

DEAR VALUED CLIENT

2020

January 2021

We are pleased that you are retaining us to assist with tax preparation for 2020. Thank you!

Enclosed, you will find:

- **Tax Questionnaire & Organizer** – Please use this when assembling your 2020 tax information. **Using this tool generally results in lower fees due to complete data gathering. We require a completed Questionnaire** to ensure that we correctly prepare your return. On the back of this letter there is also a checklist of documents we'll need to complete your return. Not all will apply to your situation.
- **Engagement Letter** – Lottsa must have a signed copy before starting work on your tax return. If married, both spouses must sign.
- Lottsa's **Privacy Policy** for your information.

If you have an annual tax meeting, please look for an email about scheduling an appointment via Zoom or phone. We are shifting to online scheduling in 2021, but you are still welcome to call the office if you prefer. This more accessible system replaces pre-scheduled appointments.

Important Dates:

February 10

- 10% Early Bird Discount deadline. **All** materials in the client's power to produce plus completed tax organizer must be **received at Lottsa by 5pm** in order to qualify.

March 15

- All available materials must be received at Lottsa to have a fair chance of completion by April 15. This is not a guarantee your return will be completed by then.
- Last day to meet with tax preparers.

April 15

- Regular Tax Deadline to file or extend.
- Any 2020 tax balances due, as well as first quarter estimates for 2021.

Staff members have varying availability. Generally speaking, appointments are available Monday – Saturday from 9:00 am – 5:00 pm, and evenings on Tuesdays. All meetings will be conducted by Zoom or phone.

Lottsa now occupies both floors of the Triangle Building. Our main entrance and reception area have moved to the first floor, at 1820 Riverside Avenue. The office is staffed to take calls and for contact-free drop-offs; however, Lottsa will only be conducting meetings by Zoom or phone until further notice.

We are using a new secure client portal this year called Canopy for document storage, secure data transmission, and invoicing. If you consent to receive a PDF copy of your tax return, we will make sure that you have access to your account in Canopy. We'll notify you when your tax return is complete so that you can view and download it. The client portal is currently the most secure and efficient method to share documents with Lottsa.

Our rates in 2021 have changed. Please see our website for details.

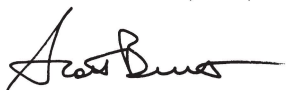
Lottsa donates \$2 to a selected charity for every individual tax return that we prepare. This year we have chosen **Every Meal**, an organization that works to fight hunger in our community by filling the gaps to food access that children face during weekends, summers, and extended breaks from school. Read more at everymeal.org.

This is a rather intimate undertaking that you entrust to us. It is a privilege to serve you and we're thankful for your support.

May (y)our actions be of benefit to ourselves, to others, and to the world.

With Gratitude,

Scott Beers E.A., CFP®, President



Please see Checklist and Important
Reminders on the back of this page

Lottsa Staff: Sarah K, Mary, Daniel, Jean, Lisa,
Nancy, Sarah L, Nicole, Kaarin, Caden, and Daniele

Lottsa

1820 Riverside Ave
Minneapolis, MN 55454
612-338-7459 • www.LOTTSA.com

- ☐ **Completed Tax Organizer.** Please respond to the Questionnaire in the front pages of the Organizer.
- ☐ **Engagement Letter** signed and dated. Both spouses must sign if married.
- ☐ **Tax Documents** as applicable (please provide these forms even though you've listed the amounts in the Organizer):
 - ☐ **W-2** Forms
 - ☐ **1099** Forms [**INT**erest; **DIV**idend; **B**roker; **C**ancel Debt; **MISC**ellaneous; **NEC**(nonemployee compensation); **R**etirement; **Q**ualified Tuition Plan; **O**thers]
 - ☐ **Statement of Realized Gain/(Loss)** [usually received from the brokerage company]
 - ☐ **Social Security Benefits Statement** [SSA-1099]
 - ☐ **K-1** Forms from Partnership, S Corp, Estate/Trust [All pages]
 - ☐ **1098** Forms [Mortgage Interest Paid] **1098-E** [Student Loan Interest Paid] **1098-T** [Tuition Paid]
 - ☐ **Health Savings Account (HSA)** Related forms [1099-SA and 5498-SA]
 - ☐ **2021 County Property Tax Statement** if homeowner; **CRP** form if you are a MN renter
 - ☐ **Settlement Statement** (also called the Closing Disclosure) from the closing of any home purchase, sale or refinance.
 - ☐ **Affordable Care Act (ACA)** Health Insurance verification is reported on **1095** forms.
If you purchased health insurance through MN Sure or another exchange, **Form 1095-A is required.**
 - ☐ **Notice 1444** showing Economic Impact Payments (stimulus checks) received.
- ☐ **Any Notices or Bills** received from a Tax Authority. Include any letters from Minnesota Revenue related to conformity adjustments.
- ☐ If you're a **new client**, 1) provide a copy of prior year Federal and State tax returns if we don't already have them and 2) provide a copy of your (both spouses) driver's license.

TOPICAL INFORMATION

Specific to 2020:

- Economic Impact Payments (stimulus checks): Please provide Notice 1444 reporting Economic Impact Payments received in 2020. These payments are not includible in gross income. If you did not qualify for a payment based on 2018 or 2019 income, but will qualify based on 2020 income, you'll claim the credit on 2020 Form 1040.
- A \$300 deduction for cash charitable contributions made during the year is available to taxpayers who do not itemize deductions.
- Required Minimum Distributions (RMDs) from IRAs and Qualified Plans were waived for tax year 2020. Taxpayers were able to avoid paying taxes on RMDs that were taken and then rolled over to another IRA, another Qualified Retirement Plan, or returned to the original plan by August 31, 2020. If you did this, communicate it to us.
- The 10% early withdrawal penalty levied on retirement plan distributions before age 59.5 has been waived for coronavirus-related distributions up to \$100,000. Additionally, distributions may be repaid to the account (and non-taxable to the extent of repayment) for three years from the date of distribution. Eligibility for this treatment is based upon meeting one of three criteria.

CARES Act provisions for businesses:

- The CARES Act provided funding for several business stimulus programs in response to the COVID-19 pandemic. Let us know if your Schedule C business received a Paycheck Protection Program (PPP) loan, Economic Injury Disaster Loan or grant/advance, or utilized another CARES Act provision to support your business. For the PPP loan, we'll also want to know how much of your loan was forgiven by 12/31/2020.

Other Retirement Plan Changes:

- The age at which individuals must begin Required Minimum Distributions from retirement plans has been changed from 70.5 to 72 years of age.
- Traditional IRA contributions may now be made in any year in which the taxpayer has earned income, regardless of age.

Charitable Donations: Only donations made to registered, U.S. tax-exempt organizations are deductible. Political contributions, donations to foreign charities, and gifts to individuals (directly or via appeals such as GoFundMe) are NOT deductible. Prior to filing your tax return, you should have a receipt or proof of payment for all donations claimed. If the donation is \geq \$250, then you must have both a receipt and proof of payment. The charity's acknowledgement (receipt) must include words to the effect of 'no goods or services were provided in exchange for the contribution.'

If you made donations of property or securities whose value exceeds \$500,

you must also describe what was given, to whom, the date(s) donated, date(s) acquired, cost of the property given away, and its value at donation date. Donations of vehicles generally require Form 1098-C.

Vehicle Deductions: If you use your vehicle for self-employment or rental property purposes, you may be eligible for a deduction. A Standard Mileage deduction is available for most taxpayers and is the most common method among our clients. Using Actual Expenses is another option. If you want to claim a vehicle deduction, further clarification about the necessary information can be found on Lottsa's website. Please assemble the required information on the relevant pages of the Organizer. If vehicle use is a new factor in your tax situation, contact Lottsa to request an Organizer supplement. There is no vehicle deduction for employees.

Supplemental Information is sometimes needed. If there were changes in your situation (economic, family, location, etc.) compared to the prior year, or if you have information to share that was not captured in our Organizer, please be sure to communicate about those topics to us. Contact us to request supplemental Organizer pages for business, rental, business use of home, vehicle use, or other new matters.

Minnesota-Specific Information such as property taxes, K-12 education expenses, 529 Plan contributions, student loan payments, and long-term care insurance is gathered on the final pages of the organizer. Please provide applicable data.