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## DECEMBER ISSUE

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### How to Defuse Common Probate Flashpoints

After the death of a loved one, old family wounds can be reopened. Grudges and unresolved fights can cause bigger issues when it comes time to settle your parent's estate. Siblings have been known to have estate disputes and feuds over furniture and even books. In many cases, one family member hires a probate attorney to fight for what they believe is rightfully theirs. This may lead to a court hearing, which could cause an even bigger rift between siblings. Here are some tips on how to defuse common probate flashpoints.

#### Favoritism

As an executor, you may not be able to fully control if your family fights over their inheritance. In some cases, siblings argue favoritism. They claim that parents chose an executor based on who they loved the most, not who was most qualified. This immediately creates distrust in the executor's ability to make wise decisions. When that is the case, a clear line of communication can be the key to defusing the situation. Let your siblings and other family members involved know that there will be some decisions you would like their input on. You can minimize future resentment by being sensitive to their opinions and feelings.

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### What Our Clients Say About Us

**"Excellent service and fine employees."**

**-DR**

### 8 Ways Your Taxes Will Differ When You File in 2021

#### 1. Higher Health Savings Account (HSA) Limits

Contribution limits for HSA-eligible workers with high-deductible health insurance policies are:

Self-only coverage: \$3,550

Family coverage: \$7,100

#### 2. Waived Required Minimum Distributions (RMDs)

The CARES Act waived RMDs for 2020 tax returns. In a normal tax year, they are taxable income. This means some retirees may have lower taxable incomes, thus owe less in federal income taxes in 2021.

#### 3. Charitable Deduction Changes

To encourage U.S. citizens to contribute money to charity during the COVID pandemic, the IRS is allowing you to deduct as much as \$300 in cash contributions made during 2020 (even if you go for the standard deduction).

Typically, taxpayers are allowed to write off tax-deductible charitable donations on their federal tax returns if they itemize deductions (as opposed to taking the standard deduction). If you itemize deductions on your 2020 tax return, you aren't subject to the \$300 limit for charitable contributions. In addition, you can elect to deduct cash contributions made in 2020 of up to 100% (increased from 60%) of your adjusted gross income.

#### 4. Adoption Credit Changes

The maximum allowable credit amount is now \$14,300 for 2020 tax returns—an increase of \$220 from 2019.

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**Unfair Distribution**

Dealing with family dynamics can be difficult. Many siblings bring their childhood rivalries and resentments with them. Family members will fight over which of their parent’s assets rightfully belong to them, even if it’s not in the will. As an executor, it can be difficult to be unbiased and follow the details outlined in your parent’s will. Even if it’s a small request, changing the directions left by your parents can be a risk.

If you know your family will have a difficult time coming to an agreement or handling big decisions in a civil manner, it’s a good idea to have a third party present. An estate attorney or private fiduciary can act as an unbiased confidant to help resolve fights over an inheritance.

**Set Up Boundaries**

Managing your parent’s estate while still grieving yourself can feel overwhelming. Your siblings can be your biggest critics. They may have strong opinions on how you should handle your parent’s assets and how much time you should spend on legal matters. Constant criticism can put a large amount of pressure on executors and cause physical health problems. It’s essential to take care of yourself, too, during this process.

Set aside specific days or times that you will deal with probate issues and communicate with your family. It’s crucial not to fully consume yourself in these legal matters and forget to live your life. Everyone processes grief differently, but it’s imperative that you give yourself all the time you need.

Source: [www.mccampbellcpa.com](http://www.mccampbellcpa.com)

Please contact our office for more information.†

**5. Higher Income Brackets**

The tax rates didn’t change for your 2020 tax return, however, the tax bracket amounts were adjusted to account for inflation.

For 2020, the income brackets for single filers are:

- 37% tax rate: For income of more than \$518,400
- 35%: For income between \$207,350 and \$518,400
- 32%: For income between \$163,300 and \$207,350
- 24%: For income between \$85,525 and \$163,300
- 22%: For income between \$40,125 and \$85,525
- 12%: For income between \$9,875 and \$40,125
- 10%: For income of \$9,875 or less

For married filing jointly:

- 37% tax rate: For income of more than \$622,050
- 35%: For income between \$414,700 and \$622,050
- 32%: For income between \$326,600 and \$414,700
- 24%: For income between \$171,050 and \$326,600
- 22%: For income between \$80,250 and \$171,050
- 12%: For income between \$19,750 and \$80,250
- 10%: For income of \$19,750 or less

**6. New Standard Deduction Amounts**

The standard deduction amounts are:

- Married filing jointly: \$24,800
- Married filing separately: \$12,400
- Head of household: \$18,650
- Single: \$12,400

**7. Increased Contribution Limits For Limited Workplace Retirement Accounts**

In addition to the many changes in the Secure Act, limits for workplace retirement accounts for 2020 returns have been adjusted for inflation. The base contribution limit for 401(k) plans is \$19,500. The limit for catch-up contributions (anyone 50 and over can make these), is \$6,500.

**8. Higher Limits for the Saver’s Credit**

For 2020, the Saver’s Credit has higher income limits. You’re eligible for the Saver’s Credit if your income is no more than:

- Married filing jointly: \$65,000
- Head of household: \$48,750
- All other tax-filing statuses: \$32,500

Source: [web.blockadvisors.com](http://web.blockadvisors.com)

Please contact our office for more information.†



“You’ll never get bored when you try something new. There’s really no limit to what you can do.”

~Dr. Seuss



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