



HONECK ·  
O'TOOLE

...where people count

3rd Quarter 2021

## IMPORTANT RETIREMENT UPDATE:



### Yes, You May Have to Take an RMD in 2021

Last year, the CARES Act waived the rule that individuals must take a Required Minimum Distribution (RMD) for 2020. But that only applied to 2020. You may have to take a distribution in 2021. There are essentially two categories for determining when you need to take an RMD.

#### Personal retirement accounts you established

- The Required Beginning Date (RBD) for taking RMDs from personal retirement accounts depends on your age. If you were born before 7/1/1949, you must take distributions when you turn 70 ½. If you were born after 7/1/1949, you must take distributions when you turn 72.

NOTE: this requirement does not apply to Roth-IRAs. There is no RMD requirement for Roth accounts you've personally established.

- You must take the distribution annually. For the initial year, you have until April 1 of the year after you reach 72 to take the distribution. After that, you can take the distribution any time during the year, by December 31. If you don't take it, the amount may be subject to a 50% tax, so it's best to correct this as soon as possible.
- Qualified Charitable Distributions (QCDs): For a regular IRA, SEP-IRA, or SIMPLE-IRA (not a Roth), if you're over 70 ½, you can have your RMD, or a portion thereof, sent directly to a charity. This allows you to exclude the charitable amount from your income. Inherited accounts, discussed next, are also eligible to make QCDs but the 70 ½ requirement still applies. We originally discussed QCDs in the 2019 1st Quarter Edition of ReveNEWS (available at [www.honeckotoole.com/newsletters/](http://www.honeckotoole.com/newsletters/)).

#### Inherited accounts someone else created and you received as a beneficiary

This scenario is not as simple as just going by age. While your age is one question, here are three more important questions:

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# renews

Ideas to help small businesses and individuals maximize income while minimizing taxes.



## 2021 TAXES: WHERE DO YOU STAND?

If you made any significant changes in your life this year — bought property, sold property, lost a job, got a different job, had a child, changed your marital status, started a business, sold stock, retired, or any other life changes — we're here to help you look at how this may affect your financial picture... especially your 2021 taxes.

The sooner you know, the better, so you can plan ahead. Contact us for an appointment: **207-774-0882** or [info@honeckotoole.com](mailto:info@honeckotoole.com)

**Your Honeck O'Toole Team** 


**WE'RE HIRING!** To make sure we provide exceptional service to all our clients, we need to expand our staff. We're looking for a CPA (or close to it), with experience in public accounting and an interest in tax and financial planning. Perhaps you're a senior-level CPA or just an extraordinary professional looking for a friendly new work environment. Let's talk if you're curious, committed and creative — and you'd enjoy solving problems for our clients: **207-774-0882** or [info@honeckotoole.com](mailto:info@honeckotoole.com). 

*P.S. Please share this with anyone you know who's a possible candidate for this job description. **Thank you!***

## REMINDER FOR EXTENDED TAX FILING

**September 30:** Extended due date for calendar year Trusts and calendar year Estates

**October 15:** Extended due date for Individual Tax Returns & calendar year C Corporations

**Got a letter from the IRS?** Don't panic! We can help if you're not sure what to do next. 

- **How old was the original contributor from which you inherited the account when they passed away?** For those over 70 ½ (72 under new SECURE Act) and who had been taking RMDs, the payout is different than if the RMDs had not yet begun.
- **When did you inherit the account?** If you inherited the account in 2019 or earlier, one set of rules apply. If 2020 or later, another set of rules apply per the SECURE Act.

- **What type of beneficiary are you?** There are several possible options that may apply depending on the type of beneficiary. The tables below offer a quick summary, but don't include some of the exceptions that apply. In short, if you inherit a retirement account, we encourage you to contact us for assistance.

If you have questions, please get in touch with us:  
**207-774-0882 or [info@honeckotoole.com](mailto:info@honeckotoole.com)** 📞

### Distributions from Accounts Inherited Before 2019:

Beneficiary Class	Members of Class	Payout Period (Original Participant dies before 12/31/19:)	
		Before RBD	On or After RBD
Spouse	Spouse	Spouse's life expectancy	The longer of: • Spouse's life expectancy or • Deceased owner's remaining life expectancy
		Spouse has option to rollover IRA and treat as their own account.	
Non-Spouse Individual	Includes designated beneficiaries, other than spouse, such as • Children • Grandchildren • Other family & friends • Certain trusts	Beneficiary's life expectancy	The longer of: • Beneficiary's life expectancy or • Deceased owner's remaining life expectancy
		If multiple beneficiaries are named and the account is not segregated (or a trust with multiple beneficiaries) the life expectancy of the oldest beneficiary is used.	
Other	• Non-Designated beneficiaries • Charity • Estates • Essentially, entities with no measurable life	5-years (not required until final year)	"Ghost Rule:" Annual payout over what would have been the participant's life expectancy.

## TAX DELAYS, PATIENCE, AND A BIG THANK YOU!

Thanks very much for your patience as we do our best to get everything done this year. It's been quite a challenge, but we're steps ahead of the IRS when it comes to service. Check this out:

- The IRS is answering only 3% of phone calls.<sup>1</sup>
- As of August 20th, they hadn't even touched 10.1 million returns.<sup>2</sup>
- Refunds have gone from 21 days to now taking up to 120 days.<sup>2</sup>
- Notices and letters: the IRS has no idea when they'll get to it.<sup>2</sup>

With these kinds of IRS delays, we strongly encourage you to sign up for an online IRS account. ([www.irs.gov/payments/view-your-tax-account](https://www.irs.gov/payments/view-your-tax-account)). There, you can view...

- The total amount you owe, including balance details by year

- Your payment history and any scheduled or pending payments
- Your tax records via Get Transcript
- Digital copies of select notices from the IRS
- Your Economic Impact Payments, if any, and Advance Child Care payments
- Payment options (you can request a payment plan via Online Payment Agreement)

The State of Maine has also announced they will be implementing a Maine Tax Portal in October 2021. They'll continue to add services to this portal over the next few years. Visit [www.maine.gov/revenue/portal](https://www.maine.gov/revenue/portal) for details.

As always, let us know if you have questions about your specific tax situation. 📞

1. <https://www.washingtontimes.com/news/2021/jul/1/irs-answered-only-3-calls-hotline-during-past-tax/>

2. <https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue>

### Distributions from Accounts Inherited After 2019:

(As of 8/18/2021 - after third revision to Pub 590-B (May 2021) for SECURE Act

Beneficiary Class	Members of Class	Payout Period (Original Participant dies after 12/31/19:)	
		Before RBD	On or After RBD
Designated Beneficiary (DB)	A designated beneficiary (DB) is a non-spouse individual that does not meet one of the requirements to be an EDB. Certain trusts that are named as an IRA beneficiary will also be categorized as a DB.	10-years (Not required until final year)	10-years (Cannot elect to use the "Ghost Rule")
Eligible-DB	<ul style="list-style-type: none"> <li>• Surviving spouse</li> <li>• Disabled or chronically ill individual</li> <li>• Individual who is not more than 10 years younger than the IRA owner</li> <li>• Child of the IRA owner who has not reached the age of majority</li> <li>• Additionally, certain trusts named as an IRA beneficiary are considered EDBs.</li> </ul>	Beneficiary's life expectancy	Longer of the EDB's life expectancy or "Ghost Rule."
		Spouse has option to treat as their own IRA or step into role of beneficiary	
		<i>Unlike the situation with a traditional IRA, an EDB who inherits a <b>Roth IRA</b> can always elect the 10-year rule if they wish, no matter how old the Roth IRA owner was at death. That's because there are no lifetime RMDs for Roth IRA owners, so whenever a Roth IRA owner dies, he or she is deemed to have died before the RBD.</i>	
Non-DB	An IRA beneficiary that does not have a life expectancy is considered a non-designated beneficiary. Generally speaking, except for a trust that qualifies as an EDB or DB, any nonindividual IRA beneficiary (e.g., estates, charitable organizations, nonqualified trusts) is considered a non-designated beneficiary.	5-years (not required until final year)	"Ghost Rule:" Annual payout over what would have been the participant's life expectancy.

## MEET OUR NEW TEAM MEMBER, TOM EMERY, CPA

Join us in welcoming Tom to our team! He's excited to work closely with our clients. A CPA since 1985, he's a Maine native, earning his Bachelor and Master's degrees from the University of Southern Maine. He has over 35 years of public accounting experience in the greater Portland area, preparing and reviewing federal and state returns for businesses and individuals... and providing consulting and attestation services. More than 25 of those years included providing tax and consulting services to non-profit organizations.



Tom lives in North Yarmouth with his wife of 36 years and their youngest daughter. He enjoys following the road racing and high school cross-country seasons as well as hiking, fishing and Maine fairs. 🏠

## SMARTVAULT: KEEP YOUR RECORDS SAFE AND SECURE

**Please use SmartVault!** It's safe, secure, fast, and quickly becoming the #1 way our office exchanges information with clients — including tax returns and related source documents (1099s, W2s, etc.). You can upload any file type, including copies of QuickBooks files, and we support DocuSign to electronically sign and file many types of documents, tax returns included. This is much better than snail mail and the electronically signed copy of your tax return will always be safely stored and available to you, if you need to provide a copy to someone for your other financial needs.

If you have a SmartVault account with us, visit [www.honeckotoole.com](http://www.honeckotoole.com) and click the "Client Portal" link for access. Or navigate to [www.honeckotoole.smartvault.com](http://www.honeckotoole.smartvault.com).

Not already using SmartVault?

Please call John Lydon in our office at **207-774-0882** or email [jlydon@honeckotoole.com](mailto:jlydon@honeckotoole.com). 🏠

**DISCLAIMER:** Any accounting, business, or tax advice contained in this communication are not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.



### MAINE JEWISH FILM FESTIVAL

In 1998, a group of friends in Portland decided to get together and watch Jewish films. And then, over the course of 23 years, the Maine Jewish Film Festival (MJFF) has grown into a beloved cultural arts organization that serves the area year-round.

Executive Director Barbara Merson told us, "We primarily focus on films, but we also present concerts and art exhibits with the mission to enrich, educate, and entertain. Our events are based on the global Jewish experience, which is very, very broad. They include Jewish-specific content as well as themes that resonate with the Jewish community."

You may be interested to know that the MJFF audience is 50/50 Jewish/non-Jewish as the events tap into the hearts of all kinds of people. Barbara said, "We have a diverse screening committee to reflect the diversity of our audience. And, we look for a variety of topics and quality films that will appeal to people in Maine."

The annual flagship event, the Maine Jewish Film Festival, is happening virtually this year from November 6th -14th. Barbara added, "The committee watched 100 films and then selected about 20 for audience viewing and conversation. The way the conversations work, you can participate live and ask questions. The filmmakers have

been very happy to have Zoom conversations with us; even better than traveling. We record the conversations, so you can watch the replay."

She noted that they have great films for the November Festival – something for everybody. You can get all the details at [mjff.org/](http://mjff.org/).



**Great movies  
unite us.**  
MAINE JEWISH  
FILM FESTIVAL



### MMoME IS A 2021 CNN HERO!

Lynda Doughty, Founder and Executive Director of Marine Mammals of Maine (MMoME), was recently honored as a 2021 CNN Hero, woo hoo! This means MMoME is in the running for a major CNN award with a cash grant.



To see what they do... visit the client profile we published in 2019: [www.honeckotoole.com/profile/lynda-ada-doughty-maine-mammals-of-maine-mmome/](http://www.honeckotoole.com/profile/lynda-ada-doughty-maine-mammals-of-maine-mmome/). And, visit the CNN profile on why they named Lynda Doughty a CNN Hero (it's wonderful): [www.cnn.com/2020/03/05/us/maine-seals-marine-mammals-rescue-cnnheroes/index.html](http://www.cnn.com/2020/03/05/us/maine-seals-marine-mammals-rescue-cnnheroes/index.html).

Lynda posted the following note on the MMoME site [www.mmome.org/](http://www.mmome.org/): "Along with the great honor of being internationally recognized for world-changing work, this nomination puts Marine Mammals of Maine in the running as a top-ten hero to receive \$10,000. **If we make the top 10, MMoME would be eligible for the Hero of the Year award, receiving \$100,000 to continue our mission.**" (CNN will announce its Hero of the Year on December 13, 2021.)

CNN Heroes has created a GoFundMe to support MMoME to help this much-deserved organization reach the goal of \$50,000. If you'd like to help, visit [www.gofundme.com/f/lynda-doughty-marine-mammals-of-maine-2021](http://www.gofundme.com/f/lynda-doughty-marine-mammals-of-maine-2021).



**Call for Assistance Anytime!** We welcome your questions about taxes, financial planning, estate planning, making the most of QuickBooks, or anything else related to your money.

[www.honeckotoole.com](http://www.honeckotoole.com)

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