

## Details on the Tax Deadline Extension

*The I.R.S. is giving you three additional months to file and pay.*

The Internal Revenue Service knows that many taxpayers have had a stressful spring. So, it has reset the federal tax deadline. You now have until July 15 to file your 1040 form. July 15 is also the deadline to pay any federal taxes owed for 2019.<sup>1</sup>

Beyond these important details, there are others to note. Keep in mind: this article is for informational purposes only. It's not a replacement for real-life advice, so make sure to consult your tax, legal, and accounting professionals before modifying your strategy.

**The extended tax deadline still falls on October 15.** This year, the 6-month extension is now a 3-month extension. If you owe federal taxes, you must still pay them by July 15.<sup>2</sup>

**The July 15 deadline also applies to fiscal year filers and many businesses.** It applies to any individual or business entity that would normally have to file or pay by April 15.<sup>2</sup>



## This Issue:

- Details on the Tax Deadline Extension **P.1**
- How Women Can Prepare for Retirement **P.1**
- A Stock Market Lesson to Remember **P.2**
- Eldercare choices in the COVID-19 Era **P.3**

## How Women Can Prepare For Retirement

*A practical financial checklist for the future.*

When our parents retired, living to 75 amounted to a nice long life, and Social Security was often supplemented by a pension. The Social Security Administration estimates that today's average 65-year-old woman will live to age 86½. Given these projections, it appears that a retirement of 20 years or longer might be in your future.<sup>1,2</sup>

### Are you prepared for a 20-year retirement?

How about a 30-year or even 40-year retirement? Don't laugh; it could happen. The SSA projects that about 33% of today's 65-year-olds will live past 90, with approximately 14% living to be older than 95.<sup>2</sup>

**Start with good questions.** How can you draw retirement income from what you've saved? How might you create other income streams to complement Social Security? And what are some ways you can protect your retirement savings and other financial assets?

**Enlist a financial professional.** The right person can give you some good ideas, especially one who understands the challenges women face in saving for retirement. These may include income inequality or time out of the workforce due to childcare or eldercare. It could also mean helping you maintain financial equilibrium in the wake of divorce or death of a spouse.

**Invest strategically.** If you are in your fifties, you have less time to make back any big investment losses than you once did. So, protecting what you have may be a priority. At the same time, the possibility of a retirement lasting up

to 30 or 40 years will likely require a growing retirement fund.

**Consider extended care coverage.** Women have longer average life expectancies than men and can require significant periods of eldercare. Medicare is no substitute for extended care insurance; it only covers a few weeks of nursing home care, and that may only apply under special circumstances. Extended care coverage can provide a huge financial relief if the need arises.<sup>1,3</sup>

**Claim Social Security benefits carefully.** If your career and health permit, delaying Social Security can be a wise move. If you wait until full retirement age to claim your benefits, you could receive larger Social Security payments as a result. For every year you wait to claim Social Security, your monthly payments get about 8% larger.<sup>4</sup>

**Retire with a strategy.** As you face retirement, a financial professional who understands your unique goals can help you design a wealth management approach that can serve you well for years to come.

- Jim



<sup>1</sup> - [irs.gov/ncs/products/databriefs/db355.htm](https://www.irs.gov/ncs/products/databriefs/db355.htm) [1/20]

<sup>2</sup> - [www.irs.gov/ncs/products/databriefs/db355.htm](https://www.irs.gov/ncs/products/databriefs/db355.htm) [2/25/20]

<sup>4</sup> - [investopedia.com/retirement-when-take-social-security-complete-guide/](https://www.investopedia.com/retirement-when-take-social-security-complete-guide/) [11/24/19]

**How about those who pay quarterly taxes?** On April 9, the I.R.S. set a new July 15 deadline for both first-quarter and second-quarter estimated tax payments. The Q3 and Q4 estimated tax deadlines remain set at September 15, 2020 and January 15, 2021, respectively.<sup>3</sup>

**You have three additional months to make a 2019 IRA or HSA contribution.** Do you still need to do this? Ordinarily, your deadline to do so would be April 15, 2020, but just as the federal income tax filing deadline has been pushed forward to July 15, so has this deadline.<sup>1</sup>

**The July 15 deadline also applies for gift taxes.** While the federal estate tax deadline fell on April 15, Forms 709 (the Gift and Generation-Skipping Transfer Tax Return) and related payments are not due until July 15. An extension to file as late as October 15 is permitted; though, gift and GST taxes owed will still be due on or before July 15.<sup>4</sup>

**Many state tax deadlines have also been extended to July 15.** A few states have given taxpayers even more time. In Hawaii, the filing deadline is July 20. In Iowa, state income taxes may be filed as late as July 31. In Colorado, taxpayers have until October 15 to file their returns, with any taxes owed due by July 15.<sup>5</sup>

Things are a bit different in three other states. Mississippi has pushed its state tax deadline forward, but only to May 15. New Hampshire has offered extensions to “qualifying taxpayers” affected by the coronavirus crisis who were unable to pay state taxes by April 15. Virginia has given taxpayers an automatic 6-month extension to file; if taxes owed are not paid by May 1, interest will be



## A Stock Market Lesson to Remember

*Confidence can quickly erode, but it can also quickly emerge.*

Undeniably, spring 2020 has tried the patience of investors. An 11-year bull market ended. Key economic indicators went haywire. Household confidence was shaken. The Standard & Poor’s 500, the equity benchmark often used as shorthand for the broad stock market, settled at 2,237.40 on March 23, down 33.9% from a record close on February 19.<sup>1</sup>

On April 17, the S&P closed at 2,874.56. In less than a month, the index rallied 28.5% from its March 23 settlement. And while past performance does not guarantee future results, there is a lesson in numbers like these.<sup>1</sup>

**In the stock market, confidence can quickly erode – but it can also quickly emerge.** That should not be forgotten.

There have been many times when economic and business conditions looked bleak for stock investors. The Dow Jones Industrial Average dropped 30% or more in 1929, 1938, 1974, 2002, and 2009. Some of the subsequent recoveries were swift; others, less

so. But after each of these downturns, the index managed to recover.<sup>2</sup>

**Sometimes the stock market is like the weather in the Midwest.** As the old Midwestern cliché goes, if you don’t care for the weather right now, just wait a little while until it changes.

The stock market is inherently dynamic. In tough times, it can be important to step back from the “weather” of the moment and realize that despite the short-term volatility, stocks may continue to play a role in your long-term investment portfolio.

When economic and business conditions appear trying, that possibility is too often dismissed or forgotten. In the midst of a bad market, when every other headline points out more trouble, it can be tempting to give up and give in.

**Confidence comes and goes on Wall Street.** The paper losses an investor suffers need not be actual losses. In a down market, it is perfectly fine to consider, worry about, and react to the moment. Just remember, the moment at hand is not necessarily the future, and the future could turn out to be better than you expect.

- Barbie



1 - WSI.com, 2020  
2 - USA Today.com, March 21, 2020





## Eldercare Choices in the COVID-19 Era

*Exploring your extended care options may be wise at this time.*

**Given the threat of COVID-19, seniors today may be considering their extended care alternatives with extra caution.<sup>1</sup>**

In addition to health factors, the cost can be an issue. According to Genworth's 2020 Cost of Care Survey, the median annual cost of a semi-private room in a nursing home is now \$90,000. A single-occupancy room may cost over \$100,000 a year.<sup>1</sup>

While you could designate a portion of your retirement savings for possible extended care costs, there are other choices to consider as well.<sup>1</sup>

**Many extended care insurance policies now reimburse the cost of eldercare provided at home.** While traditional extended care policies are becoming rare and more expensive, some insurers are bundling extended care features into other policies, with the goal of making such coverage more accessible. A look at different policies may be illuminating, especially with help from an insurance professional with an eye on industry trends.<sup>2</sup>

**Another possible option – a Health Savings Account (HSA).** This is a tax-

advantaged savings account designed to help pay for medical expenses. You are eligible to have an HSA if you have a qualifying high-deductible health plan (HDHP) and have not yet enrolled in Medicare.<sup>3,4</sup>

HSA dollars can be used to pay for assorted medical expenses, including prescription drugs, dental care, and therapies. HSA funds can also be applied to premiums for extended care insurance. You defer pre-tax income into your HSA, which may be invested for you over time. There are annual HSA contribution limits. In 2020, they are \$3,550 if you are single, \$7,100 if you have a spouse or family. An additional annual "catch-up" contribution of up to \$1,000 is allowed for each person in the household over age 55.<sup>3,4</sup>

Money taken out of an HSA for a nonmedical reason is considered taxable income. If you make such a withdrawal before you turn 65, the withdrawn amount is usually subject to a 20% federal tax penalty.<sup>4</sup>

**Medicare may not suffice if you need extended care.**

Generally speaking, it will pay for no more than 35 hours a week of home health care and

home care after a hospitalization. It may pay for up to six months of hospice care. If you or someone you love has dementia and needs to move into an assisted living facility, Medicare may not pay their room and board.<sup>5</sup>

Medicaid is different: in some instances, it can pay for certain extended care expenses. Qualifying for Medicaid is the hard part. It is public assistance, offered to people who can no longer pay for extended care with insurance or their own funds.<sup>5</sup>

Think ahead and take some time to explore extended care options. As always, your financial professional is a knowledgeable ally, as you consider which strategies may help you meet this challenge.



**-Mico**

- 1 - Genworth, March 30, 2020
- 2 - Nerdwallet, May 28, 2019
- 3 - CNBC.com, February 4, 2020
- 4 - Investors.com, November 8, 2019
- 5 - Medicare.gov, July 2019

charged, but late penalties will be waived if taxes are paid by June 1.<sup>5</sup>

**There are reasons to send in your return well before July 15.** Do you think you will owe money? The earlier you determine what you owe, the more time you have to plan your tax payment. If you are owed money, filing earlier can bring you a refund earlier.

As a reminder, this article is intended to present general information, not tax advice. Talk with a tax or legal professional about your particular tax situation before modifying your strategy.

**-Shawn**



### 4th of July Fun Facts

- \* Although we celebrate on the 4th of July, most required to sign the Declaration did not do so until August of 1776.
- \* Massachusetts became the first state to make the 4th of July an official state holiday in 1781. ..Federal in 1870.
- \* Starting in 1818, new stars were added to the American flag each July 4 to make the creation of new states

- 1. Kiplinger.com, March 30, 2020
- 2. IRS.gov, April 10, 2020
- 3. Forbes.com, April 9, 2020
- 4. The Internal Revenue
- 5. Service, April 2020
- 6. MSN.com, April 6, 2020



9550 Warner Ave Ste 300  
Fountain Valley, CA 92708  
714.962.8000  
714.962.7853 fax  
www.IWMPartners.com

PRST STD  
U.S. POSTAGE  
**PAID**  
Torrance, CA  
Permit #731

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

The Financial Professionals at IWM Partners are registered representatives with and securities offered through LPL Financial, member FINRA/SIPC.



*Did you know?!?*

**Due to circumstances surrounding COVID-19,  
the IRS Required Minimum Distribution has been  
suspended for 2020.**

Give us a call today to discuss how this may impact you!

**(714) 962-8000.**

