

HONECK ·
O'TOOLE

...where people count

renews

Ideas to help small businesses and individuals maximize income while minimizing taxes.

2nd Quarter 2023

SPRING CLEANING FOR YOUR PILES OF PAPERWORK

Our 2023 List of Financial Records to Keep or Toss

Every so often, a client asks us, "Which financial records do I need to keep, and for how long?" Our answer is usually this: "It all depends on your situation. Are you just talking about personal financial records... or small-business records as well?"

To help answer this question for you in a general sense — and to help you with your spring-cleaning efforts this year — we've compiled a comprehensive listing of important documents to keep (personal and business) and for how long.

On page 2, you'll find a handy table that lists most documents: what to keep and what to toss. But first...

A note about keeping paperwork:

These days, you can dramatically reduce piles of paper by saving nearly all your important documents electronically... AS LONG AS they're kept in a safe online portal. We recommend using an online file-storing system that offers two-factor authentication for double security. There are several options to choose from, as noted in this Cloudwards.net article: "The Best Online Storage Services in 2023" (bit.ly/3pG11D6).

Your annual tax returns and other Honeck O'Toole-related documents are already kept safely in our SmartVault accounting storage system. Contact us if you have any questions about SmartVault.

For important paper documents you need to keep on hand, we recommend storing them in a fireproof/waterproof safe at home or in a bank safety deposit box.

A note about tossing paperwork:

We recommend recycling all paper documents plus envelopes, worn out file folders, and so forth. But for your security, you'll want to shred any documents that include personal information (Social Security Number, birth date, bank account numbers, family data, etc.). A cross-cut shredder is best for total shredding. Or check out free shredding events near you.

Ready to clean house?

Head over to page 2 to see our list.

2023 TAX SEASON

A big THANK YOU for trusting us with your 2022 tax returns! We especially appreciate your patience as we were short-staffed and dealing with some health issues. We continue to work through extended returns based on the date we received information. As soon as we complete your return, we'll send it to you through SmartVault. If we've filed an extension for you, you have until October 16th, 2023, to file your return. (September 15, 2023, for businesses, September 30th for calendar year trusts and estates, and November 15th for calendar year non-profits.)

Your Honeck O'Toole Team 📧

WE'RE HIRING!

To make sure we provide exceptional service to all our clients, we need to expand our staff. We're looking for a CPA (or close to it), with experience in public accounting and an interest in tax and financial planning. Perhaps you're a senior-level CPA or just an extraordinary professional looking for a friendly new work environment.

Let's talk if you're curious, committed, and creative — and you'd enjoy solving problems for our clients. Contact us for details: **207-774-0882** or **info@honeckotoole.com**. (Please share this with anyone who's a possible candidate for this description. **Thank you!** 📧)

SUMMER 2023 OFFICE HOURS

Summer Fridays are back! This means we're closed every Friday in July and August, through Labor Day. However — clients come first! If Friday is the only day you can meet with us, just let us know and we'll schedule an appointment time that works for you.

Contact us for an appointment:
207-774-0882 or
info@honeckotoole.com 📧



PERSONAL RECORDS

Toss/recycle/shred everything NOT listed here.

Keep Permanently	Keep While Active	Keep 3-7+ Years <i>(depending on your situation)</i>	Keep 1 Year <i>(unless noted previously)</i>
<ul style="list-style-type: none">• Birth certificate• Death certificate• Social Security card• Marriage license• Divorce decree• Name change documents• Citizenship papers• Veteran's papers• Will, Living Will, Power of Attorney• Life insurance policy• Adoption papers• Paid mortgage records• Stock and bond certificates• Family health records	<ul style="list-style-type: none">• Contracts/leases• Insurance documents• Property records• Stock records• Pension/retirement documents• Property tax records• Product warranties and manuals• Loan documents• Disputed bills (keep until resolved)• Home improvement records & receipts (hold 3 years after the tax return reporting the home sale)• Auto maintenance/repair bills until car sold	<ul style="list-style-type: none">• Tax returns• Medical bills• MaineCare (current asset (bank and investment accounts) and any asset(s) cashed in, closed, sold, transferred, or otherwise liquidated during 60 months prior to application)• Cancelled insurance• Home sale closing documents• Stock sale documents• Any tax-deduction receipts• Annual investment statements	<ul style="list-style-type: none">• Pay stubs• Utility bills• Cancelled checks• Credit card receipts• Bank statements• Quarterly investment statements

BUSINESS RECORDS (Small Business or Self-Employed)

Toss/recycle/shred everything NOT listed here.

Keep Permanently	Keep While Active	Keep 3-7+ Years	Keep 1 Year
<ul style="list-style-type: none">• Articles of Incorporation• Partnership Agreements• Buy-Sell Agreements• Legal & IRS correspondences• Financial statements from accountants• Deeds• Mortgages• Patent/trademark documents• Plan and trust agreements	<ul style="list-style-type: none">• Contracts• Insurance documents• Property records• Stock records• Property tax records• Capital property purchase/sale records• Investment sales and purchases	<ul style="list-style-type: none">• Employment taxes (4 years)• 1099 forms• Anything deducted on tax return (7 years after the tax return year)• General ledgers• Bank statements• Sales slips• Paid bills• Invoices• Receipts• Deposit slips• Cancelled checks• Credit card statements	<ul style="list-style-type: none">• Most business records should be kept for 3-7+ years, or while active, or permanently as noted in the other columns

**If you have any questions about your records —
call 207-774-0882 or email info@honeckotoole.com**

MEET HEATHER DESCHESNE, OUR NEW STAFF ACCOUNTANT



Heather Deschesne

Please join us in welcoming Heather to our team! She started with us in December 2022. Heather was born in Presque Isle, Maine, on a Christmas Tree Farm, and she currently lives in Back Bay, Portland. She has over a decade of customer service, management, and small business experience. We're delighted to have her on board, preparing individual tax returns, quarterly payroll reports, and monthly reconciliations with QuickBooks as well as answering client questions and concerns. Heather told us, "In my spare time I paint, garden, and spend time with my husband and dog. I'm excited to help clients through the process of tax preparation and hope to keep it as smooth and stress-free as possible." 🎨

DISCLAIMER: Any accounting, business, or tax advice contained in this communication are not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

Indicate Your Executor, Beneficiaries, and Heirs Now

We don't often talk about what would happen if you became incapacitated or passed away. But you know what? Stuff happens, and we've seen our share of grief when loved ones are dealing with the financial fallout of a death in the family.

To reduce stress for your loved ones... take time now to make sure your life documents are in order and that you've indicated direct beneficiaries as needed. This way, your family can avoid the complications of probate to settle your finances and estate.

If these aren't completed, a probate court will reference local "intestate succession" laws to decide who receives your property. Money that doesn't have direct beneficiaries goes into an estate account. The executor you have named will manage the estate account, publicize your

death in the newspaper and courthouse, and allow anyone to make a claim on your property. Oof – what a hassle! You can make sure this doesn't happen.

Important documents:

- Living Will: Indicate what you want done if you can't speak for yourself when it comes to healthcare decisions.
- Power of Attorney for Healthcare: Designate someone to make healthcare decisions for you (above and beyond your Living Will's "life-sustaining treatment").
- Durable Financial Power of Attorney (POA): Designate someone to make financial decisions if you're no longer competent. (One question we get: "Mom died but I have her POA so I can still sign for her, right?" No. When Mom passed, so did

the POA. After death, the executor handles matters.)

- Last Will and Testament: Designate an executor to handle your estate. Also include others who you wish to receive specific personal belongings.
- Funeral Planning Declaration: State your wishes on body disposition and service(s).
- Transfer on Death (ToD): Include this on your home deed so you can transfer ownership to your designee at death and avoid probate for the home.
- Bank Accounts and Credit Cards: Designate beneficiaries so they receive the funds and can close accounts if you're deceased.
- Insurance Policies and Retirement Accounts: Designate one or more beneficiaries to

receive insurance and retirement funds in the event of your death.

- Other Titles: See if you can add designees to titles for your car, boat, motorcycle, RV, etc.

Beyond beneficiaries:

Make sure a designated person (family member or other) has a list of all your accounts and bills, how they're paid, and how to access them. This includes account login information! Then, it's WAY easier for loved ones to access and close your accounts as needed by presenting your death certificate along with their ID.

Talk with your estate attorney, executor, and beneficiaries about these documents and your wishes, so there's no question or confusion if anything happens to you. Also provide them with the names and contact information for your accountant, attorney, broker, and so on. 📄

Business Meal Deductions Q&A for 2023

During the last two years, IRS meal deduction rules were changed to help boost the restaurant industry's struggle with COVID. In 2023, we're back to the pre-2021 rules, which means some meal expenses can be deducted at 100% and most business meal expenses can be deducted at 50%. Let's look at what's deductible now and what's NOT for 2023. And remember, keep receipts and a record of your deductible meals (dates, totals with taxes and tips, names of restaurants, who was there and what was discussed).



Q: What's deductible at 100%?

- Food purchased for a company-wide holiday party or event
- Food and drinks provided for free to the public, from the business

Q: What's deductible at 50%?

- Business meals with clients and consultants (meetings/discussions...NOT entertainment)
- Food items for employee team meetings
- Meals while traveling for work
- Meals at a business conference
- Dinner provided to employees working late at the office

Q: What business-related meals AREN'T deductible?

- Paying for your clients' night out but you or an employee don't join them
- The cost for friends'/spouses' meals who join a client meal at a restaurant

Q: Does someone else need to be there?

Not necessarily. If you purchase food while traveling for business, you can dine alone and still take a deduction at 50%.

Q: Can I deduct the cost of lunch I buy to eat at work?

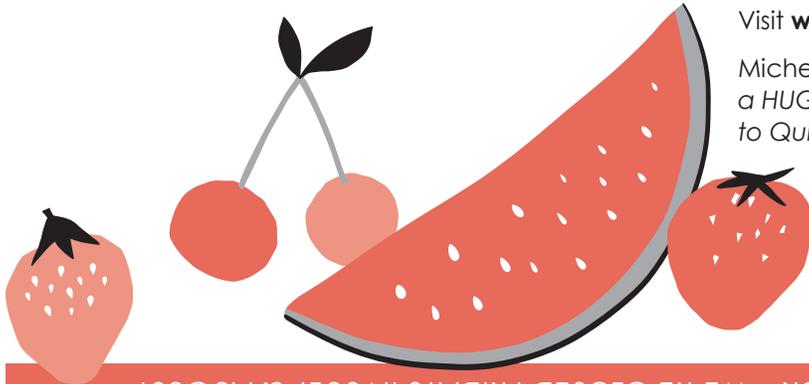
No. Daily meals are inherently personal expenses and disallowed.

Q: I bought lunch for myself and staff and ate in break room, is this deductible?

It depends. An occasional motivational/team-building luncheon where business is discussed? Yes. That special 'Thank You' lunch? Yes. Lunch daily for the staff? No, since "daily" makes it a personal expense.

Other questions about meal deductions?

Call **207-774-0882** or email info@honeckotoole.com.



SUMMER OFFICE HOURS ARE BACK – WE'RE CLOSED FRIDAYS IN JULY & AUGUST

FALMOUTH PHYSICAL THERAPY

Dave and Michelle Reese

Falmouth Physical Therapy has had a loyal following since Dave and Michelle Reese opened the practice over 35 years ago. Its two therapists (Dave as well as Joe Legere) bring a unique hands-on and whole-patient approach to their healing work. Michelle explained, "We do manual therapy, unlike most local physical therapy practices. We're very patient-oriented with detailed assessments, an hour of 1-on-1 attention in each visit, and specific, individualized home exercises. People say to us, 'You're so different!'... and we feel that's why they love coming here."

Another unique aspect is Dave's interests in Pilates, yoga, dance, and addressing chronic pain. He has worked behind the scenes with the Alvin Ailey dance troupe, and he's treated many dancers over the years. The practice's clientele ranges from young teen athletes and dancers... all the way up to 90-year-olds.

Michelle mentioned that the practice has been inundated recently: "People weren't being seen for medical referrals or surgeries during COVID, and now people are catching up. We're happy to see them and our practice welcomes new patients." Visit www.falmouthpt.com/ for information.

Michelle added, "Joyce at Honeck O'Toole has made a HUGE difference to our business. She introduced us to QuickBooks and helped us shift our legal structure.

These are major changes I wish I'd known years ago. It's 100% better, especially doing everything online."



Call for Assistance Anytime! We welcome your questions about taxes, financial planning, college planning, making the most of QuickBooks, or anything else related to your money.

www.honeckotoole.com

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