

January 2020

We are pleased that you are retaining us to assist with tax preparation for 2019. Thank you!

Enclosed, you will find:

- **Tax Questionnaire & Organizer** – Please use this when assembling your 2019 tax information. **Using this tool generally results in lower fees due to complete data gathering.** The Questionnaire section is particularly important in ensuring that we understand your return. On the back of this letter there is also a checklist of documents we'll need to complete your return. Not all will apply to your situation.
- If you have a **pre-scheduled appointment**, it is noted on the front page of your Tax Organizer.
- **Engagement Letter** – Lottsas must have a signed copy before starting work on your tax return. If married, both spouses must sign.
- Lottsas's **Privacy Policy** for your information.

Important dates:

February 10

- 10% Early Bird Discount deadline. **All** available materials and organizer must be **received at Lottsas** by 6 pm in order to qualify.

March 16

- All available materials must be received at Lottsas to have a fair chance of completion by April 15.
- Last day to meet with tax preparers.

April 15

- Regular Tax Deadline to file or extend.
- Any 2019 tax balances due, as well as first quarter estimates for 2020.

If you want to make an appointment or reset your pre-scheduled time, please contact the Lottsas offices at 612-338-7459. Staff members have varying availability. Generally speaking, appointments are available Monday – Saturday from 8:30 am – 5:00 pm, and evenings on Tuesdays.

Our offices are at the top of a long set of stairs. A first floor meeting space is available for clients who prefer not to make the climb. Let us know if you would like to meet in the first floor space.

We use the **SmartVault** portal for **secure** data transmission. It is currently the most secure and efficient method to share documents with Lottsas and provide you with access to prior years' tax returns. If you prefer a PDF copy of your tax return, we will make sure that you have access to your account in SmartVault.

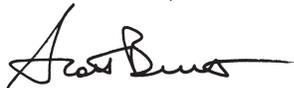
Our rates in 2020 have increased. Please see our website for details.

Lottsas donates \$2 to a selected charity for every individual tax return that we prepare. This year we have chosen **Springboard for the Arts**, an organization committed to supporting artists in the Minnesota community. Read more at springboardforthearts.org.

This is a rather intimate undertaking that you entrust to us. It is a privilege to serve you and we're thankful for your support.

May (y)our actions be of benefit to ourselves, to others, and to the world.

With Gratitude,



Scott Beers E.A., CFP®, President

Please see Checklist and Important Reminders on the back of this page

Lottsas Staff: Sarah K, Mary, Daniel, Jean, Lisa, Nancy, Sarah L, Nicole, Chrycinda, and Caden

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Tax & Accounting Services, Inc.

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- Completed Tax Organizer.** Please respond to the Questionnaire in the front pages of the Organizer.
- Engagement Letter** signed and dated. Both spouses must sign if married.
- Tax Documents** as applicable (*please provide these forms even though you've listed the amounts in the Organizer*):
 - W-2 Forms**
 - 1099 Forms** [INTerest; DIVidend; Broker; Cancel Debt; MISCellaneous; Retirement; Qualified Tuition Plan; others]
 - Statement of Realized Gain/(Loss)** [usually received from the brokerage company]
 - Social Security Benefits Statement** [SSA-1099]
 - K-1 forms** from Partnership, S Corp, Estate/Trust [All pages]
 - 1098 forms** [Mortgage Interest Paid] **1098-E** [Student Loan Interest Paid] **1098-T** [Tuition Paid]
 - Health Savings Account (HSA)** Related forms [1099-SA and 5498-SA]
 - 2020 County Property Tax Statement** if homeowner; **CRP** form if you are a MN renter
 - Settlement Statement** (also called the Closing Disclosure) from the closing of any home purchase, sale or refinance.
 - Affordable Care Act (ACA)** Health Insurance verification is reported on 1095 forms. Please provide the following forms if received:
 - Form 1095-A if purchased from the health insurance exchange,
 - 1095-B issued by the insurer for policies not obtained through the exchange, and/or
 - 1095-C issued by "large" employers.
- Any **Notices or Bills** received from a Tax Authority. Include any letters from Minnesota Revenue related to conformity adjustments.
- If you're a **new client**, 1) provide a copy of prior year Federal and State tax returns if we don't already have them and 2) provide a copy of your driver's license.

TOPICAL INFORMATION

Recent Changes: The Tax Cuts and Jobs Act took effect 1/1/18. This tax overhaul increased all standard deductions and made changes to allowable itemized deductions.

- Fees paid for financial advising, tax prep, or safe deposit box rental are no longer deductible on Federal or Minnesota returns.
- Unreimbursed employee expenses and casualty and theft losses above certain thresholds are deductible on Minnesota returns, but not on Federal returns.
- Interest paid on home equity loans or home equity lines of credit is limited on Federal returns, and is disallowed on Minnesota returns.

Minnesota has adopted these federal changes for 2019. Provide Lotts with copies of any letters you receive from Minnesota Revenue notifying you of conformity-related adjustments to prior tax returns.

Charitable Donations: Prior to filing your tax return, you should have a receipt or proof of payment for all donations claimed. If the donation is \geq \$250, then you must have both a receipt and proof of payment. The charity's acknowledgement (receipt) must include words to the effect of *'no goods or services were provided in exchange for the contribution'*. If

you made donations of property or securities whose value exceeds \$500, you must also describe what was given, to whom, the date(s) donated, date(s) acquired, cost of the property given away, and its value at donation date. Donations of vehicles generally require Form 1098-C. Only donations made to registered, U.S. tax-exempt organizations are deductible. Political contributions, donations to foreign charities, and gifts to individuals are not deductible.

Vehicle Deductions: If you use your vehicle for self-employment or rental property purposes, you may be eligible for a deduction. A Standard Mileage deduction is available for most taxpayers, and is the most common method among our clients. Using Actual Expenses is also an option. It is possible to compare the results using both methods, and then choose which is more advantageous. If you want to claim a vehicle deduction, further clarification about the necessary information can be found at <http://tax.lotts.com/worksheets-tax-preparation>. Please assemble the required information on the relevant pages of the Organizer. If vehicle use is a new factor in your tax situation, contact Lotts to request an Organizer supplement. There is no vehicle deduction for employees.

A Health Savings Account (HSA) is an account in your name into which you can deposit pre-tax funds to be used to cover out-of-pocket medical expenditures. You must have an eligible, high-deductible health insurance product to contribute to an HSA. These accounts are NOT the same as employer sponsored medical reimbursement plans (a.k.a. FSA). If you have an HSA, provide the amount contributed for tax year 2019 and amount of withdrawals from the Plan in 2019. Also provide any HSA related forms [1099-SA & 5498-SA].

Supplemental Information is sometimes needed. If there were changes in your situation (economic, family, location, etc.) compared to the prior year, or if you have information to share that was not captured in our Organizer, please be sure to communicate about those topics to us. There is an Additional Information page in the Organizer to use. You can also call us to request supplemental Organizer pages for business, rental, business use of home, vehicle use, or other new matters.

Minnesota-Specific Information such as property taxes, K-12 education expenses, 529 Plan contributions, and long-term care insurance is gathered on the final pages of the organizer. Please provide applicable data.