Anderson, Nill & Associates, Inc.

December 2022

Jennifer Anderson • President/CEO

Jennifer has led our team since September 2012. She holds a Bachelor's Degree in Accounting and is a licensed Enrolled Agent with the IRS. When not at the office, Jennifer enjoys quiet-morning coffee, puzzles, board games, and time with her family, especially her new granddaughter, Zarya.

Roxanne Oakley • Bookkeeping Div Mgr

Roxanne has been a constant face here since 1996. She manages bookkeeping and tax preparation for individuals and businesses. She is a licensed Enrolled Agent with the IRS. Roxanne enjoys spending time with her family, spoiling her grandkids, reading, puzzles, and riding her motorcycle.

Aaron Spangenberg • Bookkeeping Div Mgr

Aaron became a member of our team in June 2019. He manages bookkeeping and tax preparation for individuals and businesses. Aaron is a licensed Enrolled Agent with the IRS. He enjoys hunting, fishing, camping, photography, and spending time with his family.

JJ Linn • Account Manager

JJ joined our team in August 2022. He holds a Bachelor's Degree in Accounting and is a CPA. JJ is looking forward to building his bookkeeping and tax client base. JJ enjoys being a father of three girls and a husband of one – Jill. He also enjoys hunting, fishing, boating, and sports.

Sydney Marso • Account Manager

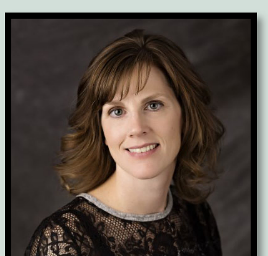
Sydney became a member of our team in August 2021 and has been busy establishing her own bookkeeping client base. She is excited to keep developing her bookkeeping skills and plans to soon dive into the tax world as well. Sydney enjoys fishing, time with friends and family, and new adventures.

Hannah Anderson • Bookkeeper

Hannah joined the team in August 2021. Some of you may remember her working here in 2016. She has expanded her knowledge and moved into a bookkeeper position. She loves to be with her family, play video games, and binge watch TV shows, but her favorite thing is being a mom to daughter, Zarya.

Arielle McRoberts • Office Manager

Arielle joined our team in June 2022 as the office manager and data entry clerk. She is excited to continue expanding her knowledge of bookkeeping. She enjoys the outdoors, photography, spending time with family and friends, and cheering for the Green Bay Packers.



Carrie Harer • Executive Assistant

Carrie became part of our team in January 2019. Her work is largely behind the scenes as she carries out a variety of duties to complete special projects. Carrie enjoys gardening, crafting, time at the river with family, and embarking on adventures with her two boys.

Kathy Garber • Data Clerk

Kathy tried retirement, but she couldn't live without her ANA family so she came back to work performing data entry for several companies. Her grandchildren hold a special place in her heart. She loves to scrapbook and travel with friends and family.

Employee or Independent Contractor?

A worker performing services for a business is generally an employee or an independent contractor. If a worker is classified incorrectly, the IRS may assess penalties on the employer for nonpayment of certain taxes.

Factors to Determine Worker Status
The general rules for classifying workers as independent contractors or common-law employees center on who has the right to control the details of how services are to be performed. The factors can be grouped into three categories.

1) **Behavioral control.** Factors that indicate a business has the right to control a worker's behavior:
   - ***Instructions that the business gives to the worker.*** Employers generally control when and where work is to be done, what tools or equipment to use, what workers to hire or to assist with the work, where to purchase supplies and services, what work must be performed by a specified individual, and what order or sequence to follow.
   - ***Training that the business gives to the worker.*** Employees may be trained to perform a service in a particular manner. Independent contractors generally use their own methods.
2) **Financial control.** Factors that indicate a business has the right to control the business aspects of a worker's job:
   - ***Extent of the worker's unreimbursed business expenses.*** Independent contractors are more likely to incur expenses that are not reimbursed, such as fixed overhead costs that the worker incurs regardless of whether work is currently being performed.
   - ***Extent of the worker's investment.*** Independent contractors often have significant investment in facilities used to perform services for someone else, such as maintaining a separate office or other business location.
   - ***Extent to which the worker makes his or her services available to the public.*** Independent contractors are generally free to offer their services to other businesses or consumers. They often advertise and maintain a visible business location.
   - ***Method of payment for services performed.*** Employees generally are guaranteed a regular wage and work for an hourly fee or a salary. Independent contractors are generally paid a flat fee for a specific job. Exceptions apply to some professions, such as accountants and lawyers who charge hourly fees for their services.
   - ***Extent to which the worker can make a profit.*** Independent contractors can make a profit or a loss.
3) **Type of relationship between the parties.** Factors that indicate the type of relationship:
   - ***Written contracts*** that describe the relationship and intent between the worker and the business hiring the worker.
   - ***Employee-type benefits provided to worker.*** Employers often provide fringe benefits to employees, such as health insurance, pensions, and vacation pay.
   - ***Permanency of the relationship.*** Employer-employee relationships generally continue indefinitely.
   - ***Extent services performed by the worker are a key aspect of the business hiring the worker.*** A worker who is key to the success of a business is more likely to be controlled by the business, which indicates employee status.

Source: *TheTaxBook*

Converting Traditional IRA Savings to a Roth IRA

A Roth individual retirement account (IRA) conversion lets you shift money from a traditional IRA into a Roth IRA. Doing so lets you take advantage of a Roth IRA's many benefits, including tax-free withdrawals in retirement and no required minimum distributions (RMDs) during your lifetime.

However, Roth IRA conversions also have costs. Specifically, you'll have to pay tax on the money that you convert. Because of this, you need to plan conversions carefully.

Pros
- Even though you'll owe tax on the converted amount, you might save on taxes in the long run.
- There are no required minimum distributions (RMDs) during your lifetime.
- You can withdraw your contributions at any time.

Cons
- You owe tax on the converted amount—and it could be substantial.
- You may not benefit if your future tax bracket is lower than it is now.
- You must wait five years to take tax-free withdrawals, even if you're already age 59½ or older.

Is it worth converting a traditional individual retirement account (IRA) to a Roth IRA?
It depends on your individual circumstances. However, a Roth IRA conversion can be a very powerful tool for your retirement. If your taxes rise because of increases in marginal tax rates—or because you earn more, putting you in a higher tax bracket—then a Roth IRA conversion can save you considerable money in taxes over the long term.

Please work with your Tax Professional at Anderson, Nill & Associates, as well as your Financial Advisor to determine the best solution to fit your situation.

Source: *Investopedia*

Did you know…

- The state minimum wage will increase from $9.95/hour to $10.80/hour for hours worked starting on Jan. 1, 2023. The hourly minimum wage for tipped employees will be $5.40/hour, half the minimum wage for non-tipped employees. Wages and tips combined must equal at least the minimum wage.
- Estates of decedents who die during 2023 have a basic exclusion amount of $12,920,000, up from a total of $12,060,000 for estates of decedents who died in 2022.
- The annual exclusion for gifts increases to $17,000 for calendar year 2023, up from $16,000 for calendar year 2022.
- Partners and shareholders are strongly advised to keep annual form K1's indefinitely due to new IRS regulations requiring basis computations.
- Expiring Soon: 100% Bonus Depreciation expires on Dec. 31, 2022. It will decrease 20% each year thereafter, through 2026.

401(k) and IRA Limits Increase for 2023

- The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan will increase to $22,500, up from $20,500. The catch-up contribution limit for employees aged 50 and over increases to $7,500, up from $6,500.
- The amount an employee contributes from their salary to a SIMPLE IRA will increase to $15,500, up from $14,000. The catch-up contribution limit for employees aged 50 and over increases to $3,500, up from $3,000.
- The limit on annual contributions to an IRA will increase to $6,500, up from $6,000. The IRA catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains $1,000.

Death of a Taxpayer

When a taxpayer dies, there are certain returns that still need to be filed, a responsibility that falls onto the personal representative.

Personal Representative
Under state law, a personal representative is the person appointed by a court to administer an estate. The term includes both executors (appointed when the decedent has a will) and administrators (appointed in the absence of a will). A personal representative nominated in a will has no authority over estate assets unless appointed by a court.

Duties of Personal Representative
Duties include collecting all of the decedent's property, paying any creditors, and distributing assets to beneficiaries. In addition, the representative is responsible for filing various tax returns and seeing that the taxes owed are properly paid.

Decedent's Tax Returns
The personal representative is responsible for the following returns when required:

- **Form 1040.** Final return for year of death (gross income of a decedent from January 1 until the date of death is reported on the decedent's final income tax return).
- **Form 1041.** Income tax returns for the probate estate (required if income greater than $600 is received after death by the decedent's estate).
- **Form 706.** Estate tax return (required if decedent's estate exceeds the estate tax exclusion ($12,060,000 in 2022) or if portability election is made).
- **Form 709.** Gift tax for year of death (required if the decedent gave more than the annual exclusion ($16,000 for 2022) to any one person in the year of death or failed to file any prior year gift tax returns).
- Returns not filed by decedent for prior years—Form 1040, Form 1040-X, or Form 709.
- State income tax and estate tax returns. Some states do not have an estate tax, but several states have annual estate tax exclusions that are significantly less than the federal exclusion.

A personal representative may be personally liable for unpaid tax if he or she distributed assets, the estate is insolvent as a result, and the personal representative had notice of the tax claim.

Please schedule an appointment with your Tax Professional at Anderson, Nill & Associates if you have any questions.

Source: *TheTaxBook*

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& Associates, Inc.

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