



## June 2021 Newsletter

SILVER BRIDGE UPDATES, CHANGES TO  
CHILD TAX CREDITS & FREE CLASSES

### IN THIS ISSUE:

#### **Silver Bridge Update**

Starting June 24th, our Eagle office will be closed and we will temporarily be operating out of our Meridian location.

#### **Changes to Child Tax Credits**

Congress has made changes to two different types of credits for the 2021 tax year: The Child Tax Credit and the Child Care Credit.

#### **Free Classes this Summer**

Silver Bridge will once again be hosting the Summer Speaker Series as a complimentary service to our clients and guests. We have put together a lineup of experts with important, timely advice on a number of relevant topics - you don't want to miss out!

*Sign Up  
Now!*



### **Silver Bridge Update**

#### Upcoming Office Change & Eagle Closure

The Treasure Valley is growing, and so are we! Silver Bridge is in the process of opening one central location to serve all our clients. Watch for an upcoming announcement about our new location once we have all the details ready to release!

In preparation for our move, our Eagle location is closed as of June 24<sup>th</sup>.

We will temporarily operate out of our **Meridian office** at 2006 S Eagle Road until our new location is ready for us to occupy.

If you have any questions, or if you need directions to our Meridian location, please [contact us](#) for assistance.

**Thank you for your patience during our office transition!** We are excited to have our entire firm together under one roof and will make every effort to make this a smooth transition for you.

## *Your Bridge to Success!*

### **Changes to the Child Tax Credit for 2021**

We continue to feel the effects of COVID-19 in many ways. One of the areas affected is the child tax credit on federal tax returns. Congress has made changes that affect **tax year 2021 only** (unless they are renewed or extended for future years).



## Higher Amounts Per Child This Year

- Dependents age 0-5 will qualify for a \$3,600 child tax credit
- Dependents age 6-17 will qualify for a \$3,000 child tax credit
- Dependents age 18+ will qualify for a \$500 other dependent credit

For 2020 and previous years (as well as years subsequent to 2021), the child tax credit was \$2,000 per dependent under age 17 and an other dependent credit of \$500 per dependent applied to dependents age 17+.

Note that the child tax credit is based on your dependents' age as of December 31, 2021. So if you have a dependent who is 5 and will turn 6 during 2021, your child tax credit for that dependent will be \$3,000. The credit is not pro-rated over the year based on your child's birthdate.

Before you start calculating your increase, **be aware** that the enhancement to the 2021 child tax credit begins to **phase out at lower income levels**. If your adjusted gross income (AGI) is greater than \$75,000 for filing status of single, \$112,500 for filing status of head of household, or \$150,000 for filing status of married filing jointly the additional credit is gradually phased out. Note that the first \$2,000 per child (that is, the amount you would have received for the child for 2020 or prior years) continues to use the higher phaseout of \$240,000 for single and head of household filers and \$440,000 for married joint filers.

## Fully Refundable

For 2021, the child tax credit is “**fully refundable**,” meaning that even if you owe no tax, you'll be eligible to receive the entire credit as a refund. Under previous law, the credit was 70% refundable.

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**If you have any concerns with how this change will affect your 2021 tax situation, please [contact your CPA](#) for further guidance. For the most up-to-date information, you can visit the [Child Tax Credit page on the IRS website](#)**

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## Advance Payments

Starting on July 15<sup>th</sup>, 2021, the child tax credit will be **paid in advance** each month through December 2021. The payments will be \$300 per month for each dependent age 0-5 and \$250 per month for each dependent age 6-17. These advance payments will provide 50% of your estimated child tax credit throughout the year, and you will be able to claim the remaining 50% on your tax return for 2021.

If the IRS has banking information on file for you, they will issue an automatic monthly bank deposit. If the IRS does not have banking information, you will receive a monthly check or debit card.

If you use your child tax credit to offset your income tax liability, **you may want to opt out** of these monthly advances, or if you choose not to opt out of them, you may need to increase your income tax withholding. [The IRS has opened a portal you can use to opt out of advance payments.](#)

The IRS portal can also be used to view your eligibility for the child tax credit and to view advance payments you've received. [Non-filers who wish to report child tax credit information have a portal to do so.](#)

Unlike the stimulus payments the IRS has been issuing, **advance child tax credits must be reconciled** on your 2021 tax return. Taxpayers who receive advance child tax credits for 2021 will receive Letter 6419 in January 2022 reporting the amount of advances paid to them. If you have received more than you are entitled to, **you will have to pay back any overage** with your 2021 tax return.

## Fully Refundable

Historically, the child and dependent care credit has been nonrefundable – it could offset your tax but would not be paid out to taxpayers with no tax liability. For 2021 **the credit will be refundable**: if your tax liability is less than your credit, you will receive a



## 2021 Changes to the Child and Dependent Care Credit

As another tax break for working parents, the child and dependent care credit is changing in 2021. Note that the changes affect **tax year 2021 only** and are scheduled to revert back after 2021 (unless they are renewed or extended for future years).

### Higher Amounts Per Child

Childcare expense eligible for the credit is **increased to \$8,000 for one child or \$16,000 for multiple children**. In prior years, the credit maxed out at \$3,000 for one child, \$6,000 for two or more.

### Higher Phaseouts and Percentages

In prior years, the credit phased down from 35% to 20% as income increased from \$15,000 to \$43,000. For 2021, the phaseout does not start until AGI exceeds \$125,000. For families with AGI over \$183,000 and under \$400,000, the credit is 20%. The credit phases out entirely once AGI reaches \$438,000.

refund for the difference.

### Eligibility

Eligible dependents must be under the age of 13 or disabled.

As in prior years, this credit is available for single parents or married couples where both spouses have earned income (from wages, self-employment, or unemployment), or if unemployed are fully disabled or a full-time student.

In the case of divorced parents, only the custodial parent is eligible to claim the credit.

Do you have questions about how this will apply to you? [Contact your CPA.](#) For the most up-to-date information, you can visit the [Child and Dependent Care Credit Page on the IRS website.](#)

## Upcoming Summer Speaker Series Events

We love our clients and want to see them achieve success! As a resource for you, we've put together a great **team of experts** to speak on **relevant topics**. [Contact us](#) or [register online](#) to sign up for one or more of our complimentary classes below.

July 20, 9:30 AM Optimize Your Social



September 21, 11:00 AM Generating

## Security

Presented by Ron Richards at Cambridge Investment Research

If you're nearing retirement or have already gotten there, this class is a great way to gain an understanding of **how to make the most of your Social Security payments**. Ron Richards specializes in working with clients who are making decisions about claiming Social Security. He'll cover information about how various factors can impact your Social Security benefits, when you can start claiming them, and what you should consider. Don't miss it!

## August 17, 6:30 PM Budgets and Money Management

Presented by Kara Rasmussen at Changekeepers

Whether you're new to budgeting, looking for tools or inspiration, or just want to make sure you're on the right track, Kara Rasmussen is here to help! She will share her approach to money management and financial goal-setting and give you tools to help you determine and meet your personal financial goals. **A great resource for budgeting and managing your money.**

## Growth and Income in Retirement

Presented by John Thomas at Morgan Stanley

Investing strategies change depending on your stage in life. As you approach retirement, as you shift from prioritizing growth to prioritizing income, it's important to strategize. John Thomas will cover ways to **continue to grow your investments in retirement** (even in today's low-interest-rate environment) and how to adjust your financial plan for your stage in life.

## October 26, 6:30 PM Is a Defined Benefit Plan Right for You?

Presented by Blayne Andersen at BANDER Wealth Management

If you're self-employed or a small business owner, and you are maxing out your retirement plan and wishing you could save more, this class is designed for you! Blayne Andersen will share the advantages of a **defined benefit plan** and help you consider whether it would be a good fit for you. If you're looking to **save on taxes and increase your retirement savings** and income sources, come and learn more about this strategy!

[Sign Up Now!](#)

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Do you have a suggestion for a topic you'd really like to explore or a type of expert you'd like to hear from? [Contact us](#) to make a suggestion for a future class!

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Please [contact our office](#) if you have any questions or need additional information. We look forward to hearing from you and providing assistance, insight, and answers!

### Meridian location

9:00 am to 5:00 pm Monday - Thursday

Eagle location - Closed: please see us at our Meridian location!

208-376-8808

[silverbridgecpas.com](http://silverbridgecpas.com)



