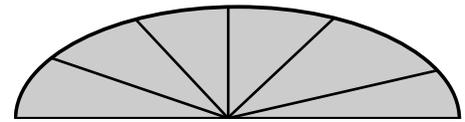


# TAX TALK

FROM



**ALT** FINANCIAL  
SERVICES INC

1101 JOLIET STREET  
JANESVILLE, WI 53546

608-756-5919

[www.alttax.net](http://www.alttax.net)

**JUNE 2015**



## Dear Client:

Another tax season has come and gone. The entire team at Alt Financial Services would like to thank our returning clients for your continued confidence in us and our new clients for choosing Alt Financial Services. We work hard to earn and maintain your trust.

Summer is a time for a vacation, a weekend get-a-way, or attempting a few of those “summer projects.” You can also do a little tax planning just by reading this newsletter. We want to help you make good decisions throughout the year and be prepared for tax time. All too often taxpayers wait until after the close of the year to worry about their taxes and miss opportunities that could reduce their tax liability. Taxes are due only once a year, but the decisions you make during the year will ultimately affect the bottom line of your tax return. Mid-year is the perfect time for tax planning.

Dennis, Gary, Joe, Barb & Sarah are here throughout the year for any questions you may have. Feel free to call with any questions as they pop up or to set up an appointment.

**WISHING YOU A HAPPY, HEALTHY SUMMER!**

## And the Winners are:

As our way of saying thanks, Alt Financial Services, Inc. offered a “Customer Appreciation Drawing” held on Thursday, April 16th. We appreciate each and every one of our clients.



Congratulations to the following winners:

### Grand prize:

Free 2015 Tax Preparation up to \$250  
**Russell & Janet Weber**

\$100 Gift Certificate  
**Robert & Cindy Stalsberg**

\$50 Gift Certificate  
**Matthew McKearn**

## WARNING: SCAMMERS CLAIMING to be the IRS on the RISE!



We continue to receive phone calls from clients regarding threatening IRS calls.

We would like to reiterate that the IRS will NOT initiate contact with any taxpayer via telephone, email, text, or any other kind of electronic means to request personal or financial information. The IRS will send correspondence through the mail unless you have an ongoing case with them.

If you get a call from someone claiming to be an IRS agent, simply hang up! This is a SCAM!

Some of these phone calls can get quite heated and disrespectful. Many times they tell you that you will be arrested in 15 minutes if you do not send money immediately. NEVER do this!

If you have any questions or concerns please call us at 608-756-5919



## EIGHT THINGS TO KNOW IF YOU RECEIVE AN IRS NOTICE



1. Don't panic. There are a number of reasons why the IRS might send you a notice. Notices may request payment, notify you of account changes, or simply request additional information. The notice will normally cover a very specific issue about your account or tax return.
2. Each letter and notice offers specific instructions on what action you need to take.
3. If you receive a correction notice, bring it in for us to review and compare it with your tax return. The IRS usually allows thirty days to respond to a notice. Please be sure we receive a copy of any correspondence as soon as possible so we have time to address the issue.
4. If you agree with the correction notice, usually no reply is necessary, unless a payment is due or the notice directs otherwise.
5. If there is an adjustment to the federal return, and you agree with it, your state return must be amended as soon as possible—a federal change usually means there will be a state change, sometimes vice versa.
6. If you do not agree with the adjustment, you must respond and send a written explanation as to why you disagree and include any documents you want the IRS to consider.
7. Most correspondence can be handled without calling or visiting an IRS office. However, if you have questions, call the number on your letter.
8. It is important that you keep copies of any correspondence with your records.

Alt Financial Services, Inc. is here to help you with any correspondence you may need and to amend the state or federal returns, if necessary, at a reasonable fee.

### Disappearing Tax Breaks

Taxpayers can say goodbye to the following tax breaks if there are no more extensions. As of now it appears that the breaks below are not yet extended for 2015:

- Energy credits for windows, insulation, etc. will be gone. *However, a 30% credit is still available for solar, wind, and geothermal through 2016.*
- Above the line deduction (a deduction without the need to itemize) of up to \$250 to teachers for school supplies used in the classroom.
- Mortgage insurance premiums (PMI) will no longer be deductible as mortgage interest.
- Itemized deduction for state & local sales tax.
- Above the line deduction for tuition paid.
- Tax free distributions from IRAs for charitable purposes (QCD).

If any extensions are passed, we will be sure to let you know in future newsletters.

## ESTATE AND GIFT TAX EXCLUSION PORTABILITY

A recent act of Congress makes permanent the concept of estate and gift tax exclusion portability. Portability means that spouses, under certain circumstances, can share their unused \$5.34 million estate and gift tax exclusion with each other. This portability allows spouses to effectively use a combined \$10.68 million exclusion. Portability allows a surviving spouse to elect to use any exclusion unused by his/her last deceased spouse in addition to his/her own \$5.34 million exclusion. For example, if a husband dies in 2014, having made \$2 million in lifetime taxable gifts and leaving his entire \$8 million estate to his wife, no estate tax is due at husband's death. If an election is made on the husband's estate tax return to allow his wife to use his \$3.34 million unused estate tax exclusion, the wife's available amount (which can be used for lifetime gifts or for estate taxes) is increased to \$8.68 million - her \$5.34 million plus her husband's unused \$3.34 million.

It is important to note that portability is only available if an election is made on the deceased spouse's estate tax return. Also, portability is not available for the Generation Skipping Tax (GST) tax exemption. Further, in the event of a remarriage and subsequent death of the new spouse, the surviving spouse will no longer have access to the unused estate tax exclusion of the first deceased spouse. To elect portability after the first spouse dies, contact your attorney to see if portability is right for you.

### Young Adults Need Estate Planning, Too

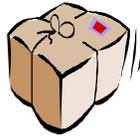
Once a child turns 18, parents lose the legal ability to make decisions for their child or even to find out basic information. Learning you cannot see your college student's grades without his or her permission can be a bit frustrating, but think of a medical or financial emergency and this frustration is now at a completely different level.

The following documents allow anyone, including a young adult, to name another person to make medical and financial decisions if someone is unable to make them for themselves.

- ♦ A Durable Power of Attorney for Health Care gives another person legal authority to make health care decisions (including life and death decisions) if you are unable to make them for yourself
- ♦ A Durable Financial Power of Attorney gives another person legal authority to manage your assets without court interference. (A "regular" power of attorney ends at incapacity; a "durable" power of attorney remains valid through incapacity.)
- ♦ HIPAA Authorizations give your doctors permission to discuss your medical situation with others, including family members and other loved ones.

Parents may want to set up an appointment with their attorney after their child's 18th birthday. Most young adults do not have substantial assets, so a simple will is probably all that is needed at this time.

Use Tax is tax owed on any items you purchase and use in your resident state on which the proper sales tax was NOT paid. Examples that may be subject to use tax include mail order items, eBay, and some purchases through Amazon marketplace retailers. If you travel outside the country this year, and report purchases to customs, remember to include the amount for your use tax computation. Many State Tax Departments use customs reports to determine if any use tax was omitted on a resident's tax return.



The standard mileage rate for 2015 is 57.5 cents per mile. Medical and moving miles are 23 cents per mile and charitable mileage remains at 14 cents.



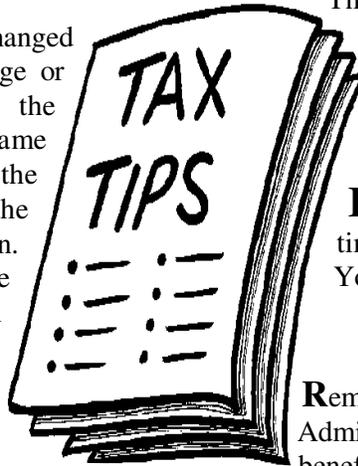
Contribution limits for 401(k), 403(b), and 457 plans increase to \$18,000 with an additional "catch up" contribution of \$5,500 if you are 50 or over. Limits on Simple Plans increase to \$12,500 with an additional \$3,000 if you are 50 or over. IRA and ROTH limits remain at \$5,500 with a "catch up" contribution of an additional \$1,000 if you are 50 or over.

The annual gift exclusion for 2015 remains at \$14,000 per person. If your gifts exceed the annual amount, you are required to file a gift tax return.

If you move or change your phone number or email address in 2015, be sure to let us know your **new address and/or phone number and email.**



Getting married or divorced? If you changed your name as a result of a recent marriage or divorce, you'll want to take the necessary steps to ensure the name on your tax return matches the name registered with the Social Security Administration. A discrepancy between the name shown on your tax return and the SSA records can cause problems in the processing of your return and may even delay your refund.



That way you can continue to receive this newsletter, your pre-scheduled appointment notice we mail in early January, and your appointment reminder phone call.

If you haven't already done so, now is a good time to ask for your free credit report. You can call:

1-877-322-8228 or log on to [www.annualcreditreport.com](http://www.annualcreditreport.com)

Remember when the Social Security Administration always sent you your earnings & benefit statement around your birthday? The SSA quit mailing them annually. Anyone can receive their electronic version at: [www.socialsecurity.gov](http://www.socialsecurity.gov) But if you haven't signed up to view your statements online yet, the SSA will resume mailings at five year intervals to workers starting with age 25.

Do you own any U.S. Savings Bonds? Make sure that you cash any bonds that were issued in 1985 or earlier by December 31, 2015. These bonds have reached final maturity and all accrued interest must be reported on your 2015 income tax return.

If you have a financial interest, signature or other authority over bank accounts, securities, or other financial accounts having a **value exceeding \$10,000** in a foreign country, you are required to report this to the U.S. Department of Treasury. Filing requirements apply to taxpayers that have direct or indirect control over a foreign or domestic **entity** with foreign financial accounts, even if the taxpayer does not individually have any foreign accounts. You are required to file a form TD-F-90-22.1 (FinCen Form 114). You must file electronically and it is due by June 30th of each year.



Is it time to revisit your W-4? Things change in your life during the year. You might get married, divorced, have kids, or maybe your kids grow up and you lose dependents. All of these things - and many more - can affect your tax return.



Some people love getting a big, fat refund check from the IRS. Nothing feels better, right? When you take a step back, the majority of the time you'll find that you're actually getting YOUR money back from the government. Money that could have been in your pocket from every paycheck. Money that could have been in a savings account, or a mutual fund, or an IRA - putting your money to work for you. Instead, your money was stuck in Uncle Sam's wallet all year long.



Some people may owe additional tax. Maybe a slight change in your withholdings on Form W-4 could get you closer to breaking even.

It's best to owe the IRS as little as possible, and for the IRS to owe you as little as possible. Remember, no refund means you didn't give the government a loan each paycheck.

### JUST FOR FUN

Win Free 2015 Tax Preparation - Up to \$250

Like us on Facebook!

<https://www.facebook.com/AltFinancialServices>

On Wednesday, July 1, 2015 at 9:00 a.m. we will pull a name from a list of everyone who "Likes" us on our Facebook page. We will post the winner on our website at: [www.alttax.net](http://www.alttax.net) under our "Just for Fun" page

\*\*\* *Must be a current Alt Financial Services client to win* \*\*\*

## ACA—AFFORDABLE CARE ACT

### Changes in Circumstances can Affect your Premium Tax Credit



If you receive advance payment (a subsidy) of the Premium Tax Credit, it is very important that you report changes in your circumstances to your Health Insurance Marketplace as soon as possible.

The government makes advance payments of the credit based on an estimate of the credit that you will claim on your tax return. If you report changes in your income or family size to the Marketplace when they happen, the advance payments will more closely match the credit amount on your tax return. This will help you avoid getting a smaller refund or owing money that you did not expect to owe.

### Life Changes to Report

#### You must report a change if you:

- Get married or divorced
- Have a child, adopt a child, or place a child for adoption
- Have a change in income (including: Gambling or Prizes, IRA or Retirement Plan Distributions)
- Get health coverage through a job or program like Medicare or Medicaid
- Change your place of residence
- Have a change in disability status
- Gain or lose a dependent
- Become pregnant
- Have changes that may affect your household size

#### Other changes to report:

- Change in tax filing status
- Change of citizenship or immigration status
- Incarceration or release from incarceration
- Change in status as an American Indian/Alaska Native or tribal status
- Correction to name, date of birth, or Social Security Number



## Red Flags for Tax Auditors

No one wants to see an Internal Revenue Service (IRS) auditor show up at his or her door. The IRS can't audit every tax return, so it relies on guidelines to select the ones most deserving of its attention.

Here are some of the flags that may make your tax return prime for an IRS audit:

### The Chance of an Audit Rises with Income

According to the IRS, only 1% of all individual taxpayer returns are audited. However, the percent of audits rises to 2% for those with incomes between \$200,000 and \$500,000, and is over 6% for those making between \$1 million and \$5 million.

### Running a Small Business

Schedule C is a treasure trove of tax deductions for the self-employed, but it's also a gold mine for IRS agents. Special scrutiny is also given to cash-intensive businesses like car washes, bars, hair salons, restaurants and the like.

### Deducting Business Meals, Travel and Entertainment

Big deductions for meals, travel and entertainment are always ripe for audit, whether taken on Schedule C by business owner or Schedule A by employees.

### Claiming 100% Business Use of Vehicle

The IRS knows it is rare for someone to actually use a vehicle 100% of the time for business, especially if no other vehicle is available for personal use.

### When a Business is Really a Hobby

Taxpayers who repeatedly report business losses increase their audit risk. In order for the IRS not to consider your business as a hobby, it needs to have earned a profit in three of the last five years.

### Non-Reporting of Income

The IRS receives income information from employers and financial institutions. Individuals who overlook reported income are easily identified and may provoke greater scrutiny.

### Discrepancies Between Exs

When divorced spouses prepare individual tax returns, the IRS compares the separate submissions to identify instances where alimony payments may be deducted on one return, while alimony income goes unreported on the other party's return. Another common issue is when both former spouses claim the same dependents.

### Claiming Rental Losses

Passive loss rules prevent deductions of losses on rental real estate, except in the event when an individual is actively participating in the property's management (deduction is limited and phased out). This is a deduction to which the IRS pays close attention.

### Taking Higher-than-Average Deductions

If deductions on your return are disproportionately large compared to your income, the IRS will pull your return for review.

# Identity Theft:

## Everyone Can Become a Victim!

It's a worldwide crime wave and it can affect every aspect of your life. In this modern world of "everything about everybody" being available online, this type of crime is multiplying across the globe. We see more identity theft cases each year. Hopefully something in these articles will help you prevent your identity from being stolen.

### What is identity theft?

Identity theft is the fastest growing crime in the United States. Identity theft occurs when thieves use your personal information (such as your Social Security number or driver's license number) to gain access to money, credit, goods or services in your name. Since your name is used for these activities, companies come to you seeking repayment of the money or goods that were illegally obtained. While legally you do not owe anything, it can often be difficult to prove this and it can take months and even years to get everything straightened out, costing you a huge amount of time and resources. In the meantime, you can be left with no access to credit as credit card companies, banks, utilities (phone, cell phone, cable) and other financial institutions can cut off your credit accounts until your good name is restored.



### Have you been a Victim?

The three biggest victims of identity theft are the elderly, children and the deceased. Thieves know that most of these people will not be filing a tax return for whatever reason and therefore the likelihood of discovery goes down.

Many victims of identity theft are unaware of the fact until they go to file their income tax return and it is rejected because "it has already been filed" or instead of getting their refund check they get a letter from the IRS saying their refund has been seized and they still owe the IRS money.

Clues that your identity may have been stolen include checking your credit report and it reveals requests for new credit, new accounts that have been opened, credit has been denied, or negative items have been filed in your name.

Other clues... Have you received strange e-mail or mail? Are you getting bills for accounts you don't own? Did you get a W-2 for a job you didn't work at? Are you getting all kinds of mail from various financial institutions offering you a deal "now that you are a member"?

If you become a victim of tax-related identity theft, inform Alt Financial Services immediately. We have a list of suggested steps to take.

### The Three Major Credit Bureaus

- ◆ To check your credit history.
- ◆ To contact the fraud departments and put a "Fraud Alert" on your account.
- ◆ To freeze your credit.

Equifax – [www.equifax.com](http://www.equifax.com), 1-800-525-6285

Experian – [www.experian.com](http://www.experian.com), 1-888-397-3742

TransUnion – [www.transunion.com](http://www.transunion.com), 1-800-680-7289



## Tips to Protect your Identity!

There is no way to guarantee no one will steal your identity but we should all try to guard our identity.

- ◆ Use your common sense
- ◆ Never carry your Social Security card or other identifying information that is not needed at the specific time.
- ◆ Passwords should be of a hard level and not written down.
- ◆ Credit cards and debit cards - choose credit (even with a debit only card)
- ◆ Keep cards of all kinds, including your driver's license, in a wallet that has Radio Frequency ID (RFID) protection. This prevents thieves with scanners from getting all of your personal information by simply walking past you with a RFID scanner running.
- ◆ Be careful about who you give your personal information to and who is around when you do so. Ask them why they need it. This includes talking to people on the phone and internet websites.
- ◆ Make sure when using online banking, purchasing or bill paying that your connection is secure and that you are using a secure location.
- ◆ Remember the IRS does not initiate contact on the phone or via e-mail, only by mail. If there is a case in the works there may be a phone call but you should be aware of this situation and it won't be a surprise.
- ◆ Monitor your credit report for any suspicious activity. The FTC implemented a free program for people to be able to retrieve a copy of their credit report once a year from each of the three major reporting agencies. You can go to <https://www.annualcreditreport.com> and pull a report. Since the three agencies all report basically the same information and indicators, you can pull a report every four months by pulling one from each agency only once a year.
- ◆ Get a shredder and always shred documents containing personal or financial information.

- ◆ Carefully review all monthly financial statements (credit cards, bank accounts, etc.) to be sure there is no fraudulent activity.

- ◆ You may want to consider purchasing Identity Theft Protection from insurance companies such as Life Lock, Zander Insurance or Identity Guard.

Go to [www.socialsecurity.gov](http://www.socialsecurity.gov) and establish a log in – they will ask personal info. If you have one – the thieves don't.

Go to [www.irs.gov](http://www.irs.gov) and go to tools and then get a transcript of your records and establish a log in – they will ask personal info. If you have one – the thieves don't. However the website has recently been taken down because of fraudulent use – stay tuned!

### FYI

#### What is a fraud alert?

A fraud alert requires each of the three credit bureaus, Experian, Equifax and TransUnion, to use “reasonable policies and procedures” to verify your identity before opening an account in your name. This usually means they will call you to confirm that you did indeed request that a new account be opened. An initial fraud alert remains on your account for 90 days and thus must be re-requested every 90 days if you want to continue to have this protection. You can do this yourself with one of the credit bureaus – you only need to set the alert with one bureau because they are legally required to set it with the other two.

#### What is a credit freeze?

You can put a “credit freeze” on your credit with all three credit bureaus. This means that no new creditors will be able to access your credit report for any reason. Any new account that you or a potential identity thief try to open will simply not be opened. In order to place this freeze, there is usually a fee of around \$10.00 that must be paid to each credit reporting agency. So it would cost around \$30.00 to completely freeze your credit. If you actually do want to obtain credit, you must unfreeze your credit, which may also have a cost associated with it. Then, to freeze it again incurs another charge. Obviously this is not very convenient but if you are currently a victim of identity theft or recently had personal information stolen, it may be a good option.



## **2015 FEE INCREASE**

Our "Minimum" Fee for  
2015 Income Tax  
Preparation will increase to:

**\$115.00**

***But, a \$10.00 DISCOUNT***  
**applies if you fill out the**  
**Checklist before your tax**  
**interview appointment**

*Fee includes both Federal and  
Wisconsin Basic Returns*

*Additional fees still apply for  
other required forms needed to  
file your income tax return.*

## **HELP WANTED**

### **"SEASONAL" SECRETARY/RECEPTIONIST**

During the 2016 tax filing season  
from mid-January through mid-April  
we would like to hire two additional  
"seasonal" secretary/receptionists.

Candidates need to be available  
Monday-Friday, and  
some Saturdays.

If you, or someone you know would  
be interested in a "seasonal"  
position, please call our office  
at 608.756.5919 and ask to  
speak with Barbara Alt

Alt Financial Services  
is committed to giving  
away a **minimum** of  
four (4) free tax returns  
every year with a value  
of up to \$250 each.

Please watch for  
details around the  
following months:

- 1) In the **January** Appointment Package
- 2) On **April 15** - The Client Appreciation  
Drawing
- 3) In the **June** Spring Tax Talk Newsletter
- 4) In the **October** Fall Tax Talk Newsletter

## ***"The Total Money Makeover"***

We purchased quite a few  
copies of Dave Ramsey's book  
that we would like to share  
with our clients.

If you or someone you know  
would like to check out this  
book, please feel free to stop in  
and pick up a copy for **FREE!**

**\*\* While Supplies Last \*\***



Courtesy of:  
**Gary Pankonien**  
**Joseph Valentine**  
Alt Financial Services, Inc.  
1101 Joliet Street  
Janesville, WI 53546  
608-756-5919

# *What keeps you up at night?*

**Yes!**

**I would like more information.**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State, Zip

\_\_\_\_\_  
Phone

\_\_\_\_\_  
E-mail

\_\_\_\_\_  
Best Time To Call

This material should be used as helpful hints only. Each person's situation is different. You should consult an investment professional or other relevant professional before making any decisions.

Please take a minute to review the topics and related questions below. Check off any concerns you have right now. Chances are I have information that will help us address many of the issues that may worry you.

## **Retirement**

- Will my money last through retirement?
- Do I need long-term care insurance?
- What are my retirement investment options?
- How do I manage all my retirement plans?
- What should I do with my employer retirement plan?
- Since I'm retiring soon, what do I need to do now?

## **Education planning**

- How much should I save? When should I start planning?
- Will I qualify for financial aid? Where do I start?
- What are my college savings options?

## **Life events**

- What happens to my 401(k) when I change jobs?
- What are my options if I'm laid off?
- I'm getting divorces. What happens to my assets?
- What do I do when a loved one dies?

## **Eldercare**

- How does Medicare work?
- What should I look for in a nursing home?
- What happens if I have to care for my parents?

## **Estate planning**

- What should I know about estate planning?
- How do I protect my estate from taxes?
- Will my family be secure if something happens to me?
- How do I create a legacy for my children?
- Can I provide for my favorite charity when I'm gone?
- What will my survivors need to know?

## **General finances**

- How do I keep my records safe and organized?
- How do I do a better job budgeting? How do I reduce my debt?

Gary J. Pankonien, Registered Representative\*  
Joseph R. Valentine, Registered Representative\*

\*Securities offered through H.D. Vest Investment Services<sup>SM</sup>, Member: SIPC  
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