

# TAX PLANNING STRATEGIES...

# GUILTY AS CHARGED!



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Some like to tease me a little bit because I'm a little nerdy and enjoy reading about the tax code. I don't mind being GUILTY AS CHARGED for trying to help clients with tax efficient strategies. This month I'm excited to share handful of extra tax planning strategies available as a result of the CARES Act passed by Congress in March of 2020.

**Charitable Deductions** – This year, folks who itemize their deductions can make and deduct up to 100% of their AGI from the 2020 return. Those who take the standard deduction can deduct an extra \$300 from their return. That's pretty cool! If you can, lump a few years of charitable contributions into this year, whether it's direct to charity or into your Donor Advised Fund.

**Required Minimum Distributions (RMD)** – You may have already heard, they're suspended for the 2020 tax year. What you may not have heard is that anyone over age 70.5 may actually be able make IRA contributions this year. If you've missed doing your IRA contribution in recent years, the fix is in! Also, don't forget about QCD (Qualified Charitable Distributions). You have the option to send your RMD directly to charity.

**Education** – Qualified expenses now include student loan payments. I don't know why they weren't qualified before, but they are now, which means funds in a 529 fund can help pay back school loans. There is a lifetime limit of up to \$10,000 for the beneficiary and an additional \$10,000 for each sibling of the beneficiary. Qualified expenses were also expanded to include expenses for registered apprenticeship programs.\*

Would you like more information about year-end tax planning? Wells Fargo's Investment Institute has put together a great 14 page guide. **If you'd like to receive it, email [john@pmwmg.com](mailto:john@pmwmg.com) with the word "report," in the subject line and I'll send it to you.**

*Remember, the deadline for implementing most investment-related strategies that could help reduce your 2020 tax bill is December 31, 2020.*

*My best,  
John*

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\*Please consider the investment objectives, risks, charges and expenses carefully before investing in a 529 savings plan. The official statement, which contains this and other information, can be obtained by calling your financial advisor. Read it carefully before you invest. An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as, financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 college savings plan.

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