



WEALTH OF KNOWLEDGE

NEWSLETTER COVERING THE WEALTH CONTINUUM

Looking Ahead to Filing 2020 Income Taxes

It's a busy time. But it's not too soon to start thinking about taxes. Let's take a look at 9 tax facts for tax-year 2020 along with tips that may save you money.

1. Tax brackets and tax rates have changed. Every year, the tax brackets for taxable income are adjusted based on the rate of inflation. Table 1 illustrates your marginal tax bracket based on taxable income.

Table 1: Tax Brackets for 2020

Rate	Single individuals	Married individuals filing joint returns	Head of household
10%	Up to \$9,875	Up to \$19,750	Up to \$14,100
12%	\$9,876–\$40,125	\$19,751–\$80,250	\$14,101–\$53,700
22%	\$40,126–\$85,525	\$80,251–\$171,050	\$53,701–\$85,500
24%	\$85,526–\$163,300	\$171,051–\$326,600	\$85,501–\$163,300
32%	\$163,301–\$207,350	\$326,601–\$414,700	\$163,301–\$207,350
35%	\$207,351–\$518,400	\$414,701–\$622,050	\$207,351–\$518,400
37%	\$518,401 or more	\$622,051 or more	\$518,401 or more

Source: Tax Foundation, IRS

2. The increased standard deduction has simplified filing for many. The standard deduction for married filing jointly rises to \$24,800 for tax year 2020, up \$400 from last year. For single taxpayers and married individuals filing separately, the standard deduction rises to \$12,400, up \$200 from 2019. For heads of households, the standard deduction will increase to \$18,650, up \$300. The personal exemption for tax year 2020 remains at 0, as it was for 2019. The elimination of the personal exemption was a provision in the Tax Cuts and Jobs Act.

3. You may be eligible to take a \$2,000 tax credit for each child. The credit is available to parents if your child is younger than 17 years of age on the last day of the tax year, generally December 31. It begins to phase out at \$200,000 of modified adjusted gross income for single filers. The amount doubles to \$400,000 for married couples filing jointly.

4. Limitations on itemized deductions. If cash expenses that are eligible to be itemized fail to top the standard deduction, skip Schedule A and take the standard deduction. It's that simple.

If you itemize, please be aware that state and local income taxes and real estate taxes are capped at \$10,000. Anything above cannot be written off against income.

You may generally deduct up to 60% of your adjusted gross income (AGI) for cash donations, but a 30% limitation applies for gifts of appreciated securities. For 2020 only, cash donations made directly to charities (not donor-advised funds) are deductible up to 100% of AGI. Also, for 2020 only, up to \$300 in cash donated directly to charities is deductible if the standard deduction is taken.

In 2020, the IRS allows all taxpayers to deduct the total qualified unreimbursed medical care expenses for the year that exceed 7.5% of their adjusted gross income.

5. Penalties have been eliminated for not maintaining minimum essential health care coverage, according to the Tax Cuts and Jobs Act.

6. Estates of decedents who die during 2020 have a basic exclusion amount of \$11,580,000, up from \$11,400,000 for estates of decedents who died in 2019. The annual exclusion for gifts is \$15,000 for calendar year 2020, as it was in 2019.

7. The maximum credit allowed for adoptions for tax year 2020 is the amount of qualified adoption expenses up to \$14,300, up from \$14,080 for 2019.

8. Changes to the AMT—the alternative minimum tax. Tax reform failed to do away with the alternative minimum tax (AMT), but it snags far fewer people.

The AMT exemption amount for tax year 2020 is \$72,900 and begins to phase out at \$518,400 (\$113,400 for married couples filing jointly for whom the exemption begins to phase out at \$1,036,800). The 2019 exemption amount was \$71,700 and began to phase out at \$510,300 (\$111,700, for married couples filing jointly for whom the exemption began to phase out at \$1,020,600).

9. There is a 20% deduction for business owners. The new law gives “flow-through” business owners, such as sole proprietorships, LLCs, partnerships, and S-corps, a 20% deduction on income earned by the business. This is a valuable benefit to business owners who aren't classified as C-corps and can't benefit from 2018's reduction in the corporate tax rate to 21% from 35%.

Individual taxpayers and some trusts and estates may be entitled to a deduction of up to 20% of their net qualified business income (QBI) from a trade or business, including income from a pass-through entity.

In general, total taxable income in 2020 must be under \$163,300 for single filers or \$326,600 for joint filers to qualify. The deduction does not reduce earnings subject to the self-employment tax.

Consult with your CNB Wealth Advisor and tax professional to make sure you are taking advantage of all the tax benefits you are entitled to. CNB Wealth Management, with its staff of 11 CERTIFIED FINANCIAL PLANNER™ professionals, is well-equipped to help you meet your financial goals.

James P. Terwilliger, PhD, CFP® is a Senior Vice President, Senior Planning Advisor with CNB Wealth Management.

He may be reached at (585) 419-0670, ext. 50630 or at JTterwilliger@CNBank.com.



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CNB Wealth Management is pleased to share that enhancements to TrustReporter, your online Wealth Management portal are coming soon! This upgrade will provide improved functionality, an intuitive user experience, enhanced security features, and is part of our ongoing commitment to delivering the best products and services to our customers.

We invite you to enroll in TrustReporter today to begin accessing your account online and to take advantage of these enhancements as soon as they are available. Should you have any questions, or to enroll, contact your Relationship Manager at (585) 419-0670.



'Tis the season to express our gratitude for you and the communities we serve.

At Canandaigua National Bank & Trust, we have a long history of charitable giving, commitment to our communities, and demonstration of our core values. And while this is traditionally the giving season, this year was anything but typical. As such, CNB responded by continuously identifying opportunities and providing contributions to support a wide variety of local organizations serving those most in need throughout all of 2020. It is what we believe good neighbors do in challenging times to help keep communities strong.

We are thankful that you have chosen us to serve your financial needs and hope that we have not only continued to provide you with an exceptional experience, but have also fulfilled on your expectations of us as a community partner.

All of us at CNB Wealth Management wish you a happy, healthy Holiday Season and a New Year filled with peace and joy.

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WHAM Ask the
Experts

2021 Shows — Saturdays at 8:00pm

January 30 • March 27 • May 29 • July 31
September 25 • November 27

Tune in to WHAM 1180 or listen online at
wham1180.com to hear our trusted advisors.
Times subject to change.

CNC Shareholder Corner



Canandaigua
National
Corporation

Be on the lookout for our invitation to the
2021 Annual Shareholder Meeting
scheduled for April 21, 2021.

CNBank.com/ShareholderRelations