



CHILD TAX CREDIT 2021

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WELCOME PARENTS! HERE'S OUR CONVERSATION FOR TODAY.



A Tax Credit Overview



Child Tax Credit Amount



Who is Eligible?



Payment Timing



Useful Tools



MEET NICOLE!

I am a CPA living in Portland, Oregon.

I used to live and work in Belgium. Fun fact: Belgian parents receive monthly government payments until their child turns 18.

Parents, I am here today to spread awareness and understanding about the new Child Tax Credit.

THE 2021 RECAP

- ✓ more children are eligible
- ✓ tax credit is larger
- ✓ money comes sooner
- ✓ tax credit is fully refundable

A TAX CREDIT OVERVIEW

dollar-for-dollar reduction of your tax liability

EXAMPLE:

annual income: \$100,000

pre-tax 401(k) contribution: \$5,200

standard deduction (x2): \$24,800

taxable income: \$70,000

tax rate: 30% (federal + state)

tax liability: \$21,000 = the amount owed to the IRS in 2021

tax credit: \$4,000

final tax liability: \$17,000 = reduced tax liability due to tax credit

COMMON TAX CREDITS:

- child tax credit
- child and dependent care credit (note this is a separate thing!)
- residential energy efficient property credit
- american opportunity credit and lifetime learning credit



2020

- \$2,000 per child ages 16 and under

2021

- \$3,000 per child ages 17 and under
- \$3,600 per child under age 6

CHILD TAX CREDIT AMOUNT

WHO IS ELIGIBLE?

YOU!* Parents with *children ages 17 and younger* during 2021 and the following income limits:

TAX FILING STATUS	ENTIRE CREDIT 2021 ANNUAL INCOME BELOW	PHASEOUT 2021 ANNUAL INCOME ABOVE
SINGLE	\$75,000	\$240,000
MARRIED FILED JOINTLY	\$150,000	\$440,000

*The updates to the Child Tax Credits are relevant for parents or guardians who provided +50% of the child's support and the child lived with the guardian for +50% of the year.

MEET THE LEE FAMILY

2021 ANNUAL INCOME

SPOUSE #1 - \$50,000

SPOUSE #2 - \$75,000

TOTAL INCOME = \$125,000

CHILDREN

ANITA = AGE 10

PAUL = AGE 8

2021 CHILD TAX CREDIT

$\$3,000 + \$3,000 = \$6,000$



THE LEE FAMILY TAX CREDIT TIMING



2020 VS 2021

2020

MONTHLY PAYMENTS

None
None
None
None
None
None

MATH TOTAL

ENTIRE TAX CREDIT

April 2021 $\$2,000 + \$2,000$ **\$4,000**

2020 TAX CREDIT

Monthly payments + tax return $\$0 + \$4,000$ **\$4,000**

2021

MONTHLY PAYMENTS

July $\$250 + \250 **\$500**
 August $\$250 + \250 **\$500**
 September $\$250 + \250 **\$500**
 October $\$250 + \250 **\$500**
 November $\$250 + \250 **\$500**
 December $\$250 + \250 **\$500**
\$3,000

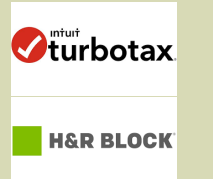
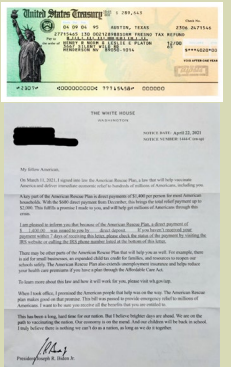
REMAINING TAX CREDIT

April 2022 $\$1,500 + \$1,500$ **\$3,000**

2021 TAX CREDIT

Monthly payments + tax return $\$3,000 + \$3,000$ **\$6,000**

VISUAL



HOUSEHOLD SCENARIOS

ANNUAL INCOME: \$260,000

2 CHILDREN: AGES 14 & 16

2020: received a \$4,000 credit in April

2021: receive payments totaling \$2,000 and \$2,000 in April 2022 (income phaseout)

tax return difference: -\$2,000

ANNUAL INCOME: \$145,000

2 CHILDREN: AGES 2 & 4

2020: received a \$4,000 credit in April

2021: receive payments totaling \$3,600 and \$3,600 in April 2022

tax return difference: -\$400

ANNUAL INCOME: \$200,000

1 CHILD: AGE 3

2020: received a \$2,000 credit in April

2021: receive payments totaling \$1,000 and \$1,000 in April 2022 (income phaseout)

tax return difference: -\$1,000

TAX PLANNING CONSIDERATIONS

TAX PLANNING IDEAS

- consult your tax professional
- opt-out of your monthly payments
- save your monthly payments until your taxes are filed

IRS CHILD TAX CREDIT UPDATE PORTAL

Sign In or Create a New Account

If you previously signed up to access an IRS.gov application, you may sign in with your existing IRS username.

If you're a new user, please create an account with ID.me.

ID.me is our trusted technology partner in helping to keep your personal information safe.

Sign in with an existing account

Sign in with **ID.me**

Sign in with an existing IRS username

OR

Create a new account

ID.me Create an account

CHILD TAX CREDIT CALCULATORS

✓ [Sign in](#)

Child Tax Credit Calculator

First, help us determine your child tax credit:

Total number of dependents on your tax return

Number of dependents under age 17 at year end

Modified Adjusted Gross Income (MAGI)

Your 2020 Taxable Wages

Filing Status

Submit

Your Child Tax Credit Results:

Maximum Child Tax Credit	Maximum Additional Child Tax Credit	Maximum Other Dependent Credit
-	-	-

Child Tax Credit Breakdown:

\$0

• Maximum Child Tax Credit • Maximum Additional Child Tax Credit • Maximum Other Dependent Credit

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WHAT ARE YOUR FINANCIAL GOALS?

Do you want a way to integrate all aspects of your financial life into a plan that works for you and your family? Then talk to one of our CERTIFIED FINANCIAL PLANNERS™ about how to put it all together. And you can talk to us about the Portland weather because we live here too.



EDUCATION

"I'm saving for a child's education."



SAFETY NET

"I want to build an emergency fund."



GENERAL INVESTMENT

"I just want to build my wealth over time."



RETIREMENT

"I'm planning for life after work."



MAJOR PURCHASES

"I'm saving for something like a wedding or a house."



EVERYTHING ELSE

"I want to see my progress through one destination."

THANK YOU

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