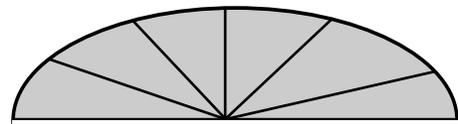


TAX TALK FROM



ALT FINANCIAL SERVICES INC

1101 JOLIET STREET
JANESVILLE, WI 53546

608-756-5919

www.alttax.net

FALL 2015

Dear Client:

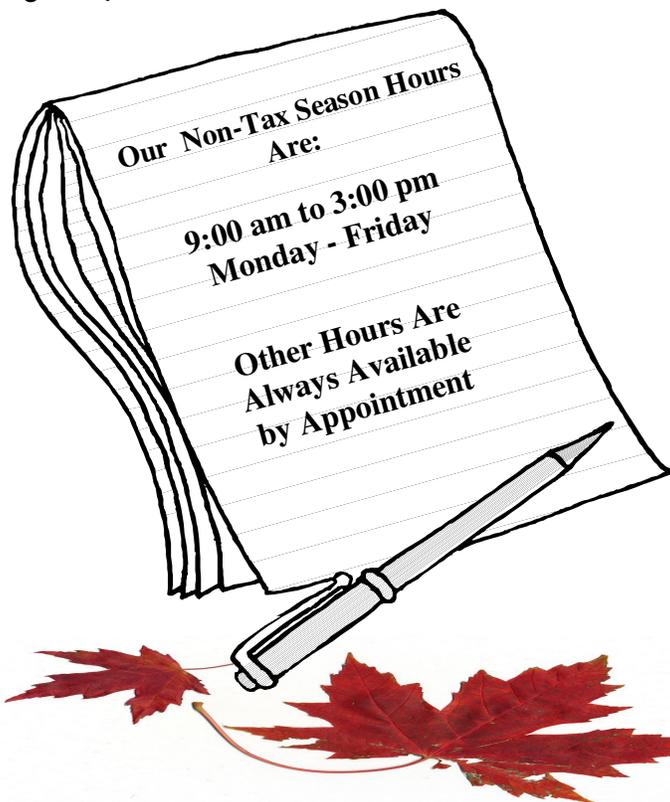
It's fall, the kids are back in school and now is a great time to do some tax planning before the Wisconsin cold and snow arrives. Questions you may have can't always wait until tax time. That's why we are here all year.



We are currently preparing worksheets and prescheduled tax interview appointments along with attending seminars for annual tax law updates.

Being informed can save you money—and that is always our goal. Deciding when to take deductions or receive income can enable you to pay the lowest tax. If you believe your situation could benefit by year-end tax planning, call us now.

Your friends at Alt Financial Services



APPOINTMENTS



Alt Financial Services will continue to pre-schedule tax interview appointments for most prior year clients. **In early January, all of our clients will receive an envelope with our tax organizing worksheets.**

Most of you will receive your prescheduled tax appointment letter in that mailing. Remember, if the appointment time reserved for you is not exactly what you would like, please call and change to a more convenient time.

Some of you may receive a letter that says no appointment has been made for you because you either mail your information to us, have requested that you not be prescheduled, or we could not determine what time would work best for you. If you are not scheduled for an appointment, please call 756-5919 to schedule a time that is best for you.

If you have moved or will be moving in 2015, be sure to let us know your new address, change of email or change of phone number. That way you will continue to receive this newsletter and your prescheduled appointment letter that we mail in January. As a reminder, we will call you approximately one week prior to your scheduled appointment time.



One of the biggest compliments you can give us is a referral. We appreciate you referring friends and family to us as new clients. Those friends and relatives are certainly welcome to call now, get on our mailing list, and to schedule an appointment for their 2015 tax return.

EXPIRING TAX PROVISIONS

It is not known if an agreement on extending the expiring tax provisions may be reached. If not, the following may disappear forever:

- * Energy Credit
- * \$250 Teacher Classroom Supply Deduction
- * Mortgage Insurance Premium Deduction (PMI)
- * Sales Tax Deduction
- * Tuition Deduction
- * Tax-Free Distributions for Clients Age 70 1/2 or Older from IRAs to Charity (QCD)

ROTH IRA OR TRADITIONAL— WHAT'S THE DIFFERENCE?

An Individual Retirement Arrangement (IRA) is a retirement plan that could provide tax advantages as you save for retirement. Most taxpayers can currently contribute up to the lesser of \$5,500 or the actual amount of earned income to either a Roth IRA or traditional IRA. If you're age 50 or older, you may be able to contribute up to \$6,500.

The similarities pretty much end there. The traditional IRA is similar to a 401(k), where the money you put into the account is "before tax." This means that the tax advantage with a traditional IRA is that you get a "tax break" immediately if you meet all the requirements. However, when you begin to take distributions during retirement, that amount will be taxable. Another rule of traditional IRAs is that you are required to take minimum distributions at 70 1/2 or you will be faced with penalties.



With a Roth IRA, the contributions are made with "after tax" money, so the tax advantage with a Roth IRA is that you get a "tax break" later in life. When you begin to take distributions during retirement, they should be tax free as long as you meet all the requirements. Unlike a traditional IRA, there are no minimum required distributions.

These are just some of the basics when it comes to IRAs and taxes. Consult with your tax professional and financial advisor to determine which account makes the most sense for you.

2015 MANDATE FOR THE AFFORDABLE CARE ACT (ACA)

In 2014, the IRS released several new forms to be issued to taxpayers to report the necessary information about their health insurance on their tax returns. The Form 1095-A—Health Insurance Marketplace Statement was the only mandatory form for 2014 returns, and will be required again for 2015 returns.



For 2015, the IRS has added the following required forms that you will need to provide to your tax preparer to complete your 2015 tax return. Your employer and/or insurance provider will be sending you the required government reporting form in early 2016 that you need to watch for:

- ◆ Form 1095-B - Health Coverage
- ◆ Form 1095-C - Employer-Provided Health Insurance Offer and Coverage



AS A REMINDER...

The Affordable Care Act (ACA) requires most Americans to have health insurance. If you or an eligible member of your family did not have Minimum Essential Coverage health insurance for all or part of the year you may be subject to penalties.



If you have insurance through the Health Insurance Marketplace, you may be getting advance payments of the premium tax credit. These are paid directly to your insurance company to lower your monthly premium.

Changes in your income or family size may affect your premium tax credit. If your circumstances have changed, now is the time for a checkup to see if you need to adjust the premium assistance you are receiving. You should report changes that have occurred since you signed up for your health insurance plan to your Marketplace as they occur.

Changes in circumstances that you should report to the Marketplace include:

- ⇒ An increase or decrease in your income
- ⇒ Marriage or divorce
- ⇒ The birth or adoption of a child
- ⇒ Starting a job with health insurance
- ⇒ Gaining or losing your eligibility for other health care coverage
- ⇒ Changing your residence

Reporting the changes will help you avoid getting too much or too little advance payment of the premium tax credit. Getting too much means you may owe additional money or get a smaller refund when you file your taxes. Getting too little could mean missing out on premium assistance to reduce your monthly premiums.

Receiving excess advanced premium assistance will cause taxpayers to owe money back for the excess. This amount could be extremely large.

JUST FOR FUN

Win a Free 2015 Tax Preparation - Up to \$250.

Visit our website at: www.alttax.net

Go to our "Menu of Services" page on our website and find the word that we purposely misspelled and email us at:

Altfinancialservices@alttax.net

with your answer. We will take the first 10 people who email the correct misspelled word and put them into a drawing to be picked on Monday November 2, 2015 at 9:00 a.m.

GM, Ford, Chrysler and other retirees should save their **December 1st** check stub. These stubs will show any year-to-date health, dental, and vision insurance needed for the deduction on your 2015 Wisconsin tax return. If you have signed up to receive your check stubs online, please print out the December stub and bring it with you at tax time.

The annual exclusion for gifts remains at \$14,000 for 2015.

The HSA (Health Savings Account) annual deductible contribution limit for 2015 is \$3,350 for individuals and \$6,750 for families. If you are 55 or over, an additional \$1,000 can be contributed. However, no contributions are allowed after age 65. If you did not have the plan for the entire year, the amount must be prorated.

The standard mileage rate for 2015 is 57 1/2¢ per business mile. The allowance for medical and moving is 23¢ per mile. Charitable miles remain at 14¢ per mile.



If a credit card company agrees to take less than what you actually owe on the credit card, the difference could be taxable income to you. Most companies will issue a 1099-C. There are exceptions that could apply.



Thinking of preparing your own taxes using one of those “off the shelf” tax software programs? Be careful. A tax software firm is now under the gun for tax ID theft and refund fraud. There is now a class action lawsuit against one of the large do it yourself companies claiming it didn't do enough to protect customers' data or to prevent fraudulent filings. They allege the firm's negligence led to the filing of thousands of false tax returns and the theft of billions of dollars.

Individuals will get a few extra days to file their 2015 tax returns according to the IRS. Even though April 15th falls on a Friday in 2016, the Emancipation Day holiday is observed that day in Washington, DC. So the due date for filing your individual return becomes Monday, April 18th.

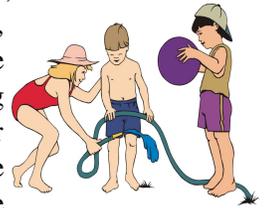
Social Security beneficiaries shouldn't expect a benefit increase in 2016. Inflation has declined over the past year.

Taxpayers who claim tuition credits are reminded that we need the “Student Account Details” along with the tax reporting Form 1098-T. This information shows important details of the dates of payments and credits by each term.



This newsletter is published as a service to clients of Alt Financial Services, Inc. and has been prepared with due diligence. However, the possibility of mechanical and/or human error does exist. If you have questions after reading this information, contact your tax advisor, financial advisor, or attorney for clarification and assistance.

If your school-age child went to a summer day camp (overnight does not qualify) the cost qualifies for the dependent care credit. So if you sent your child to any special day camps this past summer, such as those for sports, computers, math or theater, don't forget this tax credit. The same goes for camps to help with reading or study skills. The costs of summer school and tutoring programs are *NOT* eligible for the credit they are treated as education, not care. The other rules for the credit aren't affected, which include the child must be under age 13, and expenses must be incurred so the parents can work.



New IRS scams continue to surface in an attempt to take your money or personal information. Deceitful communications come via phone, email, regular mail and sometimes even a knock on your door, usually demanding money immediately. It's important to know that the IRS does occasionally contact taxpayers, but when they do, it's most often by mail. If you receive an email, letter, or phone call and you're in doubt as to whether it's from the IRS, contact us so we can determine if the correspondence is real.

Sometimes the IRS needs to verify a taxpayer's identity and will do so by sending a letter (5071C). This occurs when the IRS stops a suspicious tax return that contains a real taxpayer's name and/or social security number but is flagged for identity theft. Wisconsin Department of Revenue will also mail identity letters. No refunds will be issued until they receive verification.

Wisconsin residents need to remember to tally up all of their purchases made in 2015 that are subject to Wisconsin Use Tax. Wisconsin continues to require you to “certify” you did not have any purchases that were subject to use tax before your return can be e-filed.



Beginning in June, the WI Department of Revenue (DOR) began notifying some individuals that they are owners of unclaimed property. By the end of the year, DOR anticipates it will return approximately \$13.6 million in unclaimed property to more than 97,000 owners, after offsetting taxes or other debts owed. DOR identifies owners of unclaimed property from its income tax records. If there is a match between an individual and an unclaimed property, DOR first offsets any debts before paying a refund on the unclaimed property.





GAMBLING INCOME

IRS is considering lowering the threshold for reporting gambling winnings. Current rules require casinos and the like to file Form W-2G for each person who wins \$1,200 or more in bingo or slots, or \$1,500 or more in keno. Recently, the agency has floated the idea of reducing both of these amounts to \$600. We believe the chances of this happening are slim. Casinos and lawmakers are pushing back hard, saying a lower reporting threshold would hurt the gaming industry and cut revenues for states that allow gambling – at a time when many states are already facing budgetary crises.

Online gambling accounts just got more complicated. Taxpayers with “holding accounts” they use to transfer in and out for online gambling are REQUIRED to file a Foreign Bank And Financial Account report (FBAR) when the aggregate of funds exceeds \$10,000 at anytime during the year.

Example: Taxpayer did online gambling with PokerStarts.com and PartyPoker.com. He transferred money into and out of a FirePay account. At some points during 2006 and 2007 the aggregate of his funds in the three accounts (FirePay, PokerStarts.com and PartyPoker.com) exceeded \$10,000. Taxpayer did not file an FBAR for either year.

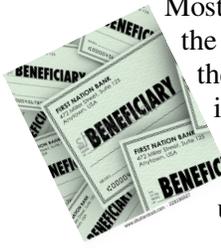


When questioned by the IRS, the taxpayer stated he didn't see these accounts as money or financial accounts. The IRS took the position the accounts were held in the same country as the web based gambling activity which were the United Kingdom (FirePay), Isle of Man (PokerStarts.com), and Gibraltar (PartyPoker.com). The IRS assessed stiff penalties for non-willful failure to submit FBARs of \$10,000 for each account not reported (3 accounts for 2006 and 1 account for 2007).



Be aware of the ramifications of doing certain transactions via the computer. You may not realize what you do online could affect you in ways you may not have considered.

THE IMPORTANCE OF UPDATING BENEFICIARY DESIGNATIONS



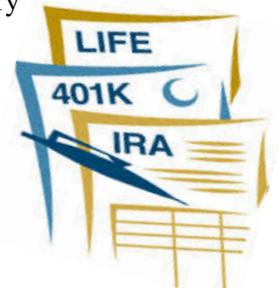
Most of us have more than enough to do. We're on the go from early in the morning until well into the evening — six or seven days a week. Thus, it's no surprise that we may let some important things slide. We know we need to get to them, but it seems like they can just as easily wait until tomorrow, the next day, or whenever.

A U.S. Supreme Court decision reminds us that sometimes "whenever" never gets here and the results can be tragic. The case involved a \$400,000 employer-sponsored retirement account, owned by William, who had named his wife, Liv, as his beneficiary in 1974 shortly after they married. The couple divorced 20 years later. As part of the divorce decree, Liv waived her rights to benefits under William's employer-sponsored retirement plans. However, William never got around to changing his beneficiary designation form with his employer.

When William died, Liv was still listed as his beneficiary. So, the plan paid the \$400,000 to Liv. William's estate sued the plan, saying that because of Liv's waiver in the divorce decree, the funds should have been paid to the estate. The Court disagreed, ruling that the plan documents (which called for the beneficiary to be designated and changed in a specific way) trumped the divorce decree. William's designation of Liv as his beneficiary was done in the way the plan required; Liv's waiver was not. Thus, the plan rightfully paid \$400,000 to Liv.

If you want to change the beneficiary for a life insurance policy, retirement plan, IRA, or other benefit, use the plan's official beneficiary form rather than depending on an indirect method, such as a will or divorce decree.

It's important to keep your beneficiary designations up to date. Whether it is because of divorce or some other life-changing event, beneficiary designations made years ago can easily become outdated.



NEW SOCIAL SECURITY SERVICE

About one third of the people who receive social security benefits have to pay income tax on their benefits. At the end of the year, the Social Security System mails a Social Security Benefit Statement (Form 1099-SSA) showing the amount of benefits received. Social security beneficiaries who did not receive their 1099, or those that either lost or misplaced it, can get an instant and official replacement form for tax purposes by creating “my Social Security account” at ssa.gov

Happy Fall





**“SEASONAL”
SECRETARY/RECEPTIONIST**

During the 2016 tax filing season from mid-January through mid-April we would like to hire three “seasonal” secretary/receptionists.

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

Shifts we are seeking to fill are:

11am - 5pm

1pm - 7pm

3pm - 9pm

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

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.*

Form 1099's

All business owners and farmers are required to issue Form 1099s to a single recipient or business when a total amount paid in the calendar year adds up to \$600 or more. Items that need to be reported on a Form 1099 include commissions, fees, rents, veterinarian and attorney services, interest, royalties and other compensation.

These forms need to be issued by January 31st of each year for the prior year

If your business or farm needs to file any Form 1099s please call and schedule an appointment with Joe Valentine between January 4-January 22, 2016.

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

How Long to Keep Tax Records?

IRS can go back 3 years
WI can go back 4 years

Generally we suggest to keep your tax returns for 5 years

If you have any Depreciable property or Stocks or carryover items you should keep those returns from the time you first listed them on the return until 5 years past the time these items affected your return.

Average spent on take-out food:
\$75 a month.

Life insurance:
\$30 a month

Protect your  loved ones.

Those with **no life insurance** think it's
3X MORE
expensive than
it actually is.

Source: 2015 Insurance Barometer Study, Life Happens and LIMRA

Think life insurance.

*2015 insurance barometer study life happens and Limra

November is life insurance awareness month at Alt Financial!

Life insurance enables you to live your life to the fullest without worrying about whether or not your loved ones will have the financial security they need in the future. You will know with certainty that they will be cared for and protected from any future financial difficulties that may arise.

Please give us a call at 608-756-5919 and make an appointment with Gary Pankonien or Joe Valentine for a consultation or policy review of an existing policy you may have!