THE ALLIED PERSPECTIVE

DECEMBER 2019

FROM THE PARTNERS
Updates & News to Share

Happy Holiday from Allied Financial Partners. 2019 marked the firm's 10th anniversary. It was an exciting year that brought about many new opportunities, including mergers, new office locations and the significant growth of our team. To add to that excitement, we are proud to announce that this fall we expanded into the Buffalo area as well as Cooperstown *(see page 3 for more information)*. This year, we were also recognized as a 2019 Rochester Top 100 of fastest-growing, privately owned companies in the Rochester and Finger Lakes region.

ROCHESTER CHAMBER TOP 100
In Partnership with KPMG LLP and ESL Federal Credit Union

In appreciation of the continuous support of our clients and friends, this year—in lieu of sending holiday cards—the Allied Financial Team donated $1,000 to be distributed throughout the communities in which we serve to Toys for Tots to help give children living a poverty a hopeful Christmas celebrated with a present under the tree.

We would also like to announce that our Rochester location is moving from Southview Commons in Henrietta to the City of Rochester. The address will be 150 State Street, Rochester, NY, 14614. This will be a larger, more centralized location for our Rochester clients and staff. Please note that this location offers convenient, safe, complimentary parking for our clients.

Happy Holidays

As we closeout the year, it's important that pay tribute to our valuable clients. We wish you a warm and heartful thank you for your loyalty and support, and for helping us achieve a truly inspiring and insightful year. We look forward to continuing our partnership and serving you in 2020.

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

allied financial partners

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OPTIMIZING YOUR BUSINESS INCOME DEDUCTIONS

The Tax Cuts and Jobs Act, which was signed into law in December 2017, has provided some unique tax planning opportunities for business owners who operate as S corporations, partnerships, or sole proprietorships. The new tax law allows for a potential 20% deduction on qualified business income. This deduction is, however, limited in a number of different situations.

In some cases, careful tax planning can be the difference between receiving the full qualified business income deduction and receiving nothing. Business owners who file single, head of household, or married filing separate may be affected if your taxable income is over $160,700. Business owners who file married filing joint may be affected if your taxable income is over $321,400. If you are projecting your taxable income to be higher than the "phasein" limits above, contact us as soon as possible. We may be able to work with you to optimize your deduction.

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!

- Sleep Insights opened a new location in Orchard Park, NY, in July.
- East Hill Creamery, LLC, won the gold award at the New York State Fair for their Silver Lake Cheese
- Reyncrest Farms, Inc. won the Holstein Heifer Premier Breeder and Premier Exhibitor awards at the World Dairy Expo
- DDS Companies & Lantek Companies for making the 2019 Rochester Top 100 list
- David Murphy won the Kickstarter Wayne County Startup Pitch Competition presented by the Wayne County Economic Development Corportaion for his LoadAlone™ assist mortuary device

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.

OVERPAYING ON YOUR TAXES?

Who among us wants to pay the IRS more taxes than we have to? While few may raise their hands, Americans regularly overpay because they fail to take tax deductions for which they are eligible. Let's take a quick look at the five most overlooked opportunities to manage your tax bill.

1. Reinvested Dividends: When your mutual fund pays you a dividend or capital gains distribution, that income is a taxable event (unless the fund is held in a tax-deferred account, like an IRA). If you're like most fund owners, you reinvest these payments in additional shares of the fund. The tax trap lurks when you sell your mutual fund. If you fail to add the reinvested amounts back into the investment's cost basis, it can result in double taxation of those dividends.[1]

Mutual funds are sold only by prospectus. Please consider the charges, risks, expenses, and investment objectives carefully before investing. A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.

2. Out-of-Pocket Charity: It's not just cash donations that are deductible. If you donate goods or use your personal car for charitable work, these are potential tax deductions. Just be sure to get a receipt for any amount over $250.

3. State Taxes: Did you owe state taxes when you filed your previous year's tax returns? If you did, don't forget to include this payment as a tax deduction on your current year's tax return. The Tax Cuts and Jobs Act of 2017 placed a $10,000 cap on the state and local tax deduction.

4. Medicare Premiums: If you are self-employed (and not covered by an employer plan or your spouse's plan), you may be eligible to deduct premiums paid for Medicare Parts B and D, Medigap insurance, and Medicare Advantage Plan. This deduction is available regardless of whether you itemize deductions or not.

5. Income in Respect of a Decedent: If you've inherited an IRA or pension, you may be able to deduct any estate tax paid by the IRA owner from the taxes due on the withdrawals you take from the inherited account.[2]

Allied Financial Partners are your partners in matters like these. Please contact us for specific information regarding your individual situation.

1. Withdrawals from traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.

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We are delighted to welcome the following firms to Allied Financial Partners: Amato, Fox & Company, PC; Richard Romer, CPA, LLC; Lee Walter, CPA; and, Jason Tabor, CFP. While these additions expand the physical footprint of Allied Financial Partners, they are also vital to the expansion of expertise and services available to all of our clients. Please join us in extending a warm welcome to our newest team members.


Amato, Fox & Company team

Amato, Fox & Company, PC, has been in business since 1956 and under the Allied Financial Partners umbrella will continue to work with individuals, businesses, not-for-profit organizations and governments. We welcome their team: John Guido, CPA, Richard Ertel, CPA, James Parkes, CPA, Betty Boyd, Mary Jo Streck, , Alejandro Feliz, Alan Fromm, Carmela Kieffer, CPA, Dustin Meadows, Joseph Naples, Beverly Thompson, James Toner, Jason Wisely, Ryan Zelli, CPA.

The accounting firm of *Richard A. Romer, CPA, LLC,* will be based out of our Buffalo location at 36 Niagara St., Tonawanda, NY. Dick Romer and Jeanette Mahiques will continue to serve the accounting needs of their clients.

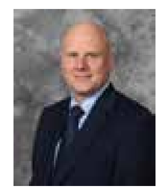

Dick & Jeanette


Lee Walter, CPA

Lee Walter, CPA, LLC – an accounting company based out of Brighton, Lee Walter joined Allied effective December 1, 2019, and will remain serving clients out of his current location as well as our new Rochester office. Clients will now have access to the full suite of services Allied Financial Partners offers.

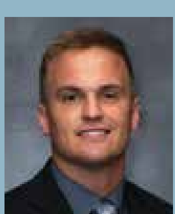
Certified Financial Planner, *Jason Tabor, CFP®*, and his assistant, Michelle Bosma, will be working out of Oneonta office to provide financial services three days per week and will continue to work in the Cooperstown location two days per week.


Michelle Bosma


Jason Tabor, CFP

EMPLOYEE SPOTLIGHT: MEET OUR NEW TEAM MEMBERS

Tax & Accounting Team Members

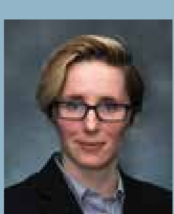

Al Kunzwiller
Victor/Rochester office

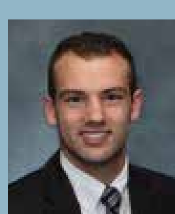

Ariunzaya Damdindorj
Perry office


Felisha Buchinger
Victor office


Rebekah Huff
Oneonta office

Financial Services Team


Aimee Cummings
Victor office


Jake Sadwick, CFP®
Victor office

Administrative Team


Kourtney McBride
Perry office

WANT TO RETIRE?
Back into a budget for greater success!

There are two ways to approach budgeting and if you're reading this sentence, you're doing great! You read the word budget twice and didn't have a visceral reaction causing you to put the newsletter down. In this season's article, I want to share why budgeting is so important to financial objectives. What's more, I won't ask you to collect a single receipt.

As we set out to discuss such a time worn topic it is important to acknowledge that ignoring your "budget," doesn't mean you don't have one. It just means it escapes your review as life grinds forward. Today however, let's discuss why maintaining an accurate perspective on your budget can be empowering and in the case of wanting to retire comfortably, a necessity.

In general terms, there are two ways to create a budget: the first is to think about all of the expenses in your life, add them up and see what's left over for your long-term saving plan. The second approach is to think about your objective and work backwards to see what must be saved to achieve your goal(s). For those individuals who prefer the first option, it might be helpful to at least have some basic idea of what reasonable targets are for common costs as a percentage of your before-tax earnings (which a simple Google search will yield):

Housing: 25-35%	Food: 10-15%	Savings: 10-15%
Utilities: 5-10%	Transportation: 10-15%	Clothing & Personal: 10-15%
Insurances: 10-20%	Entertainment: 5-10%	Discretionary: 0-15%

At a minimum, it's worth reviewing whether your expenses fall within these guidelines. However, studies show that how we think about budgeting can be material when it comes to following through. A goals-based approach can yield dramatic improvements in our ability to commit to and thus realize our long-term objectives. The more vividly we can create our vision of success, the more meaningfully we stick to the plan to achieve that vision.

For example, if I asked you in passing, how much can you save for retirement monthly? You might muster up the strength to say, 'if I were pressed, I could save $250/month toward retirement because of everything I have going on.'

However, what if I asked you to think carefully about retirement and asked you to answer with detail:
- Where do you want live?
- Who will you live near?
- What will you do every day that would provide you with purpose and happiness?
- What will be the most important activity for you to feel fulfilled?
- Where will you dine frequently, etc?

How much you could save to create that ideal retirement experience? We find overwhelmingly people are more willing to contribute at greater rates toward a refined and clarified objective.

While this is psychological, the results are very real. Creating a thoughtful understanding of your own retirement or other specific objective can amplify your willingness to put a routine into action. A routine that has a greater likelihood of bringing about more successful outcomes.

So, the first step to budgeting effectively is to understand the "why" of the issue. What's the point? Why bother at all? Lacking this defining clarity will often yield lackluster results.

The next step is backing into an approach that increases the likelihood of success mathematically. This effort involves understanding the timeline to achieve the goal, what reasonable rates of return are able to be realized, the risk of seeking those returns and a few other important data points like how much can be consistently saved if we really wanted to make the effort.

In the end, the ultimate purpose of the budgeting exercise then is to use the other concepts we've recently discussed: Time value of money, compounding returns/interest and dollar-cost-averaging; to create a path to success. A path that is achievable.

If we can be of service in helping you through this exercise to create a personal vision of your success, we stand ready to support your effort. As a reminder, this article; as well as previously offered insights can be found in the "Experts Corner" of our website: www.alliedfp.com.