



TAX, BUSINESS & HR UPDATE

Mary Ann Heidsman, CPA Newsletter

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Stamp Out Tax Season Stress!

Are you ready for tax time? There are a couple of steps you can take now to alleviate some of the stress of filing your return. Plan to get organized early. Begin by putting together a tax folder with W-2s from your employer, 1099s for other income you may have earned, bank and other financial statements and receipts for things like medical bills and charitable donations. A helpful [video](#) from the American Institute of CPAs offers more information on the best ways to get ready now and throughout the year.

Once you've gathered all your important paperwork, this is a good time to meet with your CPA to talk about changes in your financial situation or in tax laws that may have an effect on your return. Having this discussion early is key to avoiding surprises at tax time. Now is a great time to get started on planning that can potentially minimize your tax bite and strengthen your financial situation. Call me today!

Records Retention

Keeping the proper records, organized, is important for future needs.

Q: How long do I need to retain tax records?

A: Generally, tax returns and the documents that support the return should be retained for 7 years. Check out more information on my [website](#).

“Organizing is what you do before you do something, so that when you do it, it is not all mixed up.”

- A.A. Milne

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2015 is coming to a close—are you ready?



Frequently Asked Questions

I added a FAQ resource to my website that provide you with more resources to help with your financial and tax questions. Feel free to look at information here and then call with any questions.

You can reach the FAQs at the [Resources Tab—Frequently Asked Questions](#)

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New Social Security Claiming Rules

The provision of the budget bill called “Closure of Unintended Loopholes” passed in November 2015, primarily addresses two Social Security claiming strategies that have become increasingly popular over the last several year. These two strategies, known as “file and suspend” and “restricted application for a spousal benefit” have often been used to increase cumulative Social Security income for married couples. The budget bill has eliminated those strategies for most future retirees.

File and suspend

Under the old rules, an individual who had reached full retirement age could file for retired worker benefits in order to allow a spouse or dependent child to file for a spousal or dependent benefit. The individual could then suspend the retired worker benefit in order to accrue delayed retirement credits and claimed an increased worker benefit at a later date, up to at 70. For some couples and families, this strategy increased their total lifetime combined benefit.

Under the new rules, the worker can file and suspend and accrue delayed retirement credits but no one can collect benefits on the worker’s earnings record during the suspension period.

Restricted Application

Under the old rules, a married individual who had reached full retirement age could file a “restricted application” for spousal benefits after the other spouse had filed for retired worker benefits. This allowed the individual to collect spousal benefits while delaying filing for his own benefits, in order to accrue delayed retirement credits.

Under the new rules, an individual born in 1954 or later who files a benefit application will be deemed to have filed for both worker and spousal benefits, and will receive whichever benefit is higher. He or she will no longer be able to file only for spousal benefits.. [Read More.](#)



Thinking of changing jobs?

Now that the economy seems to be doing better, you may be thinking about changing jobs or striking out on your own. If part of your decision to change is that you want to make more money, evaluate any new offer or option based on a Total Compensation Package and not just on the annual salary.

Benefits can be taken for granted but can provide value including the cost to replace or the access to similar benefits.

Ensuring a Smooth Family Business Transition

You spend years building a family business, but when it's time to turn it over to the next generation there can be squabbles over company value and succession that cause turmoil, while gift and estate taxes eat away at company coffers. As the baby boomers head into retirement, they are expected to hand over control of companies worth trillions of dollars in the aggregate. A significant number of those businesses may not be prepared for a smooth transition into new ownership or a second generation of leadership, are you? I can help ensure that the transfer goes smoothly and create a plan that helps minimize related taxes and enhance your retirement nest egg. I offer customized advise to companies like yours.



1099 should be furnished to payees by January 31st and to the IRS by February 28th

Do you need to send 1099s?

If you are a business, whether that is a corporation , partnership or individual (Schedule C filer), you need to send 1099s to eligible vendors.

The Form 1099-MISC is filed for each person to whom you have paid during the year:

- At least \$600 in rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments,
- Gross proceeds of \$600, or more paid to an attorney, during the year,
- At least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest, or
- Withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.

If you have a rental and report those earnings on Schedule E, you probably are not required to prepare 1099s. We can go over the requirements to be sure.

You should request and receive a Form W-9 from all vendors, so you know if they are required to receive a 1099-MISC from you. You should retain those forms for 7 years after you stop doing business with that vendor.

I can help you prepare and send your 1099s for 2015. Give me a call to discuss setting up a time to complete this task. If you just have a few, I will provide the forms or send electronically for you.

Thanks for Being a Part of the Family!

At this time of year, we sit down with our families to acknowledge all the many things that have made us thankful throughout the year. Since I consider you a member of my firm's family, I want to take the chance to express my gratitude to you for giving me the opportunity to serve you.

I get a great deal of satisfaction from working with clients, whether I'm helping you identify tax-saving opportunities, plan for college or retirement, address critical business concerns or tackle any number of other financial issues. So please accept my sincere thanks for your business! I look forward to continuing our valued relationship with you in the coming year. Please remember that I'm always here to help when you need me.

Providing service to individuals and businesses

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