Expensing is generally available for most depreciable property (other than buildings) and off-the-shelf computer software. It is also available for qualified improvement property (generally, any interior improvement to a building's interior, but not for enlargement of a building, elevators or escalators, or the internal structural framework), for roofs, and for HVAC, fire protection, alarm, and security systems. The generous dollar ceilings mean that many small and medium sized businesses that make timely purchases will be able to currently deduct most if not all their outlays for machinery and equipment. What is more, the expensing deduction is not prorated for the time that the asset is in service during the year. The fact that the expensing deduction may be claimed in full (if you are otherwise eligible to take it) regardless of how long the property is in service during the year can be a potent tool for year-end tax planning. Thus, property acquired and placed in service in the last days of 2020, rather than at the beginning of 2021, can result in a full expensing deduction for 2020.

... Businesses also can claim a 100% bonus first year depreciation deduction for machinery and equipment bought used (with some exceptions) or new if purchased and placed in service this year, and for qualified improvement property, described above as related to the expensing deduction. The 100% write-off is permitted without any proration based on the length of time that an asset is in service during the tax year. As a result, the 100% bonus first-year write-off is available even if qualifying assets are in service for only a few days in 2020.

... Businesses may be able to take advantage of the de minimis safe harbor election (also known as the book-tax conformity election) to expense the costs of lower-cost assets and materials and supplies, assuming the costs don't have to be capitalized under the Code Sec. 263A uniform capitalization (UNICAP) rules. To qualify for the election, the cost of a unit of property cannot exceed $2,500. Where the UNICAP rules are not an issue, consider purchasing such qualifying items before the end of 2020.

News from our Office

DeLong & Brower PC

Chuck and Anne Brower lost Chuck's mother earlier this year. Evelyn was 100 years old. On a happier note, Chuck and Anne welcomed grandchild number 1, Kathryn Schreur, only nine days after the passing of Evelyn.

We are happy to welcome Jill Grung, CPA to our staff. Jill moved from the Chicago suburbs to Jenison to be closer to her daughter and family, which includes two granddaughters. Jill has been in the public accounting field for over 20 years and is an avid tennis player and is always looking for opportunities to meet new players.

Dave and Lori Sides welcomed 3 new grandchildren in 2020 bringing the total to 7. Mitchell Justin Sides was born March 13, 2020 to Justin and Tricia Sides and sister, Vanessa. Mitchell was born just as the COVID-19 pandemic began and Nana and Papa Sides were not able to see him for 2 months. On August 5, 2020, Juliet Elise Sides was born to Austin and Morgan Sides and sister, Kendall. And thirdly, Evelyn (Evie) Belle Humphrey was born to Melissa & Jeremy Humphrey and brothers, Kai and Alex. It will be an enjoyable Thanksgiving to have all the Sides together!

Marilyn Brouwer currently has two sons in the military. Son Joe graduated from Air Force Basic Military Training (BMT) and is currently training at Eglin AFB (Florida) for Explosive Ordinance Disposal (ouch!). He has told his mother that his degree in chemistry has come in handy. Son Josh graduated from Army BMT at Fort Leonard Wood, MO and is continuing his studies at Michigan Tech. University while in the Michigan National Guard.

Buursma Agency

Fall tends to be both an exciting and busy time of year. As the leaves change color, our routines often also change. We at the Buursma Agency have been experiencing some very positive growth changes as well. We have added two new staff members, Nicole Klunder, and Danette Kelsey, to assist our clients!

As you likely know, we are in the middle of Open Enrollment for Medicare. What that means is that if you have Medicare, whether it is because you are over age 65 or have been deemed disabled by the Social Security Administration, now is the time to make any changes to your elections. We have a wide array of options available for Medicare Supplement plans, stand-alone prescription drug plans, as well as Medicare Advantage plans. Open Enrollment started on October 15 and will end on December 7.

Additionally, we are also in the Open Enrollment for anyone who has an individual health plan, whether they are through the healthcare.gov Marketplace or direct with any insurance carrier. We have specialized in this area for decades and have hundreds of clients that we have enrolled through the healthcare.gov Marketplace. We can expedite the process and make things simpler for you – and are happy to do so.

It is very important to know that it does not cost you a penny more to have professional assistance for your insurance needs.

DeLong & Brower Financial Services

2020 has been a year unlike any other. However, despite the challenges that this year has presented, our team continued to push forward and rise to the occasion during these unprecedented times.

During the year, we had a few employees celebrate tremendous personal milestones:

Joe and Anna Johnson celebrated their 20th Wedding Anniversary!

Spencer Bacon recently got married to Dana and they honeymooned in Tahiti and other close islands.

Matt and Christina celebrated their 25th wedding anniversary with a nice dinner at Ruth's Chris Steakhouse! (Cost about the same as a trip to Tahiti.)

At the end of October, Lindsey Billings joined the Delong & Brower team as an Executive Assistant to Joe Johnson and Connie VanderPloeg. She previously worked in Property Management and oversaw operations of an apartment community with more than 150 homes. While new to the Financial industry, she brings with her several years of administrative experience, with a primary focus on client relations.

Overall, 2020 was a time to take a step back and focus on what is important – people, community, and YOU. We are so thankful for the partnership we have with you and the trust you have placed in us. Please know that we do not take our responsibility lightly. We will continue to maintain a proactive and fiduciary approach to business, without losing sight of your individual and personal needs. Here is to 2021 – a year that we hope brings your health, wealth and, above all, happiness.

Conclusion

The ideas discussed in this letter are a good way to get you started with year-end planning, but they are no substitute for personalized professional assistance. Please do not hesitate to call us with questions or for additional strategies on reducing your tax bill or managing your investments or insurance needs. We would be glad to talk with you or assist you in any other way that we can.

Have a safe, healthy, and wonderful holiday season!

Julie Anderson	Marilyn Brouwer	Jim Hagel	Nicole Klunder	Lori Shepard
Spencer Bacon	Charles Brower	Joe Johnson	Bev Loughlin	David Sides
Lindsey Billings	Kurt Buursma	Tyler Kamer	Maria Nelson-Baker	Lori Sides
Jim Boerkoel	Ted DeLong	Danette Kelsey	Jodi Prince	Jill Tobak
Jody Broekhuizen	Jess DeLaRosa	Rachel Keur	Polly Roark	Connie VanderPloeg
Jeff Brouwer	Jill Grung	Darlene Khuon	Terry Seely	Matt VanOrder
				Erin Waterway