

# Regent Financial Services

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## IRS started accepting returns:

- Monday, January 24, 2022

## Filing deadline for most individuals:

- Monday, April 18, 2022
- Tuesday, April 19, 2022, if you live in Maine or Massachusetts
- Monday, October 17, 2022, if you file for an automatic six-month extension by the original due date

## Federal Tax Filing Season Has Started

The IRS announced that the starting date for when it would accept and process 2021 tax-year returns was Monday, January 24, 2022.

### Tips for making filing easier

To speed refunds and help with tax filing, the IRS suggests the following:

- Make sure you have received Form W-2 and other earnings information, such as Form 1099, from employers and payers. The dates for furnishing such information to recipients vary by form, but they are generally not required before February 1, 2022. You may need to allow additional time for mail delivery.
- Go to [irs.gov](https://www.irs.gov) to find the federal individual income tax returns, Form 1040 and Form 1040-SR (available for seniors born before January 2, 1957), and their instructions.
- File electronically and use direct deposit.
- Check [irs.gov](https://www.irs.gov) for the latest tax information, including how to reconcile advance payments of the child tax credit or claim a recovery rebate credit for missing stimulus payments. Also, watch for letters from the IRS with important information about those payments that may help you file an accurate return.

### Key filing dates

Here are several important dates to keep in mind.

- January 14.** IRS Free File opened. Free File allows you to file your federal income tax return for free if your adjusted gross income (AGI) is \$73,000 or less using tax preparation and filing software. You can use Free File Fillable Forms even if your AGI exceeds \$73,000 (these forms were not available until January 24). You could file with an IRS Free File partner (tax returns could not be transmitted to the IRS before January 24). Tax software companies may have accepted tax filings in advance.
- January 24.** IRS began accepting and processing individual tax returns.
- April 18.** Deadline for filing 2021 tax returns (or requesting an extension) for most taxpayers.
- April 19.** Deadline for filing 2021 tax returns (or requesting an extension) for taxpayers who live in Maine or Massachusetts.
- October 17.** Deadline to file for those who requested an extension on their 2021 tax returns.

### Awaiting processing of previous tax return?

The IRS is attempting to reduce the inventory of prior-year income tax returns that have not been fully processed due to pandemic-related delays. Taxpayers do not need to wait for their 2020 return to be fully processed to file their 2021 return.

### Tax refunds

The IRS encourages taxpayers seeking a tax refund to file their tax return as soon as possible. The IRS anticipates most tax refunds being issued within 21 days of the IRS receiving a tax return if the return is filed electronically, any tax refund is delivered through direct deposit, and there are no issues with the tax return. To avoid delays in processing, the IRS encourages people to avoid paper tax returns whenever possible.



# Home Prices Have Risen at Record Pace

U.S. home prices rose 20% during the 12 months ending in August 2021 as buyer demand far exceeded the supply of dwellings for sale. This was the largest annual price increase in the history of the monthly S&P/Case-Shiller U.S. National Home Price Index going back to 1988. The index continued strong growth at a slightly slower pace in the fall, typically a time when the market takes a breather.

Home prices fell during most past recessions, but the housing market has been anything but normal since the pandemic began in 2020. In many cities, builders struggle to build enough homes to meet the demand driven by low interest rates, a desire for more space while working and schooling at home, and the aging of millennials into homeownership. This trend was amplified by labor shortages and spiking material costs in 2021.



Sources: S&P Dow Jones Indices, 2021 (data for the period January 1988 to October 2021); *The Wall Street Journal*, July 27, 2021; National Association of Realtors, November 17, 2021

# When Two Goals Collide: Balancing College and Retirement Preparations

You've been doing the right thing financially for many years, saving for your child's education and your own retirement. Yet now, as both goals loom in the years ahead, you may wonder what else you can do to help your child (or children) receive a quality education without compromising your own retirement goals.

## Knowledge Is Power

Start by reviewing the financial aid process and understanding how financial need is calculated. Colleges and the federal government use different formulas to determine need by looking at a family's income (the most important factor), assets, and other household information.

A few key points:

- Generally, the federal government assesses up to 47% of parent income (adjusted gross income plus untaxed income/benefits minus certain deductions) and 50% of a student's income over a certain amount. Parent assets are counted at 5.6%; student assets are counted at 20%.<sup>1</sup>
- Certain parent assets are excluded, including home equity and retirement assets.
- The Free Application for Federal Student Aid (FAFSA) relies on your income from two years prior (the "base year") and current assets for its analysis. For example, for the 2023-2024 school year, the FAFSA will consider your 2021 income tax record and your assets at the time of application.

## Strategies to Consider

Financial aid takes two forms: need-based aid and merit-based aid. Although middle- and higher-income families typically have a tougher time receiving need-based aid, there are some ways to reposition your finances to potentially enhance eligibility:

- Time the receipt of discretionary income to avoid the base year.
- Have your child limit his or her income during the base year to the excludable amount.
- Use countable assets (such as cash savings) to increase investments in your college and retirement savings accounts and pay down consumer debt and your mortgage.
- Make a major purchase, such as a car or home improvement, to reduce liquid assets.

Many colleges use merit-aid packages to attract students, regardless of financial need. As your family

explores colleges in the years ahead, be sure to investigate merit-aid opportunities as well. A net price calculator, available on every college website, can give you an estimate of how much financial aid (merit- and need-based) your child might receive at a particular college.

## Don't Lose Sight of Retirement

What if you've done all you can and still face a sizable gap between how much college will cost and how much you have saved? To help your child graduate with as little debt as possible, you might consider borrowing or withdrawing funds from your retirement savings. Though tempting, this is not an ideal move. While your child can borrow to finance his or her education, you generally cannot take a loan to fund your retirement. If you make retirement savings and debt reduction (including a mortgage) a priority now, you may be better positioned to help your child repay any loans later.

## Some Parents Use Retirement Funds to Pay for College

	Retirement Savings Withdrawal		Retirement Account Loan	
	2020	2021	2020	2021
Percentage of families using each source	14%	16%	7%	6%
Average amount	\$3,143	\$3,633	\$2,806	\$3,631

Source: Sallie Mae, 2021

Consider speaking with a financial professional about how these strategies may help you balance these two challenging and important goals. There is no assurance that working with a financial professional will improve investment results.

Withdrawals from traditional IRAs and most employer-sponsored retirement plans are taxed as ordinary income and may be subject to a 10% penalty tax if taken prior to age 59½, unless an exception applies. (IRA withdrawals used for qualified higher-education purposes avoid the early-withdrawal penalty.)

1) College Savings Plan Network, 2021



# Strawberry Valentine's Chex Mix



PREP: 10 MINUTES ♥ SERVINGS: 20 ♥ RECIPE BY: BUTTERWITHASIDE♥fBREAD.COM



Strawberry Valentine Chex Mix is easy to make, fun, and perfectly festive for Valentine's Day! Strawberry white chocolate coating on Chex cereal with added chocolate candy is the perfect sweet treat!

## INGREDIENTS

- 6 cups Rice Chex cereal
- 1 12 oz bag of white chocolate baking chips
- 1 box of Strawberry Creme Jell-O Pudding
- Valentine's M&M's and/or Sprinkles
- 1/2 tsp Shortening (optional)
- Red food coloring (optional)

## DIRECTIONS

1. Measure out 6 cups Chex cereal into a large bowl.
2. Pour chocolate into a small glass dish. Add 1/2 tsp shortening, if desired, to help the chocolate coat the cereal easier. Microwave for 1 minute 20 seconds. Let sit for 3 minutes. Remove and gently stir. If chocolate looks smooth, it's done. If not, return to the microwave in 15 second increments, letting it sit for 2-3 minutes each time, until melted and smooth.
3. Add 4 TBSP of the strawberry creme pudding into the white chocolate and stir gently until smooth. Add 2 drops of red food coloring, if desired.
4. Pour the chocolate mixture over the Chex cereal and stir gently to coat.
5. Transfer cereal mixture to a large piece of wax paper. Sprinkle with M&M's and Valentines sprinkles. Let cool to set.
6. Break into pieces and store in an airtight container.

Note: Mix can be made up to 3-4 days ahead. It saves well!



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