



HONECK ·
OTOOLE

...where people count

4th Quarter 2017

renews

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

THE EQUIFAX BREACH: 3 Steps to Help Keep Your Credit Secure

Each year, our clients turn to us for advice on keeping their credit safe and secure in the face of sweeping data breaches. The recent Equifax breach is the biggest one yet, so we're devoting our lead article to tips that may help you stay safe.

Our team encourages you to take the following three steps, at the very least, to help you become less vulnerable to identity theft.

1. Request a credit freeze immediately.

We strongly recommend that you place a freeze on your credit until you need to lift it for financial purposes such as applying for a credit card, car loan, or mortgage.

Why? Because a credit (or security) freeze, "Lets you restrict access to your credit report, which in turn makes it more difficult for identity thieves to open new accounts in your name." (*Federal Trade Commission*)

It's very easy to request a credit freeze. Just contact all four credit bureaus below, using their toll-free numbers vs. doing it online. There may be a minimal fee depending on your state of residence.

- Equifax: 1-800-349-9960
- Experian: 1-888-397-3742
- Innovis: 1-800-540-2505
- TransUnion: 1-888-909-8872

IMPORTANT! When you place a freeze, the credit bureaus will mail you a confirmation letter with a code you'll need to provide when you want to lift the freeze in the future. Be sure to keep those letters in a safe place. By the way, you can still monitor your credit score and get a free annual credit report even after you place the freeze with these bureaus.

A Time to Be Thankful

We wish to thank you for your business and your kind referrals... and we look forward to serving you in 2018 and beyond. If you know of anyone who may need assistance with their taxes and other financial matters, we'd love to help!

We hope you and yours have a joyous Holiday Season and a wonderful New Year filled with exciting plans and prosperity!

Your Honeck O'Toole Team



Call Now for a Year-End Projection and Last-Minute Advice

In just a matter of days, we'll all be closing the books on 2017. If you've gone through changes in your business or personal life this year, you may not be sure where you stand regarding your income and taxes.

Contact us as quickly as possible if you'd like our help in getting a clear picture of your projected total 2017 income and deductions, and to map out a smart plan to close out the year.

207-774-0882 or info@honeckotoole.com

ANNUAL TAX ORGANIZER: Paper or Online?

In early January, you can expect to receive our annual **Tax Organizer**. If you prefer to use our digital "fill-in-the-blanks" form ("E-Organizer") — available on Windows operating systems (sorry Mac users!) — **call or email us after January 1, 2018: 207-774-0882 or info@honeckotoole.com.**

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2. Reconcile your bank accounts and credit card statements daily for accuracy.

You'd be amazed at how many of our clients don't regularly monitor their own accounts — especially when it's so easy to do so online, on mobile apps, or even with text alerts!

Make it a daily habit to log in and check your activity, including purchases, withdrawals, balances, etc., so you can instantly spot anything that's not a transaction you made.

And, of course, if you see anything unusual, call your financial institution's Fraud Department immediately.

If you're concerned about online account access, make sure you take full advantage of the double- and triple-security roadblocks you can set up to get access. For instance, beyond passwords, you can have a special code texted to your phone and/or set up a series of security questions with answers only you would know.

Speaking of passwords...

3. Change your passwords immediately and regularly, with unusual combinations.

Try to use at least 8 mixed letters, numbers (and if prompted) special characters that aren't obvious. For instance, using "Password123," "ABCD1234" or your child's name and birthdate doesn't cut it anymore. Use a combination that would be impossible to simply guess.

And, use different passwords for different accounts. This way, if a thief figures out a password for one account, your other accounts won't be vulnerable.

Need help with any of this?
Call us at **207-774-0882** or email
info@honeckotoole.com.



MEDICAL POWER OF ATTORNEY FOR ADULT CHILDREN

Sometimes, clients have a difficult time helping an adult child who needs medical care while away at college. It's nearly impossible to get information or make medical decisions without having a previously signed Power of Attorney (POA) document.

If you have a child over 18, we encourage you to set up a health care POA along with a signed consent form allowing medical professionals to discuss their care with you.

Questions? Please contact us: **207-774-0882** or
info@honeckotoole.com.



SAVE ON TAXES WITH THIS "LAST CHANCE 2017" CHECKLIST

- **Max out company retirement plan contributions:** Not only does it help you reduce your annual taxable income, you'll grow your retirement fund with "extra money" if there's a company match.
- **Reduce your 2017 taxable income** by making business purchases, donating to charity, and making other deductible expenses before 12/31/17. (With the rising stock market, ask us about donating stocks to charity and possibly avoiding capital gains.)
- **Consider a Roth IRA conversion:** You may end up paying less in taxes in the long run depending on your current age and income. (Right now, your income may be lower than it will be later or at retirement.)
- **Don't leave money on the table:** Review your health insurance, health savings account, and flexible spending account balances so you can use up any remaining 2017 funds. Or, look at maximizing HSA contributions.

These are just a few ideas. Check with us right away if you have questions about reducing taxes for 2017. We may be able to find others for you. **207-774-0882**
Email: **info@honeckotoole.com**



HOW SECURE IS YOUR SOCIAL SECURITY INFORMATION?

Find out by checking your Social Security statement online with **my Social Security** account. If you don't have an account, you'll find instructions at **www.ssa.gov/myaccount/**.

Once you have an account, you can verify your annual earnings, learn how to protect your account information, see your estimated future benefits, change your address, request a replacement card, and more.

IMPORTANT! If you placed a security freeze with any of the four credit bureaus, you'll need to visit a local Social Security office **IN PERSON** to open a **my Social Security** account. They'll give you a letter with a special access code. Otherwise, you'll need to lift the credit freeze to set up an account online.





FORM W-2 AND 1099-MISC: Deadlines

IMPORTANT: If you're part of a small business that sends out Form W-2 to your employees or certain 1099-MISC forms to independent contractors, **make sure you meet the January 31, 2018 deadline to avoid potential penalties.**

- If you don't file W-2 or 1099-MISC forms by January 31, you could face a penalty per employee or contractor
- If you file within 30 days, the penalty is \$50 per employee or contractor
- If you file after 31 days, but by August 1, the penalty is \$100 per employee or contractor
- If you file after August 1 or not at all, the penalty is \$260 per employee or contractor
- If you intentionally disregard the filing requirement, the penalty is \$530 per employee or contractor

You may apply for a 30-day extension to file W-2 forms, but it's not guaranteed to be approved by the IRS. Contact us if you'd like assistance with an extension.

Treating Medical Insurance Premiums as Wages

If you fit within either of the following two categories, you'll want to pay close attention to how you're reporting and deducting health insurance premiums. Many of our clients miss this.

● S Corporation:

Health and accident insurance premiums paid on behalf of a greater than 2-percent S corporation shareholder-employee are **deductible by the S corporation and reportable as wages on the shareholder-employee's Form W-2**, subject to income tax withholding. (Be sure to tell your payroll processor the amount so it can be included on Form W-2)

● Partnership or Limited Liability Company:

Premiums for health insurance paid by a partnership or LLC on behalf of a partner, for services as a partner, are treated as guaranteed payments.

The partnership can deduct the payments as a business expense, and the partner must include them in gross income. A partner who qualifies can deduct 100% of the health insurance premiums paid by the partnership on his or her behalf as an adjustment to income.

To see if you qualify or are correctly following the rules for these deductions, **please contact us before December 31: 207-774-0882 Email: info@honeckotoole.com** 📞



THE IRS NOW USES PRIVATE DEBT COLLECTORS

It used to be that if you were behind on tax payments, you'd be contacted by official IRS mail ONLY — not by email or phone calls.

But on April 4, 2017, the IRS began contracting private agencies to help collect payments, and those agencies have the authority to call you. As a result, you'll be notified by a mailed letter first, followed by phone calls.



How should you handle these notifications?


First, if you receive an IRS letter indicating that your account has been turned over to a collection agency, call us. We may want to get involved on your behalf, or at least advise you.

Second, **be aware that scammers may use this opportunity to lure you.** Keep in mind that the IRS and its contractors NEVER email you, text you, or reach out via social media, or ask for personal information or PIN codes electronically or by phone. Never supply that information via phone or email.

The following agencies are the ONLY legitimate IRS contractors. You can work with them to arrange payments you'll make directly to the IRS.

- CBE Group, Cedar Falls, IA
- ConServe, Fairport, NY
- Performant, Livermore, CA
- Pioneer Credit Recovery, Horseheads, NY

We're keeping tabs on the procedures related to IRS payments and its collection agencies. If you have any questions about this, contact us anytime at **207-774-0882** or **info@honeckotoole.com** 📞



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. 📞

CLIENT PROFILES

AVERY YALE KAMILA Portland Press Herald "Vegan Kitchen" Columnist



Avery wears many hats as a food columnist, a stay-at-home mom to a 4-year-old, a landlord, and the co-founder of Portland Protectors, a grassroots effort to make Portland a leading organic city. She's passionate about Maine's food industry. She told us, *"I love talking to farmers, chefs, and other people about new dishes and new food products."*

We asked her about the Greater Portland vegan food scene. She said, *"It's the best it's ever been, as more restaurants add plant-based dishes, and the sophistication of those dishes increases. From food trucks to fast food to fine dining, everywhere you look you can find vegan options. The uptick in vegan choices is being fueled by skyrocketing demand which, surprisingly, is coming from people who eat meat rather than from vegetarians. Large numbers of people are cutting down on meat, dairy and eggs in response to concerns about health, climate change and animal welfare. Another major source of demand is the Millennial generation, which eats much more plant-based food than older generations."*

Avery is married and has lived in Portland for 20 years. She grew up in Litchfield, Maine on a small organic farm. She added, *"As someone who is not a numbers person, I'm so grateful to have Honeck O'Toole's accounting help!"* You'll find her Press Herald column in the Wednesday food section here: www.pressherald.com/foodanddining/vegetarian-kitchen/ 📱

MATT JAMES & ALISON PRAY Standard Baking Co.



Standard Baking Co. is a "best of Maine" staple on Portland's Commercial Street, offering traditional baguettes, breakfast pastries, and many other popular treats. Their walk-in retail business is about 70% of sales, and their wholesale customers are small, local businesses, including specialty grocers, small restaurants, and coffee shops.

Co-owner Alison Pray told us, *"Business has been strong, growing consistently every year for 23 years! It's deeply gratifying to see many of our first customers still coming in daily or weekly along with many new faces."* She told us that everything's made in-house by skilled bakers, many who've been working there since their earliest days. And, it also takes a dedicated, knowledgeable team of administrative folks, retail sales assistants, and delivery drivers to make it all work so smoothly, 7 days a week, 360 days a year.

Alison said that the most exciting new development in recent years has been the access to locally grown and stone-milled grains. Since the Somerset Grist Mill opened in Skowhegan, more and more local farmers are growing grains and experimenting with ancient varieties like Emmer and Spelt, which allows them to create new breads and pastries. She noted, *"We recently added a double chocolate cookie made with rye flour grown in Aroostook County."* You can read about their history and philosophy in the book, *Standard Baking Co. PASTRIES*, part of a Down East Books series focused on Maine food producers. Learn more at <http://standardbakingco.com/> 📱



WATCH FOR YOUR PURPLE PRE-BILL

By now you've probably seen your 2017 Honeck O'Toole tax preparation pre-bill (the "purple pre-bill"). You can choose to pay part of next spring's tax return preparation fee before 12/31/17 and take the deduction in this tax year (if you qualify). Please note that this payment is **OPTIONAL**, not required.

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.



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