

Cliff's Notes

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Due Date Approaches for 2022 Federal Income Tax Returns

 by Cliff Robello

Tax filing season is here again. If you haven't done so already, you'll want to start pulling things together — that includes getting your hands on a copy of your 2021 tax return and gathering W-2s, 1099s, and deduction records. You'll need these records whether you're preparing your own return or paying someone else to prepare your tax return for you.

Don't procrastinate. The filing deadline for individuals is generally Tuesday, April 18, 2023.

Filing for an Extension

If you don't think you're going to be able to file your federal income tax return by the due date, you can file for and obtain an extension using IRS Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. Filing this extension gives you an additional six months (to October 16, 2023) to file your federal income tax return. You can also file for an extension electronically — instructions on how to do so can be found in the Form 4868 instructions.

Filing for an automatic extension does not provide any additional time to pay your tax. When you file for an extension, you have to estimate the amount of tax you will owe and pay this amount by the April filing due date. If you don't pay the amount you've estimated, you may owe interest and penalties. In fact, if the IRS believes that your estimate was not reasonable, it may void your extension.

Note:

Special rules apply if you're living outside the country or serving in the military and on duty outside the United States. In these circumstances, you are generally allowed an automatic two-month extension (to June 15, 2023) without filing Form 4868, though interest will be owed on any taxes due that are paid after the April filing due date. If you served in a combat zone or qualified hazardous duty area, you may be eligible for a longer extension of time to file.

What If You Owe?

One of the biggest mistakes you can make is not filing your return because you owe money. If your return shows a balance due, file and pay the amount due in full by the due date if possible.

If there's no way that you can pay what you owe, file the return and pay as much as you can afford. You'll owe interest and possibly penalties on the unpaid tax, but you'll limit the penalties assessed by filing your return on time, and you may be able to work with the IRS to pay the remaining balance (options can include paying the unpaid balance in installments).

Expecting a Refund?

The IRS has stepped up efforts to combat identity theft and tax refund fraud. More aggressive filters that are intended to curtail fraudulent refunds may inadvertently delay some legitimate refund requests. In fact, the IRS is required to hold refunds on all tax returns claiming the earned income tax credit or the additional child tax credit until at least February 15.

Most filers, though, can expect a refund check to be issued within 21 days of the IRS receiving a tax return. However, note that in recent years the IRS has experienced delays in processing paper tax returns.

So if you are expecting a refund on your 2022 tax return, consider filing as soon as possible and filing electronically.



Due Dates for 2022 Tax Returns

April 18, 2023

To Do: Most taxpayers must file tax return and pay tax or file for 6-month extension and pay estimated tax

June 15, 2023*

To Do: Taxpayers living (or serving in the military) outside the U.S. on April 18, 2023, must file tax return and pay tax or file for 6-month extension and pay estimated tax

October 16, 2023

To Do: Taxpayers who filed for an extension must file tax return and pay any additional tax

* Source: U.S. Bureau of Labor Statistics, 2022

Time for a Spring Cleanup: Organizing Your Financial Records

 by Cliff Robello



The arrival of spring is always a good time to dust off the cobwebs that have built up in your home during the winter. It's also a good time to clean out and organize your financial records so you can quickly locate something if you need it.

Keep Only What You Need

If you keep paperwork because you "might need it someday," your home office and file cabinets are likely overflowing and cluttered with nonessential documents. One key to organizing your financial records is to keep only what you absolutely need for as long as you need it.

Tax records. Keep all personal tax records for three years after filing your return or two years after the taxes were paid, whichever is later. (Different rules apply to business taxes.) If you underreported gross income by more than 25% (not a wise decision), keep the records for six years, and for seven years if you claimed a deduction for worthless securities or bad debt. It might be helpful to keep your actual tax returns, W-2 forms, and other income statements until you begin receiving Social Security benefits.

Financial statements. You generally have 60 days to dispute charges with banks and credit cards, so you could discard statements after two months. If you receive an annual statement, throw out monthly statements once you receive the annual statement. If your statements include tax information (e.g., you use credit-card statements to track deductions), follow the guidelines for tax records.

Retirement account statements. Keep quarterly statements until you receive your annual statement; keep annual statements until you close the account. Keep records of nondeductible IRA contributions indefinitely to prove you paid taxes on the funds.

Real estate and investment records. Keep at least until you sell the asset. If the sale is reported on your tax return, follow the rules for tax records. Utility bills can be discarded once the

next bill is received showing the previous paid bill, unless you deduct utilities, such as for a home office.

Loan documents. Keep documents and proof of payment until the loan is paid off. After that, keep proof of final payment.

Insurance policies. Keep policy and payment documents as long as the policy is in force.

Auto records. Keep registration and title information until the car is sold. If you deduct auto expenses, keep mileage logs and receipts with your tax records. You might keep maintenance records for reference and to document services to a new buyer.

Medical records. Keep records indefinitely for surgeries, major illnesses, lab tests, and vaccinations. Keep payment records until you have proof of a zero balance. If you deduct medical expenses, keep receipts with your tax records.

These are general guidelines, and your personal circumstances may warrant keeping these documents for shorter or longer periods of time.

Securely Store Your Records

You can choose to keep hard copies of your financial records or store them digitally. You usually do not need to keep hard copies of documents and records that can be found online or duplicated elsewhere. Important documents such as birth certificates and other proof of identity should be stored in a safe place, such as a fire-resistant file cabinet or safe-deposit box. You can save or scan other documents on your computer, or store them on a portable drive, or use a cloud storage service that encrypts your uploaded information and stores it remotely.

An easy way to prevent documents from piling up is to remember the phrase "out with the old, in with the new." For example, if you still receive paper copies of financial records, discard your old records as soon as you receive the new ones (using the aforementioned guidelines). Make sure to dispose of them properly by shredding documents that contain sensitive personal information, Social Security numbers, or financial account numbers. Finally, review your records regularly to make sure that your filing system remains organized.

Personal Document Locator

A personal document locator is a detailed list of your personal and financial information that can assist others in the event of your death or disability. Typically, a personal document locator will include the following:



Personal information
(e.g., date of birth, Social Security number)



Names and phone numbers of personal contacts



Online accounts, with usernames and passwords



Location of important legal and financial documents



Names and phone numbers of professional service providers
(e.g., banker, physician, attorney, tax preparer, financial professional)



12%

Percentage increase in prices for food at home (primarily groceries) for the 12-month period ending November 2022. By comparison, prices for food away from home increased 8.5% and general inflation ran at 7.1%.

Source: U.S. Bureau of Labor Statistics, 2022



Honey, They Shrank the Groceries

 by Cliff Robello

Have you noticed that packages are smaller at the grocery store? If so, you're not alone. A majority of U.S. adults have noticed shrinkflation — products shrinking in size while prices stay the same or increase. And about two out of three are very or somewhat concerned about the trend.

Consumers were most likely to say they noticed shrinkflation with snack items, followed by pantry items and frozen food. Shoppers also noticed it with meat, bread, beverages, dairy, produce, and other items. Here's what consumers did when they noticed shrinkflation.



49%
Purchased a different brand



48%
Choose to buy a generic product



33%
Choose to buy a product in bulk



30%
Stopped purchasing specific brands



18%
Researched alternatives



8%
Returned a product

Source: Morning Consult, August 29, 2022 (multiple responses allowed)

Keep an Eye Out for IRS-Related Scams

 by Cliff Robello

The IRS warns that although scams are especially prevalent during tax season, they also take place throughout the year.¹ As a result, it's important to always be on the lookout for suspicious activity so that you don't end up becoming the victim of a scam.

One of the more common IRS scams involves phishing emails. These scams involve unsolicited emails that pose as the IRS to convince you to provide personal information. Scam artists then use this information to commit identity or financial theft. Another dangerous type of phishing, referred to as "spear phishing," is targeted towards specific individuals or groups within a company or organization. Spear phishing emails are designed to get you to click on a link or download an attachment that will install malware in order to disrupt critical operations within your company or organization.

Another popular IRS scam involves fraudulent communications that appear to be from the IRS or a law enforcement organization. These scams are designed to trick you into divulging your personal information by using scare tactics such as threatening you with arrest or license revocation. Be wary of any email, phone, social media, and text communications from individuals claiming they are from the IRS or law enforcement saying that you owe money to the IRS.

A relatively new IRS scam involves text messages that ask you to click on a link in order to claim a tax rebate or some other type of tax refund. Scammers who send these messages are trying to get you to give up your personal information and/or install malware on your phone. Watch out for texts that appear to be from the IRS that mention "tax rebate" or "refund payment."

The IRS will not initiate contact with you by email, text message, or social media to request personal information. The IRS usually contacts you by regular mail delivered by the U.S. Postal Service. Here are some steps that may help you avoid scams.

- Never share your personal or financial information via email, text message, or over the phone.
- Don't click on suspicious or unfamiliar links or attachments in emails, text messages, or instant messaging services.
- Keep your devices and security software up to date, maintain strong passwords, and use multi-factor authentication.



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What's Happening at CMR...

Cliff...

One of my buddies and classmates sadly passed away in March. His remembrance was a class reunion, along with seeing many friends I hadn't seen in a while. It's sad, isn't it, when it takes these types of events to reconnect with friends. Life is busy with stuff that may not be all that important. Take time to connect with someone you haven't seen or spoken to in a while. I know I will.

This picture is one we took a few years after our Baldwin High School graduation. I'm not hard to find. Check out the hairdos.



Zane and Sheri...

We are in the full swing of baseball. Our oldest son Zeke is playing coach pitch baseball and loves it so much. Zane is one of the coaches, and the two of them are getting to spend a lot of one-on-one time. The rest of us enjoy watching the two on the baseball field.



Margaret...

I hope you all are having a great start of the year! As we spring ahead to April... March was a blessed month for us. We celebrated 2 birthdays my daughter in law Jaz and our little ray of sunshine Ms. Jordyn-Rae who turned 1 on Girls Day - 03/03/23.



Roxanne...

2023 Spring Break...Staycation at Aulani with my grandbabies and Mickey!





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Vision:

Moving you to
Financial Contentment

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- Trust
- Genuine Care
- Diligence

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