

# THE FINANCIAL EDGE

November 2021



## MY RANDOM THOUGHTS ON BLESSINGS...

*Personal comments by Mary*

I need to remember my blessings more often. We are constantly reminded of what we don't have. Ads, whether they be TV, radio or in print tell us we need this and we need that. We need these things to be healthy, to belong, to be attractive, to be loved, etc. Rarely am I told by outside sources that I am enough and I have enough.

Did you know that I can feel blessed or cursed for the same thing? Take medicines – I feel blessed that I don't take any. However, if I took it and it made me feel worse, I would feel cursed. On the other hand, if I was sick, I would feel grateful that it is there and will help me feel better. The same thing – different perspective.

Spending time in Kenya brought to mind many of the things I take for granted; such as electricity, safe water to drink, indoor plumbing, good roads, beautiful birds, food in my refrigerator and a solid roof over my head.

Coming back, I remember all the things that bring me comfort - my home, blankets, dark chocolate, family, friends, my husband Steve. It is nice to be back in my office and doing what I love.

Blessing are how we perceive things. – that aren't good nor bad, it's what we think they are. Keeping my blessings in mind improves my day. I wish you many blessing this Thanksgiving!

*Mary Guldán-Lindstrom*

**"Thankfulness is the beginning of gratitude. Gratitude is the completion of thankfulness. Thankfulness may consist merely of words. Gratitude is shown in acts."**

~ Henri Frederic Amiel



"I so appreciate all of your support as I created this new vision. Mary, you are a standout among accountants in that you keep your eye on the big picture AND on the day-to-day functioning of my businesses. Thank you for sharing that rare gift with me!"

*Bonnie Nussbaum, Owner of Empowerment Coaching*

**YOUR REFERRALS ARE APPRECIATED AND WILL BE TREATED WITH UTMOST CARE!**

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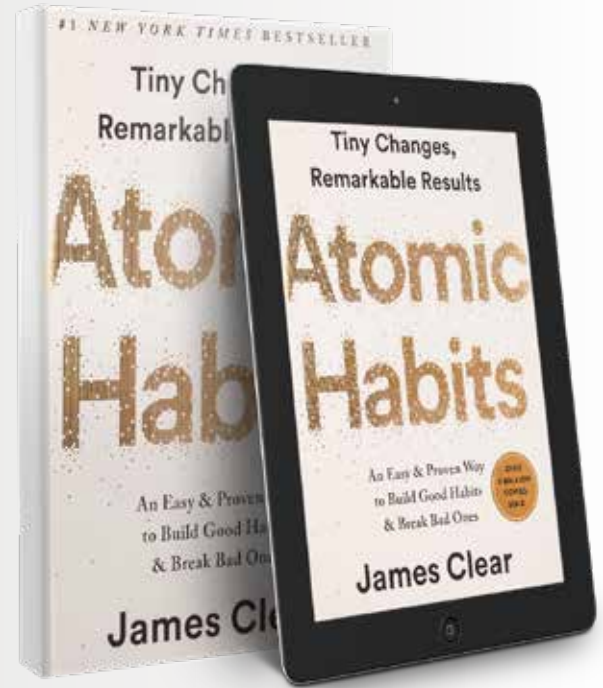
## THE BOOK REVIEW

**TITLE:** Atomic Habits  
**AUTHOR:** James Clear  
**TOPIC:** Self-Help  
**EASY TO READ:** \$\$\$\$\$ (5 out of 5 dollars)  
**APPLICABLE TO SMALL BUSINESS:** \$\$\$\$\$ (5 out of 5 dollars)

**Summary:** Clear and practical guide on how to develop habits to accomplish great things and how to stop bad habits.

**My recommendation:** I found the Habits Scorecard very enlightening. For every goal we need habits that will get us there.

Pages: 253 | Published: 2018



## SOCIAL SECURITY CHANGES FOR 2022

By Mary Guldán Lindstrom CPA

### FOR THOSE STILL WORKING

- The maximum amount of an individual's taxable earnings in 2022 subject to Social Security tax will be \$147,000.
- The Medicare tax of 1.45% each for employees and employers has no wage limit and is unchanged for 2022.
- Individuals with earned income of more than \$200,000 pay the Medicare tax of 0.9% of wages with respect to employment. This didn't change.
- Self-employed individuals pay self-employment tax for both employees and employers. The pay 15.3%, up to the \$147,000 and 2.9% in Medicare taxes on net self-employment income above it. There is an income tax deduction of half of the amount paid.

### FOR THOSE RECEIVING SOCIAL SECURITY

- Increase of 5.9% on Social Security benefits payable in 2022. Compared with a 1.3% increase for 2021.
- Those receiving Social Security benefits can earn up to \$51,960 in the year they reach full retirement age before their benefits are reduced. After that, benefits are reduced \$1 for every \$3 in earnings over the limit.
- Beneficiaries younger than full retirement age will be able to earn up to \$19,560 in 2022 before their benefits are reduced by \$1 for every \$2 in excess earnings.
- The maximum Social Security benefit for a worker retiring at full retirement age will increase to \$3,345 per month in 2022 from \$3,148 per month in 2021.



## MY TAKE ON THE PROPOSED TAX LAW CHANGES FOR 2022

By Mary Guldán-Lindström CPA

As Congress and the President continue to negotiate how they are going to raise taxes there are items under discussion that will have a major impact for small business owners. The issues listed below are under discussion, as of Nov 5, 2021. No one knows what will actually be passed. If they are discussing these additional taxes, they may come to reality at some point in time.

### PROPOSED INCOME TAX CHANGES

**Income Tax Rates.** In 2022 the highest ordinary income tax rate for individuals could be increased from 37% to 39.6%. Congress will also lower the income in which this tax rate applies to. It will kick in if your income is over \$450,000 for married and \$400,000 for single.

**Income Tax Surcharge.** One way to tax the rich, add a 3% surcharge tax on individuals with more than \$5 million adjusted gross income.

**Capital Gain Rate.** They are proposing to replace the 20% tax rate with 25% and would apply when taxable income hits \$517,200 for married and \$459,750 for single.

**Net Investment Income Tax.** Currently a 3.8% tax is paid on investment income such as interest, dividends, capital gains and passive income for taxpayers with more than \$250,000 for married couples and \$200,000 for single taxpayers. The big change applies to S-corporation shareholders, partners and LLC members. For income that is not subject to self-employment tax, that income would apply to the 3.8% tax on that income. This will reduce the tax benefit of being taxed as an S corporation.

**Qualified Business Income Deduction.** They are proposing to a cap of \$500,000 for married and \$400,000 for single taxpayers, starting in 2022. This will impact businesses with more than \$2 million in pass thru income.

### PROPOSED IRA CHANGES

**IRA Restrictions.** For individual who have retirement balances over \$10 million future contributions to these accounts will be prohibited. Congress will also increase the required minimum distributions once they are required.

**IRA Investments.** They want to prohibit an IRA from investing in a corporation, partnership, trust or estate in which the owners have 50% or more interest or is an officer. They are discussing a 2-year transition period for IRA's that are currently holding these assets.

### PROPOSED ESTATE CHANGES

**Estate Exclusion Amount.** Currently if your estate is over \$11.7 million per person it is not subject to estate or gift tax. Under current law it will change to \$5 million in 2026. Congress want to have this start in 2022. If your estate is over \$5 million or \$10 million if your married, it may be time to review your estate situation.

This is just a high-level overview of the changes that I feel will impact small business owners and for discussion only. Once we are more certain of the changes we can plan accordingly. This year might be the year to review your election to be taxed as an S corporation. Note that timely S-election changes are due March 15 of the year you are considering making the change.

If you want to know more about how they will impact you, please contact our office to set up a tax strategy meeting.

*"Improving the lives of small business owners"* **FOCUS\$CPA** Inc

## TAX PLANNING

We are still working on tax planning. There is less than 2 months or 45 days to take action.

We will review your situation, estimate your tax liability, provide options to reduce your overall taxes and determine your cash needs. Tax time is right around the corner.

Call our office  
**920-351-4842**  
 or email  
**JODI@FOCUS-CPA.COM**  
 to schedule a time.

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## SOMETHING TO THINK ABOUT

"If a fellow isn't thankful for what he's got, he isn't likely to be thankful for what he's going to get."

*Frank A. Clark*

"If you can't be content with what you have received, be thankful for what you have escaped."

*Unknown*

"There's always something to be thankful for. If you can't pay your bills, you can be thankful you're not one of your creditors."

*Unknown*

"Even though we can't have all we want, we ought to be thankful we don't get what we deserve."

*Unknown*

"My socks may not match, but my feet are always warm."

*Maureen McCullough*

"Gratitude is the wine for the soul. Go on. Get drunk."

*Rumi*

"I am thankful for laughter, except when milk comes out of my nose."

*Woody Allen*

"I can multitask like crazy. I'm riddled with ADD – a blessing and a curse."

*Glenn Beck*

"God gave us our relatives; thank God we can choose our friends."

*Ethel Watts Mumford*