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Phone: (608) 845-8787

Your February Newsletter

All systems go for tax season! Filing season kicked off on Jan. 28 and tax returns are pouring into the IRS. Now that the IRS is accepting tax returns, fraudsters are actively seeking out taxpayer information to file fake returns and claim fraudulent refunds. Please review the tips for how to protect yourself from these scammers. This issue includes remedies for common financial mistakes, tax-free benefit ideas you can offer your employees, and five things every high school senior should know.

Call if you would like to discuss how any of this information relates to you. If you know someone that can benefit from this newsletter, feel free to send it to them.

Tips to Protect Yourself From Tax Scams

Too many people downplay the threat of identity theft because it hasn't been witnessed or experienced firsthand. This false sense of security can leave you exposed, especially during tax season. Here are some tips to keep your identity safe from scammers:

- 1. Be naturally suspicious.** Understand that there are people out there trying to get your information, and others willing to pay for it. With that knowledge, be suspicious of anyone asking for personal information — especially your Social Security number (SSN). Even when a known vendor asks for your SSN, ask what they will be using it for and refuse most requests unless you deem it necessary.
- 2. File your tax return as soon as possible.** A popular tax scam is to file a fake tax return and deposit the refund into the thief's account, all before you get the chance to file your own return. You close the door on scammers once your tax return is filed with the IRS.
- 3. Shred (don't just crumple) your documents.** Get in the habit of shredding all paperwork before it's thrown out to keep personal information from falling into

- the wrong hands. If you don't own a shredder, contact your bank or other local community services as they often offer free shredding services on specific days.
- 4. Keep your Social Security card safe.** Only carry your Social Security card with you when it's needed for a specific purpose. Your wallet or purse is not a good permanent spot for your card. Any criminal would have a treasure trove of personal data if it were to get lost or stolen along with your driver's license and credit cards.
 - 5. Periodically check your credit reports.** The three major collection agencies (Experian, Equifax and TransUnion) are legally required to provide you with [a free credit report each year](#). Take advantage of this service and review the reports. Correct any errors and use this report to monitor your accounts for any potential identity theft.

Be smart when handling your personal information. Don't get caught off guard by identity theft, especially by being careless. If you think you are a victim of a tax scam, alert the IRS right away and go to [identitytheft.gov](https://www.irs.gov/identitytheft) for more information.

How to Correct Common Financial Mistakes

You're working at the office, getting stuff done around the house, or hanging out with family when — wham! — a phone call, email or text alerts you that something is wrong with your finances. When a negative financial event hits, don't let it take you down. Here are some common mistakes and steps to remedy each situation:

- **You overdraw your bank account.** First, stop using the account to avoid additional overdraft fees. Next, manually balance your account by reviewing all posted transactions. Look for unexpected items and fraudulent activity. Then, call your bank to explain the situation and ask that all fees be refunded. Banks are not obligated to refund fees, but often times they will. The next steps vary based on the reason for the overdraft, but ultimately your goal is to bring your account back to a positive balance as soon as possible.
- **You miss a credit card payment.** Make as big a payment as possible as soon as you realize you missed it. Time is of the essence with late credit card payments — the longer it goes, the more serious the consequences. Then call the credit card company to discuss the missed payment. You might be able to get a refund of the late fees, and perhaps a reversal of the interest charge.
- **You forget to file a tax return.** Gather all your tax documents as soon as possible, and file the tax return even if you can't pay the taxes owed. This will stop your account from gathering additional penalties. You can then work with the IRS on a payment plan if need be. The sooner you file, the sooner the money will be in your bank account if you're due a refund. If you wait too long (three years or more), any potential refunds will be gone forever.
- **You lose your wallet.** Start by calling all of your debit card providers, then your bank and the credit card companies. Next, set up fraud alerts with the major

credit reporting companies and get a new driver's license. Finally, if you think it was stolen, file a report with the police.

- **You miss an estimated tax payment.** Estimated payments are due in April, June, September and January each year. If you are required to make estimated payments and miss a due date, don't simply wait until the next due date. Pay it as soon as possible to avoid further penalties. If you have a legitimate reason for missing the payment, such as a casualty or disaster loss, you might be able to reduce your penalty.

Remember, mistakes happen. When they do, stay calm and walk through the steps to correct the situation as soon as possible.

7 Tax-Free Ideas to Bolster Your Business Benefits Package

The benefits package offered by your business is extremely important to your employees. How important? A survey performed by the Society of Human Resource Management (SHRM) found that benefits are directly tied to overall job satisfaction for 92 percent of employees. Even more importantly, 29 percent of employees cited the overall benefits package at their current employer as the top reason to look for new employment in the next 12 months.

Here are some tax-free benefit ideas to help beef up your benefits package and retain your employees:

1. **Health benefits.** According to SHRM, health insurance still remains one of the most important employee benefits. Health insurance benefits come in all shapes and sizes, so you will need to constantly evaluate plans and costs. From a tax standpoint, employers can deduct this expense, and your employees do not report health insurance premiums or employer contributions to health savings accounts (HSAs) as additional income. This includes premiums paid for the employee and qualified family members. Even better, the employee portion of premiums can still be paid in pre-tax dollars.
2. **Dependent care benefits.** Employers are able to provide employees with up to \$5,000 per year in tax-free dependent care assistance under a qualified plan. There are a few ways to provide this benefit, but a common method is to set up a flexible spending account (FSA) that both the employer and employee can use to make contributions. The employer portion is tax-free and the employee portion reduces taxable income as long as the total benefit is \$5,000 or less.
3. **Employee tuition reimbursement.** By offering tuition reimbursement, you can add another quality benefit to your package while investing in your employee's career. Up to \$5,250 of tuition expenses can be reimbursed tax-free to your employee each year.
4. **Credit card points.** This is a good benefit for outside sales and employees that travel frequently. If you have a corporate credit card program, consider passing the points on to the employee. If you reimburse employee expenses under an

accountable plan, estimate the value of points your employee earns on reimbursed business purchases and include it in your annual benefits presentation. Generally the IRS considers credit card points as rebates and not taxable income.

5. **Group term life insurance.** You can generally exclude the cost of up to \$50,000 of group term life insurance from your employee's wages.
6. **Other fringe benefits.** Some examples of other nontaxable fringe benefits are employee wellness programs, onsite fitness gyms, adoption assistance, retirement planning services and employee discounts.
7. **Small gifts.** The IRS calls these "de minimis" benefits. Small-valued benefits are not included in income and can include things like the use of the company copy machine, occasional meals, small gifts and tickets to a sporting event.

With historically low unemployment levels, employees have more options than normal to look around if they aren't satisfied. Your business's benefits package is an important tool to help you keep your valued employees. While each is an additional expense to the employer, the perceived benefit by employees may far outweigh these costs.

5 Things Every High School Senior Should Know

As the school year rolls into February, suddenly the realization sets in that high school seniors only have a few months left before graduation. Here are five things each graduate should understand before their big graduation day:

1. **Debt needs to be managed carefully.** It is way too easy to burden oneself under a pile of debt. This is especially true with college loans and credit card debt. While college debt may be unavoidable, try to minimize the size of the loans as much as possible. Regarding credit cards, help your student find the one that best fits their circumstance. This card can be used to create a great credit score for future loans by paying off the whole balance every month. If they can't, the card should only be used for emergencies. And they should never buy something they can't afford.
2. **Students need to invest in themselves.** As it stands right now, high school students consist of 18 years of experiences, nurturing and decision-making. Now they are faced with a big decision. "Should I pay for college or a trade school?" Just remind them, the more employable they are, the greater their life-long income potential. So while tempted to take another path, the best return on most young student's investment is often one that is made to create a better employment future for themselves.
3. **Comfort is overrated.** It is in our nature to be comfortable — to take the path of least resistance. The times where you step outside of your comfort zone are often the times you learn the most about yourself. These experiences often grow confidence to tackle more difficult challenges when they come along. So encourage your teen to work hard and gain the wisdom that comes with these early experiences.
4. **Life is expensive.** Utilities, insurance, taxes, association dues and medical expenses are just some examples of typical "hidden" expenses. Before every big decision, teach your young graduate to research the costs and talk to

people that have been in their shoes. In addition to recurring expenses, these new grads need to plan for unforeseen emergencies like dropping a phone in the sink or having unexpected car repairs. So teaching a student how to make a budget and save three to six months of expenses in an emergency account are two great habits to encourage.

5. **Enjoy the journey.** Graduating from high school is an exciting time, but can also bring tremendous uncertainty. As your student moves on to their next phase, new emotions will arrive and others will fade away. Encourage your young adult to steal moments each day to reflect on where they've been and focus on the positive aspects of their current situation. Each phase of life brings its unique set of challenges to be experienced. Encourage them to enjoy their journey.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

This newsletter is provided by

Baker & Launder, S.C.

Dennis Baker | David Launder

351 Prairie Heights Drive

Verona, WI 53593

Phone: (608) 845-8787 Fax: (608) 845-8791

dlauder@baker-launder.com

www.baker-launder.com

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