

FINANCIAL CONNECTIONS



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INVESTOR
EDUCATION

With the days getting longer, sunny days, new hope, and a new you are awaiting. Are you ready to welcome April?

Spring is truly the season of renewal. With the flowers starting to bloom and the leaves turning green again, winter blues are flushed out by the beautiful spring delights.

For those celebrating, I wish you all a very Happy Easter and Passover. On a personal note, my son and his girlfriend moved into New York City last month, and I want to wish my mom a happy 75th birthday.

How Changing Shelter Costs Influence Inflation

Fast-rising U.S. shelter costs — consisting of tenants' rent and owners' equivalent rent — were the top driver of inflation in 2022, but this may be a trend that has already shifted. Shelter costs account for nearly one-third of the value of the consumer price index (CPI), making them the largest component by far. New rents and home prices both softened in the second half of 2022, but because of the way shelter costs are measured, it could take nearly a year for those changes to be reflected in the CPI.



Source: Bureau of Labor Statistics, 2023 (data through Dec. 2022); *The Wall Street Journal*, December 6, 2022

Due Date Approaches for 2022 Federal Income Tax Returns

Tax filing season is here again. If you haven't done so already, you'll want to start pulling things together — that includes getting your hands on a copy of your 2021 tax return and gathering W-2s, 1099s, and deduction records. You'll need these records whether you're preparing your own return or paying someone else to prepare your tax return for you.

Don't procrastinate. The filing deadline for individuals is generally Tuesday, April 18, 2023.

Filing for an Extension

If you don't think you're going to be able to file your federal income tax return by the due date, you can file for and obtain an extension using IRS Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*. Filing this extension gives you an additional six months (to October 16, 2023) to file your federal income tax return. You can also file for an extension electronically — instructions on how to do so can be found in the Form 4868 instructions.

Due Dates for 2022 Tax Returns

April 18, 2023

To Do:

Most taxpayers must file tax return and pay tax or file for 6-month extension and pay estimated tax



June 15, 2023*

To Do:

Taxpayers living (or serving in the military) outside the U.S. on April 18, 2023, must file tax return and pay tax or file for 6-month extension and pay estimated tax

*Interest is due on taxes paid after the April filing date



October 16, 2023

To Do:

Taxpayers who filed for an extension must file tax return and pay any additional tax



Filing for an automatic extension does not provide any additional time to pay your tax. When you file for an extension, you have to estimate the amount of tax you will owe and pay this amount by the April filing due date. If you don't pay the amount you've estimated, you may owe interest and penalties. In fact, if the IRS believes that your estimate was not reasonable, it may void your extension.

Note: *Special rules apply if you're living outside the country or serving in the military and on duty outside the United States. In these circumstances, you are generally allowed an automatic two-month extension (to June 15, 2023) without filing Form 4868, though interest will be owed on any taxes due that are paid after the April filing due date. If you served in a combat zone or qualified hazardous duty area, you may be eligible for a longer extension of time to file.*

What If You Owe?

One of the biggest mistakes you can make is not filing your return because you owe money. If your return shows a balance due, file and pay the amount due in full by the due date if possible.

If there's no way that you can pay what you owe, file the return and pay as much as you can afford. You'll owe interest and possibly penalties on the unpaid tax, but you'll limit the penalties assessed by filing your return on time, and you may be able to work with the IRS to pay the remaining balance (options can include paying the unpaid balance in installments).

Expecting a Refund?

The IRS has stepped up efforts to combat identity theft and tax refund fraud. More aggressive filters that are intended to curtail fraudulent refunds may inadvertently delay some legitimate refund requests. In fact, the IRS is required to hold refunds on all tax returns claiming the earned income tax credit or the additional child tax credit until at least February 15.

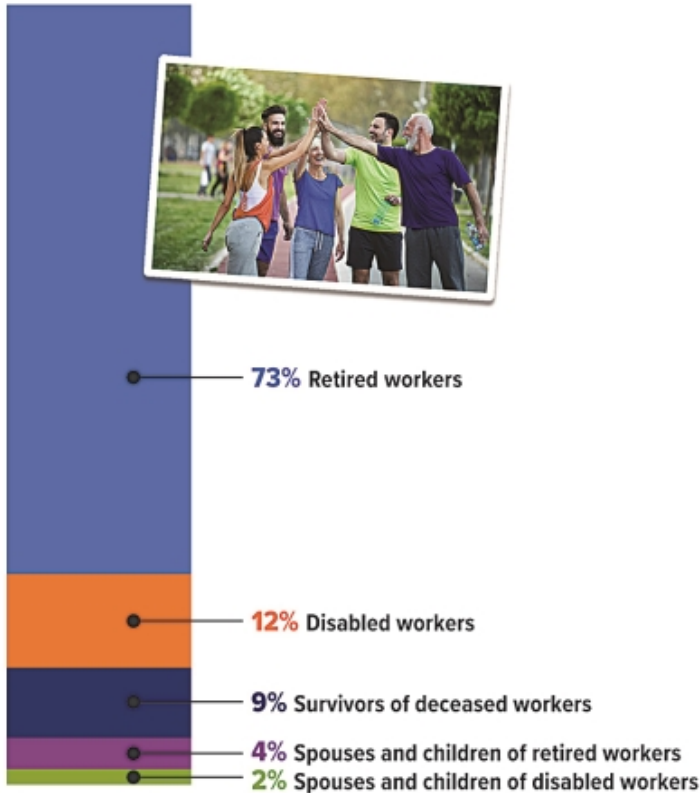
Most filers, though, can expect a refund check to be issued within 21 days of the IRS receiving a tax return. However, note that in recent years the IRS has experienced delays in processing paper tax returns.

So if you are expecting a refund on your 2022 tax return, consider filing as soon as possible and filing electronically.

Social Security Offers Benefits from Birth Through Old Age

The bulk of Social Security benefits go to retirees, but Social Security is much more than a retirement program. Most Americans are protected by the Old-Age, Survivors, and Disability Insurance (OASDI) program — the official name of Social Security — throughout their lives.

Current Social Security Beneficiaries



Source: Social Security Administration, 2023

At the Beginning of Your Career

Your first experience with Social Security might be noticing that Federal Insurance Contributions Act (FICA) taxes have been taken out of your paycheck. Most jobs are covered by Social Security, and your employer is required to withhold payroll taxes to help fund Social Security and Medicare.

Although most people don't like to pay taxes, when you work and pay FICA taxes, you earn Social Security credits. These enable you (and your eligible family members) to qualify for Social Security retirement, disability, and survivor benefits. Most people need 40 credits (equivalent to 10 years of work) to be eligible for Social Security retirement benefits, but fewer credits may be needed for disability or survivor benefits.

If You Become Disabled

Disability can strike anyone at any time. Research shows that one in four of today's 20-year-olds will

become disabled before reaching full retirement age.¹

Social Security disability benefits can replace part of your income if you have a severe physical or mental impairment that prevents you from working. Your disability generally must be expected to last at least a year or result in death.

When You Marry...or Divorce

Married couples may be eligible for Social Security benefits based on their own earnings or on their spouse's.

When you receive or are eligible for retirement or disability benefits, your spouse who is age 62 or older may also be able to receive benefits based on your earnings if you've been married at least a year. A younger spouse may be able to receive benefits if he or she is caring for a child under age 16 or disabled before age 22 who is receiving benefits based on your earnings.

If you were to die, your spouse may be eligible for survivor benefits based on your earnings. Regardless of age, your spouse who has not remarried may receive benefits if caring for your child who is under age 16 or disabled before age 22 and entitled to receive benefits based on your earnings. At age 60 or older (50 or older if disabled), your spouse may be able to receive a survivor benefit even if not caring for a child.

If you divorce and your marriage lasted at least 10 years, your former unmarried spouse may be entitled to retirement, disability, or survivor benefits based on your earnings.

When You Welcome a Child

Your child may be eligible for Social Security if you are receiving retirement or disability benefits, and may receive survivor benefits in the event of your death. In fact, according to the Social Security Administration, 98% of children could get benefits if a working parent dies.² Your child must be unmarried and under age 18 (19 if a full-time elementary or secondary school student) or age 18 or older with a disability that began before age 22.

At the End of Your Career

Social Security is a vital source of retirement income. The benefit you receive will be based on your lifetime earnings and the age at which you begin receiving benefits. You can get an estimate of your future Social Security benefits by signing up for a *my* Social Security account at [socialsecurity.gov](https://www.socialsecurity.gov) to view your personal Social Security statement. Visit this website, too, to get more information about specific benefit eligibility requirements, only some of which are covered here.

1-2) Social Security Administration, 2022

Keep an Eye Out for IRS-Related Scams

The IRS warns that although scams are especially prevalent during tax season, they also take place throughout the year.¹ As a result, it's important to always be on the lookout for suspicious activity so that you don't end up becoming the victim of a scam.

One of the more common IRS scams involves phishing emails. These scams involve unsolicited emails that pose as the IRS to convince you to provide personal information. Scam artists then use this information to commit identity or financial theft. Another dangerous type of phishing, referred to as "spear phishing," is targeted towards specific individuals or groups within a company or organization. Spear phishing emails are designed to get you to click on a link or download an attachment that will install malware in order to disrupt critical operations within your company or organization.

Another popular IRS scam involves fraudulent communications that appear to be from the IRS or a law enforcement organization. These scams are designed to trick you into divulging your personal information by using scare tactics such as threatening you with arrest or license revocation. Be wary of any email, phone, social media, and text communications from individuals claiming they are from the IRS or law enforcement saying that you owe money to the IRS.



The IRS will not initiate contact with you by email, text message, or social media to request personal information.

A relatively new IRS scam involves text messages that ask you to click on a link in order to claim a tax rebate or some other type of tax refund. Scammers who send these messages are trying to get you to give up your personal information and/or install malware on your phone. Watch out for texts that appear to be from the IRS that mention "tax rebate" or "refund payment."

The IRS will not initiate contact with you by email, text message, or social media to request personal information. The IRS usually contacts you by regular mail delivered by the U.S. Postal Service. Here are some steps that may help you avoid scams.

- Never share your personal or financial information via email, text message, or over the phone.
- Don't click on suspicious or unfamiliar links or attachments in emails, text messages, or instant messaging services.
- Keep your devices and security software up to date, maintain strong passwords, and use multi-factor authentication.

1) Internal Revenue Service, 2022

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