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Annual 2014 Tax Newsletter

Greetings and welcome to a new tax year!

There have been many tax law changes for 2014. Listed below are some of the more relevant issues that most taxpayers will be facing.

Affordable Care Act Penalty

Individuals with no coverage in 2014 or exempt from coverage, will be taxed the greater of 1% of household income or \$95.00 per adult and \$47.50 per child. For 2014 the maximum penalty is \$3,600 per adult, \$1,900 per child.

Who Must File Rules

The threshold limits continue to rise for eligible taxpayers. Single filers under 65 are exempt if gross income falls below \$10,150; \$11,700 if over 65. Joint filers are exempt for incomes below \$20,300 if under 65; \$22,700 if over. Head of household filers are exempt if income is below \$13,050 for under 65; \$14,600 for 65 or older. Other conditions apply. Please call the office to discuss special considerations.

Medical Deduction Threshold Change

Beginning in 2014, taxpayers under 65 will be denied medical expense deductions unless expenses exceed 10% of adjusted gross income. Taxpayers over 65 have a 7.5% threshold until 2017 when the 10% limit applies.

Retirement and Benefit Contribution Limits

For 2014, IRA/ROTH contributions can be made up to \$5,500 if under age 55; \$6,500 over 55. Health Savings Account contributions are \$3,300 for self plans and \$6,550 for family plans. Taxpayers over 55 can add an additional \$1,000.00

Tax Code Extensions

Tax deductions through 2014 were approved for most taxpayers incurring expenses for state and local taxes, educator expenses, energy improvements, business tax credits, and military benefits. Specific issues can be discussed during the interview session with us.

Key 2014 Tax Information

Personal Exemption			
Item	2014	2013	Change
Personal Exemption	\$3,950	\$3,900	+\$50
Exemption Phase-out	Reduce exemptions by 2% for each \$2,500 (or any part thereof & \$1,250 MFS) over the phase-out threshold amounts listed below		
Single		\$254,200	
Head of household		\$279,650	
Married joint/Widow		\$305,050	
Married filing separate		\$152,525	
Standard Deductions			
Item	2014	2013	Change
Single	\$6,200	\$6,100	+\$100
Married joint/widow	\$12,400	\$12,200	+\$200
Head of household	\$9,100	\$8,950	+\$150
Married filing separate	\$6,200	\$6,100	+\$100
Mileage Rates			
Item	2014	2013	Change
Business	56¢/mi	56.5¢/mi	-.5¢
Medical/Moving	23.5¢/mi	24.0¢/mi	-.5¢
Charitable	14.0¢/mi	14.0¢/mi	--
Long Term Capital Gains			
Item	2014	2013	Change
10% - 15% income tax brackets	\$0	\$0	\$0
All other income tax brackets	20%	15%	+5%

Often Overlooked Deduction: Non-cash Contributions

- ✓ Remember, non-cash contributions can add up to a meaningful itemized deduction item on your tax return. This includes donations of used clothing, household items, and furnishings. To ensure your donations are counted, here are some tips:
- ✓ Create a list of the items you contribute.
- ✓ Lay out the items and take a photo of them.
- ✓ In your listing please include the original value of the item, what the item was worth at the time of purchase, the approximate date you acquired it, the value of the item when donated, and how you determined the value.
- ✓ Note the organization that received your donated items.
- ✓ Include a clause that you did not donate partial ownership of the item
- ✓ Receive a donation confirmation from the charity.
- ✓ Include any mileage to and from the charity. That is deductible as well.
- ✓ Only items donated that are in good or better condition may qualify for a deduction.

It is best to call prior to donating large, valuable items (like vehicles) to ensure you receive proper documentation and you receive the full value of your donation on your tax return.

Income Brackets for 2014 Tax Rates

Tax Rate	Single	Married filing Joint/Widow	Head of Household	Married Filing Separate
10%	\$ 1 - 9,075	\$ 1 - 18,150	\$ 1 - 12,950	\$ 1 - 9,075
15%	9,075 - 36,900	18,150 - 73,800	12,950 - 49,400	9,075 - 36,900
25%	36,900 - 89,350	73,800 - 148,850	49,400 - 127,550	36,900 - 74,425
28%	89,350 - 186,350	148,850 - 226,850	127,550 - 206,600	74,425 - 113,425
33%	186,350 - 405,100	226,850 - 405,100	206,600 - 405,100	113,425 - 202,550
	405,100 - 406,750	405,100 - 457,600	405,100 - 432,200	202,550 - 228,800
NEW 39.6%	Over \$406,750	Over \$457,600	Over \$432,200	Over \$228,800

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