



Coleman & Associates

Fully Integrated Tax, Accounting & Financial Services

Monthly Newsletter

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Organizers Have Been Created and Mailed

1040 Organizer was sent to your Coleman Portal or printed last week.

Coleman Portal users received an email on February 2nd informing you that the Organizer was available. The email was from info@colemancpas.com.

Paper Organizers were mailed on February 4th.

How to Correct Common Financial Mistakes

You're working at the office, getting stuff done around the house, or hanging out with family when - wham! - a phone call, email or text alerts you that something is wrong with your finances. When a negative financial event hits, don't let it take you down. Here are some common mistakes and steps to remedy each situation:

- **You overdraw your bank account.** First, stop using the account to avoid additional overdraft fees. Next, manually balance your account by reviewing all posted transactions. Look for unexpected items and fraudulent activity. Then, call your bank to explain the situation and ask that all fees be refunded. Banks are not obligated to refund fees, but often times they will. The next steps vary based on the reason for the overdraft, but ultimately your goal is to bring your account back to a positive balance as soon as possible.
- **You miss a credit card payment.** Make as big a payment as possible as soon as you realize you missed it. Time is of the essence with late credit card payments - the longer it goes, the more serious the consequences. Then call the credit card company to discuss the missed payment. You might be able to get a refund of the late fees, and perhaps a reversal of the interest charge.
- **You forget to file a tax return.** Gather all your tax documents as soon as possible, and file the tax return even if you can't pay the taxes owed. This will stop your account from gathering additional penalties. You can then work with the IRS on a payment plan if need be. The sooner you file, the sooner the money will be in your bank account if

you're due a refund. If you wait too long (three years or more), any potential refunds will be gone forever.

- **You lose your wallet.** Start by calling all of your debit card providers, then your bank and the credit card companies. Next, set up fraud alerts with the major credit reporting companies and get a new driver's license. Finally, if you think it was stolen, file a report with the police.
- **You miss an estimated tax payment.** Estimated payments are due in April, June, September and January each year. If you are required to make estimated payments and miss a due date, don't simply wait until the next due date. Pay it as soon as possible to avoid further penalties. If you have a legitimate reason for missing the payment, such as a casualty or disaster loss, you might be able to reduce your penalty.

Remember, mistakes happen. When they do, stay calm and walk through the steps to correct the situation as soon as possible.

7 Tax-Free Ideas to Bolster Your Business Benefits Package

The benefits package offered by your business is extremely important to your employees. How important? A survey performed by the Society of Human Resource Management (SHRM) found that benefits are directly tied to overall job satisfaction for 92 percent of employees. Even more importantly, 29 percent of employees cited the overall benefits package at their current employer as the top reason to look for new employment in the next 12 months.

Here are some tax-free benefit ideas to help beef up your benefits package and retain your employees:

1. **Health benefits.** According to SHRM, health insurance still remains one of the most important employee benefits. Health insurance benefits come in all shapes and sizes, so you will need to constantly evaluate plans and costs. From a tax standpoint, employers can deduct this expense, and your employees do not report health insurance premiums or employer contributions to health savings accounts (HSAs) as additional income. This includes premiums paid for the employee and qualified family members. Even better, the employee portion of premiums can still be paid in pre-tax dollars.
2. **Dependent care benefits.** Employers are able to provide employees with up to \$5,000 per year in tax-free dependent care assistance under a qualified plan. There are a few ways to provide this benefit, but a common method is to set up a flexible spending account (FSA) that both the employer and employee can use to make contributions. The employer portion is tax-free and the employee portion reduces taxable income as long as the total benefit is \$5,000 or less.
3. **Employee tuition reimbursement.** By offering tuition reimbursement, you can add another quality benefit to your package while investing in your employee's career. Up to \$5,250 of tuition expenses can be reimbursed tax-free to your employee each year.
4. **Credit card points.** This is a good benefit for outside sales and employees that travel frequently. If you have a corporate credit card program, consider passing the points on to the employee. If you reimburse employee expenses under an accountable plan, estimate the value of points your employee earns on reimbursed business purchases

and include it in your annual benefits presentation. Generally, the IRS considers credit card points as rebates and not taxable income.

5. **Group term life insurance.** You can generally exclude the cost of up to \$50,000 of group term life insurance from your employee's wages.
6. **Other fringe benefits.** Some examples of other nontaxable fringe benefits are employee wellness programs, onsite fitness gyms, adoption assistance, retirement planning services and employee discounts.
7. **Small gifts.** The IRS calls these "de minimis" benefits. Small-valued benefits are not included in income and can include things like the use of the company copy machine, occasional meals, small gifts and tickets to a sporting event.

With historically low unemployment levels, employees have more options than normal to look around if they aren't satisfied. Your business's benefits package is an important tool to help you keep your valued employees. While each is an additional expense to the employer, the perceived benefit by employees may far outweigh these costs.

Major Life Changes Ahead? Read This!

Too often major life decisions have tax implications attached to them. For the unwary, this can create a fairly large and unexpected tax bill. Here are four examples of major life changes that can have complicated tax implications:

- **Changing jobs.** Whether it's a new, exciting opportunity or a result of being laid off, a job change is going to affect your tax obligation. The termination of your previous job likely adds additional taxable income in the form of accrued vacation or a severance package. Review how your former employer handles tax withholdings, especially for big payouts. Your new job also brings new tax implications with a new salary, new benefits and possibly different taxing jurisdictions if you also move to a new location.
- **Selling your house.** When selling a house or other residential property, the first thing to determine is whether it's your primary residence. If so, the IRS provides an exemption from tax for up to \$250,000 (\$500,000 for joint couples) of the gain realized from the sale of your home as long as you lived in it for at least two of the previous five years. Any gain above the exemption is subject to capital gains tax. If the property you are selling is not your primary residence, capital gains tax applies, and you also have to deal with other more complicated tax code issues.
- **Adding a second job.** The extra money you earn when adding a second job or business also brings extra taxes. How much additional tax this second income creates depends on your situation. Employment status, type of business, and how it relates to your other tax activities need to be considered. The extra income alone can send you into a higher tax bracket.
- **Deciding when to retire.** Your retirement plans and timing of retirement plan distributions play a big role in how much tax you will pay on your retirement earnings. For example, with traditional IRAs, there are early withdrawal penalties before you reach age 59½ and required minimum distributions after reaching age 70½ years old. For Social Security, collecting benefits early means less in monthly benefits and potentially a higher tax obligation if you have additional earnings. Each source of

retirement income has its own set of taxation rules which can create a very complicated tax environment.

When a big life decision is on the horizon, go in with your eyes open to the potential tax implications. Carefully weigh all your options and seek help before you act.

Information Security is Our Priority

What's a portal?

A portal is a private, secure extension of our website that gives you anytime access to your information. Many of you already have a portal with our firm. You may also use online banking which is another type of portal. Each is a way to securely access your confidential information. If we have an email address on file for you, then we will create a portal for your exclusive use. If you don't have an email address, then we will continue to send you paper tax returns and organizers.

Tax return and organizer delivery

We will use your portal to deliver your organizer and tax returns. When you log into your portal, you will find PDF copies of all your documents including archive copies of tax returns from the last five years. We no longer email this information.

File transfer and file sharing

Another feature of your secure online portal is called File Exchange. This tool is primarily used to upload your scanned tax documents or QuickBooks files if you choose to submit them electronically to us. It can also be used to transfer live documents like Word and Excel files between us securely.

How will I know when something is on my portal?

When documents or files are posted to your portal, you will receive an email notification from info@colemancpas.com informing you that something is available. Please add this email address to your safe senders list. When you put your scanned document into File Exchange, Coleman & Associates will be notified as well.

How do I get to my portal?

Go to our website www.colemancpas.com. On the left side of the screen you will log into the Client Center. Once you are logged into your portal, you will find File Exchange and a folder with your name on the left side of the screen. There you select File Exchange to submit documents or files. Inside your folder you will find a PDF of your tax returns and organizer that you can review, save or print.

As always, contact the office with questions by emailing us at info@colemancpas.com or calling 773-444-3100. We are here to help.

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.