

## **January 2022 – Children, child care, health care, disaster distributions**

### **Example 1 – Schedule 8812**

Beth Hart has three kids – Sammy age 5, Carl age 12 and Becky age 18 and files as Head of Household. Her AGI for 2021 is \$150,000. Based on her last year's AGI, Beth qualified to receive the maximum amount of advanced payments of the child tax credit from July through December, as follows:

Sammy \$300/month x 6 months = \$1,800

Carl \$250/month x 6 months = \$1,500

She received Letter 6419 in January showing a total of \$3,300 advance payments.

### **Example 2 – Form 2441**

For tax year 2020, Beth Hart made an election to contribute the full \$5,000 allowable into her dependent care benefit (DCB) account for her two kids Sammy and Carl, but the daycare center closed when the Covid-19 pandemic hit, and she spent only \$1,000. As allowed by Notice 2021-15, her employer modified the DBC plan to allow rollover of unused 2020 amounts into 2021, and also increased the plan allowance to \$10,500 for 2021.

In 2021, Beth again elected to contribute \$5,000 to her dependent care benefit account. Leaving nothing to chance, Beth hired a nanny to watch the kids so she could work and paid her \$20,000 in 2021.

Beth earned \$120,000 from her job plus \$30,000 in other income, and total 2021 AGI was \$150,000.

### **Example 3 – Form 8962**

Beth Hart pays \$1,000 per month for a bronze plan from the ACA health insurance marketplace for herself and her three kids in a state where the second lowest cost silver plan (SLCSP) is \$1,500 per month.

Daughter Becky was required to file a return and had AGI of \$12,000, this will count as part of family income along with Beth's AGI of \$150,000

The federal poverty level (FPL) for a family of four is \$26,200, and 400% of that amount is \$104,500. In past years, this meant that Beth would not have been eligible for PTC. However, for 2021 and 2022 it means she will pay a maximum 8.5% of her income for health insurance.

### **Example 4 – Form 8915-F**

Last year, in 2020, Beth Hart took out a \$90,000 qualified coronavirus related distribution (CRD) from her traditional IRA. Even though Beth is only 38 years old, no 10% early withdrawal penalty applied to this distribution. Beth filed Form 8915-E electing to spread income recognition out over three years. In 2021, Beth files Form 8915-F, recognizing \$30,000 current year income, the second third of her CRD