Coleman & Associates
Fully Integrated Tax, Accounting & Financial Services

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October 15 – Filing deadline for extended 2023 individual and C corporation tax returns

Coleman & Associates Has Successful Review by Peers

The partners and staff of Coleman & Associates are pleased to announce the successful completion of an independent peer review of our accounting practice. This review was undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government, and education.

In 1988, the members of the AICPA overwhelmingly approved a bylaw amendment requiring members active in practice of public accounting to participate in a practice-monitoring program. With the adoption of this proposal, the AICPA implemented a peer review program of unprecedented scope in the CPA profession or any other. Our participation in peer review demonstrates our firm's desire to meet the profession's high standards of professionalism and our commitment to maintain and improve the quality of our practice.

Our peer review was conducted by a team appointed by the Illinois CPA Society. The reviewers verified that professional standards were followed in a representative sample of our accounting engagements for the year ended 2023.

Our firm is committed to periodic peer reviews to foster quality performance. If requested, the firm will provide a copy of the report on the results of the review to all interested parties, although it is not required to do so.

Bankers, bonding agents, investors, suppliers, legal advisors and others use the financial statements our firm reviews or compiles. We think those people, our clients, and our own staff deserve independent quality assurance that our firm provides quality services. We are proud of our peer review results and would be happy to answer any questions you might have.

Beneficial Ownership Information Reporting – Required in 2024

A new 2024 requirement created by the Corporate Transparency Act requires action from you! Here is what you need to know:

What is it?

Beneficial Ownership Information (BOI) reporting. The Corporate Transparency Act requires **filing Beneficial Ownership Information reports** with the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of Treasury. The purpose of this act is to "help prevent and combat money laundering, terrorist financing, corruption, tax fraud, and other illicit activity."

Who does it affect?

The new requirements under the law are for corporate entities including:

- C-Corporations
- S-Corporations
- Partnerships
- Limited Liability Companies
- Trusts
- Other entities that were created by the filing of a document with the secretary of state or similar office under the laws of a State or Indian Tribe as well as those formed under the laws of a foreign country and registered to do business in the United States by the filing of a document with the secretary of state or similar office under the laws of a State or Indian Tribe.

When is it due?

These new filing requirements for entities which existed prior to January 1, 2024, is January 1, 2025. The filing deadline for new entities formed on or after January 1, 2024, is ninety days from the date of formation for those entities formed in the calendar year of 2024.

Who can help me with this?

The best person to help you with Beneficial Ownership Information reporting is your attorney or the legal service used to create your corporate entity. Coleman & Associates is unable to file these reports as these filings are legal in nature and our professional liability insurance does not cover these types of projects.

What happens if I am late or do not file?

Failure to comply with the requirements of this new federal law can result in steep civil and even criminal penalties.

More information can be found at https://www.fincen.gov/boi which includes helpful resources published by FinCEN to aid in reporting.

Annual Sexual Harassment Training Required by Illinois Law

Every employer in the State of Illinois is required to provide employees with sexual harassment prevention training that complies with section 2-109 of the Illinois Human Rights Act. All employees regardless of their status (i.e., short-term, part-time, or intern) must be trained. The training needs to be completed annually by December 31st.

Visit the Illinois Department of Human Rights website for resources and more information.

https://dhr.illinois.gov/training/state-of-illinois-sexual-harassment-prevention-training-model.html

5 Ideas to Help Save Money

Creating a sound financial foundation for you and your family is anything but easy. It is tough to save when everyone is tempting you with adding one monthly service after another. Add to that the high increases in things like property taxes and insurance and you realize that saving is becoming more of an art form than a great habit. So here are some ideas to help build your wealth.

1. **Pay yourself first.** Treat saving money with the same care as you pay your bills. Take a percentage of everything you earn and save it. Using this technique can help build an emergency fund and keep you from living paycheck to paycheck.

2. **Know and use the Rule of 72.** You can roughly calculate the number of years compound interest will take to double your money using the Rule of 72. Do this by dividing 72 by your rate of return to estimate how long it takes to double your money. For example, 10% interest will double an investment in 7.2 years; investments with an 8% return will double in nine years. Use this concept to understand the power of saving and investment.

3. **Use savings versus debt for purchases.** Unpaid debt is like compound interest but in reverse. For instance, using a 20% interest credit card to pay $1,500 for home appliances costs nearly $1,000 in interest expense if paid back over 5 years (on top of the original $1,500!). The result is that you have to work harder and earn more to pay for the items you purchase. A better idea is to save and then buy your dream item. Even better, when you save in a high interest account, you put interest to work for you to make the purchase more affordable.

4. **Understand amortization.** When a bank loans you money, it gives you a specific interest rate and a set number of years to pay it back. Each payment you make contains interest as well as a reduction of the amount owed, called principal. Most of the interest payments are front-loaded, while the last few payments are virtually all principal. Making additional principal payments at the beginning of the loan's term will decrease the amount of interest you pay to the bank and help you pay off the loan more quickly.

5. **Taxes are complex and require help.** Tax laws are complicated. They are made even more complex when the rules change, often late in the year. Even worse, the

IRS is not in the habit of telling you when you forget to take a deduction. The best way to stay out of the IRS spotlight AND to minimize your taxes is to ask for help.

Tips to Protect Your Social Security Number

Very few things in life can create a higher degree of stress than having your Social Security number (SSN) stolen. This is because, unlike other forms of identification, your SSN is virtually permanent. Here are some things that you can do to minimize the risk of having your number fall into the hands of the wrong people.

- ✓ **Never carry your card.** Place your SSN card in a safe place. That place is never your wallet or purse. Only take the card with you when you need it.

- ✓ **Know who needs it.** As identity theft continues to evolve, there are fewer people and organizations who really need to know your SSN. Here is that list:

  - *The government.* Federal and state governments use this number to keep track of your earnings for retirement benefits and to ensure you pay proper taxes.

  - *Your employer.* Your SSN is used to keep track of your wages and withholdings. It is also used to prove citizenship and to contribute to your Social Security and Medicare accounts.

  - *Certain financial institutions.* Your SSN is used by various financial institutions to prove citizenship, open bank accounts, provide loans, establish other forms of credit, track digital payments, report your credit history, or confirm your identity. In no case should you be required to confirm more than the last four digits of your number.

- ✓ **Challenge all other requests.** Many other vendors may ask for your SSN, but having it may not be essential. The most common requests come from health care providers and insurance companies, but requests can also come from subscription services when setting up a new account. When asked on a form for your number, leave it blank. If your supplier really needs it, they will ask you for it. This allows you to challenge their request.

- ✓ **Destroy and distort documents.** Shred any documents that have your number listed. When providing copies of your tax return to anyone, distort or cover your SSN. Remember, your number is printed on the top of each page of Form 1040. If the government requests your SSN on a check payment, only place the last four digits on the check, and replace the first five digits with Xs.

- ✓ **Use your Coleman Portal.** Always submit documents containing your SSN via your Coleman Portal. Never use email.

- ✓ **Keep your scammer alert on high.** Never give out any part of the number over the phone or via email. Do not even confirm your SSN to someone who happens to read it back to you on the phone. If this happens to you, file a police report and report the theft to the IRS and Federal Trade Commission.

- ✓ **Proactively check for use.** Periodically check your credit reports for potential use of your SSN. If suspicious activity is found, have the credit agencies place a fraud alert on your account. Remember, everyone is entitled to a free credit report once a year. You can obtain yours on the Annual Credit Report website.

Replacing a stolen SSN is not only hard to do, it can create many problems. Your best defense is to stop the theft before it happens.

Think Before Tapping 401(k)s and IRAs as Emergency Fund

All Americans are now allowed to withdraw up to $1,000 every year from retirement accounts to pay for a broad range of emergency expenses. There are several reasons, however, why you should avoid tapping your retirement accounts at all costs.

Reasons to leave retirement funds alone

- ❖ **You're diluting your retirement savings.** Although the money comes in handy now, you're chipping away at your nest egg and forfeiting growth. For example, if you withdraw $100,000 that would earn 6% annually tax-deferred for ten years, you give up a whopping $79,000 in lost earnings!

- ❖ **You still owe income tax.** Even if it's for an emergency, income tax is due on all withdrawals from traditional 401(k)s and IRAs.

- ❖ **You may also owe a penalty.** You may have to pay a 10% penalty on your withdrawal if it doesn't qualify for an IRS-defined exception.

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