



# Fiduciary Financial Services Wealth Management

FOURTH QUARTER 2022

## 2023 HOLIDAY SCHEDULE

- Monday, January 16th, 2023  
*Martin Luther King, Jr. Day*  
Office closed
- Monday, February 20th, 2023  
*President's Day*  
Office closed
- Friday, April 7th, 2023  
*Good Friday*  
Office closed

## FIDUCIARY FINANCIAL SERVICES WEALTH MANAGEMENT

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## ARE YOU PREPARED TO SUBMIT A 1099-K FOR 2022 TAX RETURN?



If you enjoy the convenience of a third-party payment network like Venmo or PayPal, you may be receiving a form 1099-K for reportable income. Companies like Venmo and PayPal file the 1099-K as an annual “information return” with copies sent to taxpayers and the IRS for third-party and credit card purchases.

The IRS has lowered the threshold of reportable third-party transactions to \$600 from the previous aggregate above \$20,000 for taxpayers with more than 200 transactions. As part of the American Rescue Plan Act of 2021, this change is not designed to collect taxes on personal transactions, but on taxable income related to part-time work, side jobs or selling goods. Consequently, you may receive a 1099-K for a single transaction including re-selling personal items for profit, but an IRS FAQs page says you should not receive a 1099-K form for personal transfers that reimburse you for gifts, meals, or allowances.

Review each 1099-K carefully to make sure that only reportable transactions are indicated. If you receive a 1099-K erroneously, the IRS recommends that you contact the issuer directly and request a correction; or you can file your tax return accurately with an explanation for the 1099-K attached. As always, consult your tax advisor or CPA to resolve your questions about transaction details on the 1099-K.

## WHEN WILL I GET A 1099 FOR 2022?

Your financial custodian is required to send you a preliminary Form 1099-B if you sold stocks or other investments in your account. The deadline for mail delivery is February 15, 2023. You may also obtain a copy online at the custodian website.

## REASONS TO CONTACT CLIENT SERVICES

(972) 934-9070

- Do you have a new email address?
- Have you moved?
- Have you changed your phone number?
- Do you have a new bank account?
- Do we know who your Trusted Contact is?

## SECURE ACT 2.0: MAJOR CHANGES TO RMDs

### PUSH BACK RMDs TO AGE 73 AND THEN 75

The SECURE 2.0 Act pushes back the required beginning date (RBD) for participants of qualified retirement plans and IRAs to start taking RMDs.

Starting on January 1, 2023, the RBD will move from age 72 to age 73. However, anyone who already turned age 72 by the end of 2022 is subject to age 72 RBD. Additionally, the age increases to age 75 on January 1, 2033.

Depending on your birth date, the RMDs age is increasing as follows, if you are born:

- Before 1/1/1951, your RMDs have already started and nothing changes
- Between 1/1/1951 & 12/31/1959, then your RMDs must start at age 73
- After 1/1/1960, then your RMDs will begin at age 75

### REMOVE ROTH ACCOUNT PRE-DEATH RMDs

The SECURE 2.0 Act removes pre-death RMDs from Roth accounts, like Roth 401(k), and Roth 403(b) accounts.

Under current law, Roth IRAs are not subject to RMDs while the owner is alive. However, Roth 401(k) and 403(b) accounts *are* subject to RMDs pre-death. Both Roth IRAs and Roth accounts are subject to post-death RMD rules which would not change under this provision. This would start in 2024.

### REDUCTION OF MISSED RMD PENALTY TAX

The SECURE 2.0 Act reduces the penalty for missing an RMD from 50% penalty tax to 25% penalty tax. Additionally, if the RMD is corrected in a timely fashion, it would reduce the penalty again down to 10%.