

LET'S TALK TAXES

“Why was my 1099 late?”

This year, Schwab made the decision to delay issuing 1099s until the end of February in an attempt to reduce the number of corrections that needed to be made. The first round of 1099s were issued on February 19th and, unfortunately, we are aware of one correction which impacted some of our clients. Corrected 1099s were sent on February 26th.

We believe the end of February timeframe is going to become the “new normal.” As a result, we encourage you to be patient in filing your taxes in the coming years to reduce the risk of receiving corrected 1099s and needing to file an amended return.

“Are my investment management fees tax deductible?”

Yes. Investment management fees are tax deductible as a miscellaneous expense to the extent that they are above 2% of your adjusted gross income. For higher income earners, this could limit deductions significantly. For example, someone with \$500,000 of adjusted gross income can only deduct their investment management fees that exceed \$10,000.

Importantly, fees deducted directly from an IRA account are not tax deductible. However, they still offer the significant tax benefit of not being subject to income taxes. In other words, you are able to pay these investment management fees with pre-tax dollars.

“Is the interest from my municipal bond portfolio exempt from tax?”

All of the interest from municipal bonds we recommend to clients is exempt from Federal income tax.

However, this interest is not exempt from state tax unless it is earned on bonds from your state of residence. When filing your taxes, you or your accountant will need to calculate your out-of-state bond interest and add it to your state return.

We have information in our systems to help with this process. If you would like it, please call and ask for our Out-of-State Bond Interest Calculations.



Call Seth or Brian anytime about taxes or any other questions you have.

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