

The Allied Perspective

YOUR PARTNER FOR CPA, FINANCIAL & PAYROLL SERVICES



allied financial
p a r t n e r s



Front to back: **Thomas M. Tette, CPA**
and **Kenneth E. Ingersoll, CPA**

FROM THE PARTNERS

Summer is finally here and with the change in season comes some tax changes and announcements from Allied Financial Partners.

AFP Gives Back. Save the date for a Wednesday, August 28, between Noon – 1:30 PM. Allied Financial Partners will be your donation destination for Volunteers of America. Swing by on your lunch break to drop off your donations directly to the V.O.A. driver and receive a tax receipt.

Quickbook Training. Starting this August, Allied Financial Partners will hold monthly QuickBooks training classes. Stay tuned for more information or call today to learn more.

Mobile App. Our NetClient CS App is a convenient smart phone app for our business and individual accounting clients. With the NetClient CS app, companies and individuals can have their accounting and payroll reports at their fingertips. Additionally, this app gives employees the ability to view their paystubs and W-2's at anytime. Go to your app store on your smartphone and download the NetClient CS app today.

New tax law update. The American Taxpayer Relief Act, which was enacted in 2012, is a tax package that has a host of retroactively resuscitated and tax breaks for individuals and businesses, including the following key elements:

Tax rates. For tax years after 2012, the 10%, 15%, 25%, 28%, 33% & 35% tax brackets from the Bush tax cuts will remain in place, which means for most Americans, the tax rates will stay the same.

Estate tax. For individuals dying and gifts made after 2012, the exemption level will be kept permanently at \$5,000,000. However, the new law increases the top estate, gift and generation-skipping transfer (GST) tax rate from 35% to 40%.

Capital gains and qualified dividends rates. The new law retains the 0% tax rate if income falls below the 25% tax bracket, 15% if income falls at or above the 25% tax bracket but below the new 39.6% rate, and 20% if income falls in the 39.6% tax bracket. The new 20% rate does not include the new 3.8% surtax on investment-type income.

At Allied, we are here to advise you throughout the year. If you have any questions about the new tax laws, our mobile app or Quickbooks training, contact us today.

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TAX CHANGES AND HEALTH CARE REFORM

With the massive overhauls expected of the U.S. health care system coming in 2014, the centerpiece is the mandate for most U.S. residents to obtain insurance. This mandate includes a host of new tax rules, such as penalties for individuals who choose to remain uninsured, tax credits, and incentives for participating in new insurance coverage.

However, one of the more significant developments in the overhaul of our nation's healthcare was announced the beginning of this July.

The "employer mandate" requiring companies with 50 or more full-time workers to provide health insurance or pay fines will be pushed back to 2015. The IRS recently announced that it will provide an additional year before the Affordable Healthcare Act's (ACA) Employer Shared Responsibility for large employers and insurer reporting requirements begin. To be categorized as a large employer, the employer must employ at least 50 full-time employees or a combination of full- and part-time employees that equal at least 50. Therefore, businesses that do not provide health insurance during 2014 will not be penalized. The administration also announced that the premium tax credits available under the ACA will not be affected.

This is not to be confused with the individual mandate, which requires most Americans to carry health insurance. The individual mandate remains in effect for 2014.

At Allied, we are available to assist you in navigating the complex maze of new regulations. Our goal is to help employers and individuals understand and comply with the array of new requirements.

Health Care Reform?



THUMBS UP: *The Client Corner*

Recognizing the accomplishments of our clients is important to us. We are proud to work with innovative people and companies in the community.

- Congratulations to Mihai Vieru and Alma Vieru, of LMT Computer Systems, on their recent coverage in the Democrat and Chronicle, "Dad's School of Business," highlighting sons and daughters that learn by example in local family enterprises.
- Kudos to Small World Bakery. The Democrat and Chronicle highlighted this cooperatively run business offering products with all organic and locally grown ingredients. Their new location is slated to open in Fairport this July.
- Accolades to Joe Brophy and his restaurant, Joey B's, for being ranked #2 in the area for the percentage of Finger Lakes wines they feature on their menu as highlighted in the Rochester Business Journal article, "New Ranking Shows Who Serves Finger Lakes Wines."
- Congratulations to Jen Suhr. In June, Suhr won the women's pole vault in Des Moines, Iowa, claiming her 14th national title at the USA Outdoor Track and Field Championships—qualifying her for the IAAF World Championships in Athletics, held this August. Good luck!
- Thumbs up to Cathy Fowler Christ, of Fowler's Wine and Spirits, for her recognition in the ReCORK initiative. Cathy collects and recycles natural corks to educate and inform people about the crucial role cork forests play in curbing climate change.

We are always looking for client honors and news to share. If you or your business have received an honor or recognition and would like to be featured in our next newsletter, please contact **Christian Nikodem** at cnikodem@alliedfp.com or **(585) 410-6733 x132**.



EMPLOYEE SPOTLIGHT: *Meet Teresa Solano*



Teresa Solano, Sales & Marketing Associate

Allied Financial Partners is growing! We are pleased to announce that Teresa Solano has accepted the newly created Sales and Marketing Associate position to help guide Allied's growth. Before coming to Allied, she honed her considerable marketing and sales skills with some local firms, including CGI Communications, Inc., Ryan Homes and the Canandaigua Business Improvement District. Teresa will be responsible for building Allied's market share by promoting the Allied Financial Partners' brand, specifically through developing new payroll business.

Teresa is a graduate of the University at Buffalo with a degree in Communications and a concentration in Public Relations and Advertising. Hailing from Niagara Falls, she currently resides in Canandaigua. In her spare time, Teresa enjoys boating and spending time on Canandaigua Lake during the summer. We are pleased to welcome her to the Allied family!

SECURING YOUR PERSONAL INFO ONLINE

Protecting your personal information online can help reduce identity theft. Here are some tips from the Federal Trade Commission to help keep your information secure.

Be alert of impersonators. Never give out personal information on the phone, through the mail or over the internet unless you have initiated the contact or know who you are dealing with. If a company claims to have an account with you sends an email asking for personal information, don't click on any link in the email. Instead, type the company name into your web browser, go to their site, and contact them through customer service to verify the request.

Safely Dispose of Personal Information. Before you dispose of a computer, delete all the personal information it stores. Use a wipe utility program to overwrite the entire hard drive. Before you dispose of a mobile device, check your owner's manual, the service provider's website, or the device manufacturer's website on how to delete information permanently, and how to save or transfer information to a new device. Remove the memory or SIM card from a mobile device. Delete the phone book, call history, voicemails, messages sent and received, folders, web search history, and photos/videos.

Encrypt Your Data. Keep your browser secure. To guard your online transactions, use encryption software that scrambles information you send over the internet. A "lock" icon on the status bar of your internet browser means your information will be safe when it's transmitted. Look for the lock before you send personal or financial information online.

Keep Passwords Private. Use strong passwords with your laptop, credit, bank, and other accounts. Be creative: think of a special phrase and use the first letter of each word as your password. Substitute numbers for some words or letters and use upper and lower case. For example, "I want to see the Pacific Ocean" could become 1W2CtPo.

Don't Overshare on Social Networking Sites. If you post too much information about yourself, an identity thief can find information about your life, use it to answer 'challenge' questions on your accounts, and get access to your money and personal information. Consider limiting access to your networking page to a small group of people. Never post your full name, Social Security number, address, phone number, or account numbers in publicly accessible sites.

SAVE THE DATE

Wednesday, August 28th
NOON - 1:30 PM

Stop by Allied Financial Partners in Victor on your lunch hour and drop off your gently used clothing and household items to benefit the Volunteers of America Western New York



Every year, Volunteers of America assists more than 6,000 individuals throughout Central and Western NY through an array of programs and services. Please help us help them by cleaning out your closets and donating.



CLAIMING YOUR SOCIAL SECURITY RETIREMENT BENEFITS

For most Americans, Social Security is the largest source of their retirement income. Research suggests that Social Security retirement benefits represent between 40-51% of a retiree's income. However, Social Security has been routinely described by politicians and policymakers as a safety net to supplement other income. The reality is that too many retirees count on it outright. To add to that troubling reality, there is also confusion when deciding the best time to begin drawing Social Security payments.

A recent article published in the Journal of Personal Finance in 2012, offers insight into key factors that should be considered as you determine when to begin receiving Social Security benefits. The article considered three claiming scenarios: receiving benefits early (e.g. at age 62 vs 66); delaying benefits past full retirement age (e.g., age 66 vs 70); and the maximum realistic delay period (e.g., at age 62 vs 70).



The article states that “most retirees would be best served delaying benefits until at least full retirement age or later, and that delayed Social Security benefits are especially valuable for females, married couples, retirees who expect to invest in relatively conservative portfolios during retirement, and retirees who have longer life expectancies. The effective ‘return’ achieved by a retiree from making the optimal Social Security decision can significantly exceed the return he or she could potentially earn by investing the money received from starting benefits earlier and ‘investing the difference,’ especially in today’s low interest rate environment.”

We can help you navigate the Social Security maze so you can enjoy your golden years. If you would like to talk more about your retirement savings plan or Social Security, please contact us today.

ESTATE PLANNING CHECKLIST (continued from last edition)

Step 5: Selecting an Executor & Taking Care of Misc. Details

In the last edition of this newsletter, we mentioned that the fourth step in creating an estate plan is to create an asset and debt list. The next and final step in creating an estate plan is to select an executor and attend to the miscellaneous details that may be hanging out there. These details include consolidating your “stray” IRAs and bank accounts—resulting in fewer account statements, less paperwork for your heirs and fewer administration fees. Another thing to consider is to let your heirs know and/or write down causes and charities you support.

Foremost, when it comes to administering your estate plan, you should select a reliable executor. The choice may seem obvious, but consider a few possibilities. For example, is there a stark possibility that your named executor may pass away before you do? How well does your prospective executor understand financial matters or basic principles of estate law? Once you have named your executor, make sure your executor has copies of your will, forms of power of attorney, any kind of healthcare proxy or living will, and any trusts you create. In fact, any of your loved ones referenced in these documents should also receive copies of them.

In review, here are the five vital steps in creating an estate plan: **1) Create a will; 2) Complement your will with related documents (trusts, power of attorney, living wills, etc.); 3) Review your beneficiary designations; 4) Create asset and debt lists; and 5) select an executor and take care of miscellaneous details.**

Many people have the idea that they don’t need an estate plan because their net worth is less than X dollars. Keep in mind, money isn’t the only reason for an estate plan. There are many other good reasons, including if you own a business, have a blended family, have kids with special needs, worry about dementia, or can’t stand the thought of probate delays plus probate fees whittling away at assets you have amassed.

The information in these articles is not intended as tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security.