

**OSARC MONTHLY MEETING**  
**2/14/2024 12:30pm**  
**MINUTES**

**Greetings:** Joan Borovoy, OSARC Chairperson, opened the meeting and welcomed attendees

**Introductions:** Joan introduced current board members:

Mark Lewis, Acting Vice Chair  
Susan O'Brien, Secretary  
Colleen Cox, Consultant to the Board  
Judith Lovell, Volunteer  
Jay Warshofsky, COMRO rep

OSA Staff members providing technical assistance/support on Zoom:

Rob Spencer, OSA Media Director  
Megan Wofsy, OSA Asst to the Chairperson

Joan explained Zoom etiquette.

**Presentation:** Presenter was Lloyd Feinberg, a tax preparer and retired OSA member. Lloyd has presented information to OSARC annually over the last six years on Federal and State tax rules, providing tips and reminders as we move into tax season and you collect the documents needed to prepare your tax returns.

Among the issues he reviewed are: Useful Websites and Publications; Filing Status; Income Forms You Should Receive; Standard vs Itemized deductions; Estimated Taxes and Withholding; Selling Your Home; Rules on Required Minimum Distributions (RMDs) from Deferred Compensation, including IRAs; How To Handle City Pension income, City Deferred Compensation Fund account (457, 401k) distributions and IRA income.

**Tax Tips- Federal**

- 1) *Start by Googling various websites* such as irs.gov, and whatever state department of taxation is appropriate for you. Read all instructions, call phone numbers or use chat option to help answer your questions.
- 2) *Determine your filing status.* Exemptions, such as standard deductions and tax rates are based upon your filing status.
  - a) married filing jointly,
  - b) married filing jointly with qualifying spouse (spouse that has died within the past two years),
  - c) married filing separately (with separate incomes they do not wish to combine),
  - d) filing single, or
  - e) filing as head of household if you have an eligible child.
- 3) *Ensure you are reporting all your income*
  - a) Social Security - 1099 form
  - b) Pension - 1099R form
  - c) Deferred compensation: IRA, 457, 401k, 403b, etc. - 1099R form
  - d) Brokerage or bank account- 1099Int for interest or 1099div for dividends or 1099B for sale of stock

All tax forms are sent to you AND to IRS. So, if you miss something, IRS will ensure that you pay on all the income they know about.

4) *Add up your income.* After adding up all your income, you have a \$32K exclusion if you are married and a \$25K exclusion if single. After calculation, up to 85% of SS could be added back as taxable income.

5) *Deductions-* Currently, 80 to 85% of Americans now using standard deductions. Donald Trump raised the standard deductions so that most Americans don't qualify to itemize deductions. There are some deductions that qualify to be itemized.

a) Medical expenses - Medical/dental bills can be deducted only if they exceed 7.5% of your adjusted gross income. The net after the 7.5% is deducted is what is used for itemization.

b) City, state and real estate taxes - You can only take up to \$10k in these taxes

c) Mortgage deduction cannot be taken unless you have apartment or house bought recently for over \$1M.

d) Charitable donations- You cannot deduct charitable donations if you use the standard deduction. If you itemize, you can deduct up to 60% of your adjusted gross income.

All deductions must add up to more than the standard deduction in order to itemize. Standard deductions are:

a) \$27k for married filing jointly, plus \$1500 for each taxpayer over 65.

b) \$13,850 for filing single, plus \$1,850 if over 65

c) \$20k for head of household

If your income is below the standard deduction, you will not need to pay taxes.

5) *Taxable Income* - once income and deductions are determined, you get the figure which is your taxable income. The IRS will then determine the tax for that income and compare it to what tax you have already paid during the year. You may have done tax withholding on your pension, social security or deferred compensation plans. (You can't do tax withholding on dividends and interest.) Based on the difference you either have an amount to pay the IRS or you get a refund.

All should file electronically and all should receive refund by direct deposit.

If you owe taxes, how can you prevent this in the future:

a) Raise withholding on all income

b) Estimated taxes - paid quarterly - if you pay the IRS quarterly at a rate of 110% of what you owed the previous year, the IRS will not charge you interest on anything you owe them. You want to avoid paying interest. If you owe the IRS \$1,000, they can charge you interest. If you owe NY state \$500, interest can be charged. Estimated taxes avoid that.

### **Tax Tips - New York State**

New York state is a state that is very favorable to retirees.

1) If you have a NYC pension and you live in NY state, you pay no NY state taxes on the pension.

2) You pay no NY state tax on social security

3) There is a \$20k exclusion from NY State tax on deferred compensation (IRA, 457, etc.)

### **Required Minimum Distributions (RMD)**

Once you turn 72 you are required to pay RMDs on your deferred compensation (IRA, 457 401k, etc). You must pay annually by December 31<sup>st</sup> but the first year you have until the following April 1 to pay. So, if you turned 72 in 2022 you have until April 1, 2023 to pay for 2022. However, you must also pay for 2023 by December 31<sup>st</sup> so it is not advised that you pay taxes on your first RMD after December 31 of the year you turn 72, as it may raise your marginal income tax rate.

If you go to a tax preparer, be sure he/she signs the return and includes their tax ID number. Look for someone who doesn't start by promising you a certain amount of refund. You are responsible for whatever your tax preparer does on your behalf.

### **Home sale**

If you plan to sell your home, you must determine the cost basis. This is the amount you paid for the property plus any improvements you have made to the home. Improvements increase the cost basis. You then compare the cost basis to whatever price you get for the sale of the home. You are likely to have a profit when you sell and you must pay taxes on that profit.

The IRS compares the cost basis to the sale price to determine your tax rate. However there is a \$500k tax exemption for married people, or \$250k per person exemption on that applied to the profit. (However, you must live in the house for two of the previous five years). After the exemption is applied, you will pay capital gains taxes on the remaining profit. The IRS will determine your rate of taxation.

If you sell your house and take a loss, you cannot claim the loss unless it's a rental.

### **Miscellaneous**

If you sell stock you have owned for less than a year, this is called a short term gain which is taxed at normal tax rates. If you owned the stock longer, the tax rate can be anywhere from 0%-25% or more.

An annual gift allowance of approximately \$18k is allowed as well as a lifetime allowance of approximately \$3M. A form gets filed to clarify your intentions to the IRS.

Lloyd can be reached at 917-374-6293.

### **COMRO Report:** by Jay Warshofsky

COMRO is the Council of Municipal Retiree Organizations (City and State). The meeting was attended by Jay, Mark Lewis and Joan Gripa.

New members of COMRO now include the NYC Organization of Public Service Retirees (NYCOPSR) and the Cross Union Retiree Organization (CROC) both groups are fighting the attempts by NYC to move retirees to Medicare Advantage.

Jay reported on a speaker, Stony Brook Professor Michael Zweig who discussed his new book, "Class, Race and Gender." He has also been involved with the NY Poor People's Campaign since 1968. He discussed demonstrations being held on March 2 in several cities protesting local poverty and racism. They are also plans in place for a national march in Washington.

### **Healthcare update**

Jay reported that the city is moving to vacate the injunction currently in place in the case of the city charging co-pays for those covered by GHI Senior Care.

**Next Meeting: Wednesday, March 13 at 12:30pm.** Our speaker will be talking about vision preservation. In April we will have an attorney discussing wills, trusts and estates. In May, a member of the DNC will speak about the upcoming election. In June we will have a financial advisor.