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WAIT AND SEE
(PROPOSED TAX LAW CHANGES)

One bit of folk wisdom (the "5P Rule") holds "Prior planning prevents poor performance," and it is frequently true. Unfortunately, informed planning for the best income and estate tax results for 2021 and for 2022 is as yet impossible, as good planning depends on a thorough understanding of the applicable rules. After many political utterances and extensive coverage by the popular press and in the literature of tax commentators, the applicable tax law for 2021 and 2022 is unknowable. What then is a reasonable plan for a prudent taxpayer for the balance of 2021 and early 2022?

What seems best to us is to defer decisions with tax significance wherever possible for as long as possible. Because almost all of the discussed changes are tax increases on middle income and higher income taxpayers (who comprise almost all tax planning taxpayers), the usual plan of deferring income and accelerating expenses may not be best for the remainder of 2021. Personal financial planning, estate tax planning, and other personal decisions, which are not dominated by tax issues, for example, formation of family investment entities, gifts, acquisitions of equipment with expensing elections, might be completed during the remainder of 2021. Major long-term, tax-significant decisions, for example, the choice between pass-through taxation for corporations (subchapter S status) and corporate taxation (subchapter C status), require significant study based on actual law or very likely expected law and are probably best deferred until the changes are better known.

For now, the only reasonable, at least to us, expectation is that both income and estate tax will increase and most likely be generally effective for 2022 and the details will only be furnished very shortly before or after enacted. Meanwhile, it seems reasonable, at least to us, to delay decisions as long as possible and then plan the balance of 2021 based on significant changes in the law not being retroactive.

THE IMPORTANCE OF DIGITAL SECURITY

We guess that most of us have long ago given in to (and enjoy the convenience of) online banking and shopping. Accompanying that convenience, however, is the ever-increasing risk of criminals attempting to access your online accounts and stealing from you and from those with whom you conduct transactions. For that reason, the importance of securing your online accounts (especially banking and investment accounts) and other

(*Continued on reverse*)

information with strong passwords and multi-factor identification (i.e., using a password together with a code sent during login to your smartphone to verify your identity), when available, cannot be overemphasized. The dilemma is that good security requires that passwords be complex and not used for multiple account logins. That means you should be using a different complex, lengthy password for each website log-in. Unfortunately, remembering such passwords is virtually impossible.

Many conclude the best solution to be the use of an online password manager that will securely store all of your passwords. The password manager is accessed by your master password, which will be the only one you will need to remember. But, your master password better be a good one since it will open the vault containing all of your other passwords. Your master password should be at least 20 characters but also should be one that you will be able to readily recall, such as one based on a phrase like "From here to eternity." You might then alter the phrase slightly (e.g., eliminate or substitute a special character for spaces, use numbers for certain letters, etc.). But make sure your alterations are easy enough for you to remember (e.g., "Fr0m!here!2!eternity.").

There are many password managers available such as Dashlane, LastPass, Keeper, and Bitwarden for both mobile devices and desktop computers. Some of these password managers have both free and paid versions, with the paid versions offering more features. We encourage everyone to review the password security on their financial accounts, make any appropriate changes, and consider an online password manager.

NOTIFYING IRS OF AN ADDRESS CHANGE

The Internal Revenue Service mails various items (e.g., refund checks, notices of proposed adjustments, examination appointment letters, etc.) to the taxpayer's "last known address." Generally, a taxpayer's last known address is the address shown on the most recently filed tax return. If the taxpayer has moved without informing the IRS of the address change, any IRS notice sent to the former address nevertheless will be considered legally effective even if the taxpayer never receives it. Such missed communications can have unwelcomed consequences for the taxpayer because of missed time-sensitive responses.

When a taxpayer changes address after recently filing a tax return that includes the old address, Form 8822 (for individual income, gift, and estate tax returns) may be filed notifying the IRS of the change. For business address changes, Form 8822-B may be filed. Married taxpayers who file a joint return should both sign Form 8822. Taxpayers who previously filed a joint return and now have separate addresses should each separately file a Form 8822 to notify the IRS.

According to the IRS website, after receiving a Form 8822 or Form 8822-B, the IRS will send a Notice CP-148A or CP-148B, respectively, confirming receipt of the address change. Normally, these notices would be sent by the IRS within four to six weeks of receiving Form 8822. However, given the disruptions during the last nineteen months, one should expect a longer wait for acknowledgment.