THE ALLIED PERSPECTIVE

SUMMER 2019
YOUR PARTNER FOR CPA, FINANCIAL & PAYROLL SERVICES

FROM THE PARTNERS
Updates & News to Share

10 YEARS ANNIVERSARY

2019 marks the celebration of our 10th anniversary! Over the years our firm has grown from tax and accounting to include a full suite of services under one umbrella, including CPAs, payroll, financial services and more. We have seen tremendous growth since our inception. Most recently, with the acquisition of a firm in Perry. Being part of a larger group allows our clients access to a depth of a knowledge, support and services in which they can rely. Our success and growth are due in large part to our clients. Thank you for your continued support and loyalty over the past 10 years.

In the first part of the year, we conducted a client survey to help us evaluate your overall experience and satisfaction with Allied Financial Partners. From your feedback, we will be making improvements to our operations and services. We were also pleased to receive a lot of positive feedback focusing on the relationships that our clients have with our team and the trust within those working relationships. We are always looking for feedback. If you have any concerns, suggestions, or staff compliments you'd like share, please contact Andrea True at atrue@alliedfp.com.

One of our company values is to give back to our community. In May, we participated in the United Way Day of Caring. A team from Allied went to Light Hill, which is a comfort home in Canandaigua, where they spent the day installing a walking trail through the woods. In June, our Oneonta team participated in the United Way of Delaware and Otsego County mass food drive at Northern Eagle Beverages, Inc., where they helped distribute food boxes to about 600 households.

From all of us at Allied Financial Partners, have a healthy, safe and sunny summer.

Thomas Tette, CPA • Kenneth E. Ingersoll, CPA • Jason Mayausky, CPA • David A. Younis, CFP® • James W. Swiech, CPA

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FEDERAL TAX UPDATES

The following is a summary of important tax developments that occurred in first quarter of this year that may impact your tax situation.

Estimated tax penalty relief. The IRS announced that it is waiving the estimated tax penalty for many taxpayers whose 2018 federal income tax withholding and estimated tax payments fell short of their total tax liability for the year.

Employer Identification Number (EIN). As part of its ongoing security review, the IRS announced that, starting May 13, only individuals with tax identification numbers may request an Employer Identification Number (EIN) as the "responsible party" on the application. Individuals named as responsible party must have either a Social Security number (SSN) or an individual taxpayer identification number (ITIN).

Electric car credit declines. The credit for all new qualified plug-in electric drive motor vehicles sold by GM will begin to phase out Apr. 1, 2019.

Deduction for back alimony. The Tax Court held that payment of alimony arrearages resulting from a contempt order by a Family Court is not a "money judgment," and so qualified as deductible alimony. With respect to divorce instruments executed before Jan. 1, 2019, amounts received as alimony or separate maintenance payments are taxable to the recipient and deductible by the payor in the year paid.

Qualified business income deductions. Final regulations were issued for determining the amount of the deduction of up to 20% of income from a domestic business operated as a sole proprietorship or through a partnership, S corporation, trust or estate. The final regulations cover and discuss a wide range of rules and requirements.

Additionally, the IRS provided three methods for calculating W-2 wages under under the qualified business income deduction. The IRS also provided a safe harbor under which a real estate enterprise will be treated as a trade or business for purposes of the qualified business income deduction under these regulations.

We are here to help you navigate the ever-changing landscape of tax law. For more information about any recent tax developments and to see if they may impact your tax situation, please contact us.

SEXUAL HARASSMENT PREVENTION OCTOBER DEADLINE

For our business clients, New York State's sexual harassment prevention training deadline is fast approaching. Please remember that every employer is required to complete the training by October 9, 2019.

Allied Financial Partners is pleased to be able to offer a solution. Endorsed by the Business Council of New York, our interactive, on-line sexual harassment prevention program exceeds the standards set by State.

Our program includes:

- 45-minute interactive online course (available in English and Spanish)
- Employee training compliance tracking sheet
- Sexual Harassment Policy
- Sexual Harassment Complaint Form
- Email to inform your employees of training requirements
- Instructions on how to conduct a sexual harassment investigation

For more information, please contact Andrea True at (585) 410-6733 ext. 103 or atrue@alliedfp.com.

THUMBS UP
The Client Corner

Taking the time to recognize the awards and accomplishments of our clients is important to us. Our clients have been busy in 2019. Congratulations to one and all!

- Turnbull Restoration was highlighted in Field 'n Stream magazine April/May issue
- Ryan McNamera & Nick Larking opened Mac's Philly Steaks Diner (Old Papa Jack's Diner)
- Charlie Shaw purchased Avon Chiropractic
- Tom Sanders & Debbie Palumbo-Sanders opened Victor Pieceful Seams Quilt Shoppe, Inc. in Victor
- Lisa Bishop launched Checkmates in Clifton Springs, a preloved home accents store
- Agape Physical Therapy released a new software program called ONUSONE www.onus-one.com

If you or your business would like to be featured in our next newsletter, please contact Andrea True at atrue@alliedfp.com or 585.410.6733 x103.

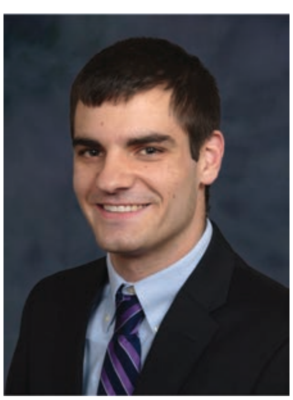
INTRODUCING OUR NEW PERRY LOCATION TEAM MEMBERS

As Allied Financial Partners continues to grow, we are dedicated to finding people who will enhance our clients' experience and the firm's services. With that in mind, we are excited to introduce this group of talented individuals from the Perry team of the Robert W. Schmidt Jr, CPA Accounting Firm, who have recently joined Allied Financial Partners.

Please join us in welcoming the Perry team from Robert W. Schmidt, Jr. CPA. Principal Robert W. Schmidt, CPA (center); Payroll Specialist, Minzielda Dowd; Office Manager, Jodi York; Senior Accountant, John Wells; Managers, Heath Hendrickson, CPA and Aimee Berkemeier, CPA; Administrative Assistant, Timberlee Salamone. (pictured left to right) We would also like to introduce Kourtney McBride, Administrative Assistant (not pictured).

Since 1985, Robert W. Schmidt, Jr., CPA, has been serving clients throughout Western New York. Robert Schmidt and his team have provided a variety of accounting and tax services as well as general business consulting for a number of closely-held businesses and individuals. The team has concentrated in small business with a specialization in agricultural taxation and accounting.

The Perry team has a proven commitment to developing and building client relationships. They are looking forward to working alongside the other members of Allied Financial Partners and offering a full suite of CPA, tax, financial and payroll services.



EMPLOYEE SPOTLIGHT

Matt Linsner started with Allied Financial Partners as a tax intern before coming on full time as a member of our audit team in January of 2019.

Matt, who is currently studying for his CPA licensure, holds a Bachelors of Business Administration in Accounting from St. Bonaventure University as well as an MBA from Rochester Institute of Technology.

Originally from Livonia NY, Matt now resides in Rochester. In his spare time, Matt enjoys playing as well as watching sports—especially Syracuse basketball.

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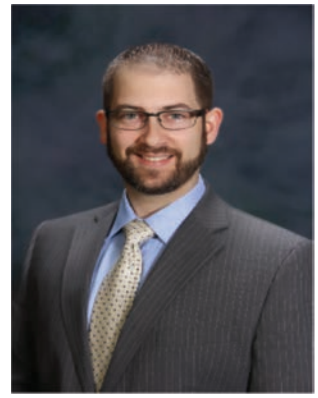
TIME VALUE OF MONEY: Why It Matters

by David A. Younis, CFP®, Director of Financial Services



It's been a little while, but if you've been reading along with the last few newsletters you know that we set out to cover three important basic financial concepts. Thus far, we discussed 'simple versus compound interest' and 'dollar-cost-averaging.' Now, let's integrate those concepts into a more complete discussion around the "Time Value of Money" (TVoM). The essence of the TVoM is to understand that having a sum of money at this very moment is worth more than having the identical amount of money in the future. The reason it is more valuable today stems from what is understood to be that sum's earning potential over time.

This concept is rather intuitive. Consider this, you just inherited $100,000. You have a choice to make: you can have $100,000 today in a lump sum or you can have a lump sum of $100,000 in 5 years. Which do you prefer? No, I haven't forgotten any details of the offer and that's why this seems like such a silly thing to consider. It's obvious that you would much rather have $100,000 today instead of $100,000 in 5 years (and not because you could use a new car). Remember, we're focusing on investment concepts. So, while yes it would be great to spend that money on something fun, we are going to think about more grandiose options like…retiring, which should be fun, too, I would bet.

For our purposes, let's assume that we're just focused on this one sum of money and not on your entire retirement picture. Let's further assume that you would like to turn the inheritance (from above) into a $500,000. You have two main variables to account for: Time and how much you expect to earn. Using our prior understanding of compound interest; if we can earn 6% per year consistently, then we will have accumulated $500,000 in 27 years. It is the expectation that you can earn a return on your money that prevents you from wanting to accept $100,000 in 5 years as originally proposed. Because if you can earn 6%, then in 5 years you should really receive $133,822. That sum is simply the result of earning 6% for 5 consecutive years. This illustration conveys the time value of money.

Now, let's come full circle. You decide that you would like to pursue generating $500,000 sooner. In fact, you would like to use the funds to buy your retirement dream home and you want to retire in 20 years – not 27. How should we approach this? You have two options – earn more by taking greater risk alone or you can also incorporate a savings effort to bolster the balance and improve your chances of reaching your $500,000 goal in 20 years. To do so, you could incorporate one of the previously covered concepts: "Dollar-cost-averaging" (DCA). Recall, DCA'ing is simply the process of creating a systematic contribution from your bank to your investments on a monthly or bi-weekly basis. If we continue to assume you're able to earn 6%, we are able to determine that you would be required to save $365.72 per month and in so doing you would reach your $500,000 target seven years sooner.

By utilizing the time value of money, dollar cost averaging and an understanding of how compound interest benefits you, we can start to develop an approach to mathematically achieve your long-term objectives. This represents the essence of goals based financial planning and it is the foundation of our financial planning process. If we create a vision of your financial future together; but on a more comprehensive/global scale, we can begin to craft the meaningful strategies to help you realize your vision using these tried and true mathematical concepts. We can help you to understand HOW to accomplish your objectives. But one key to success is TIME. The most frequently stated regret in our office is, "I wish I started doing this a long time ago."

We can help you and your children begin taking advantage of the time value of money today. Let us show you how by having a brief conversation about your goals.

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Diversification and asset allocation strategies do not assure profit or protect against loss. Past performance is no guarantee of future results. Investing involves risk. Depending on the types of investments, there may be varying degrees of risk. Investors should be prepared to bear loss, including total loss of principal.