



HONECK ·
O'TOOLE

...where people count

renews

Ideas to help small businesses and individuals maximize income while minimizing taxes.

1st Quarter 2019

SINCE THE TAX SEASON WILL BE DIFFERENT THIS YEAR...

We have a few requests to help us get your return completed on time!

This tax season is going to be a doozy.

As you may know, the Tax Cuts and Jobs Act (TCJA), passed in December 2017, included many changes starting in tax year 2018. Now, our team is working hard to prepare for the upcoming tax season — interpreting and adapting to all the changes.

But we've got this. No worries for you at all!

We just wanted to send out a few requests along the lines of, "help us help you."

1. Expect it to take more time.

Because of the sweeping TCJA changes, our tax preparation process will take longer than usual this year... especially for clients running a small business. It's a complex, comprehensive list of changes that have challenged the entire U.S. CPA community.

Please bear with us if we need more time to complete your return (and if your prep fee is a bit higher as a result).

2. No staples, please!

Imagine if you had to copy 1,200+ sets of documents and they all included staples. Yikes! That's what happens to us sometimes. So, our front office has a request.



When you send us your documents, please do not staple, tape, or clip any forms (W-2s, 1099s, etc.) directly to your Tax Organizer pages.

And, please do not send us unopened mail with tax information. Open/discard envelopes and discard unnecessary pages before sending the tax forms to us. Thank you!

3. Send us your materials as early as possible.

Please check out the dates in this newsletter. Thanks very much for getting us your information on time! 🙌

IMPORTANT: Tax Season 2019

Individual Returns:

We need ALL your information by March 16 so we can file your return by April 17. The deadline for Maine and Massachusetts is the 17th this year because of Patriot's Day (the 15th) and Emancipation Day (the 16th). Many other states are still due April 15th.

- Send missing items (for the returns received by March 16th) **before April 9th** at the latest, please.
- If you're unable to meet these deadlines, we can file an extension for you until October 15, 2019. Remember though, while you'll have more time to file, you'll need to send any IRS and state tax balances due on or before April 17. We can help you estimate the amounts.

Business Returns:

- We need your business entity information by **February 15, 2019** to file your return on time.
- Or, we can extend until September 16, 2019. Sooner is always better!

IMPORTANT! We're required to file all returns electronically. When we send your return to you, **please sign and return the included authorization Form(s) 8879 no later than 5:00 PM on Friday, April 12, 2019** — so we can efile your return before Wednesday, April 17. Every return has its own eFile form(s) every year, and they can only be signed once the returns are complete. Some states (not Maine) even have separate efile forms which must also be signed and returned to us. Read your cover letter to see what you must do! Email the signed form(s) (PDF or photo) to info@honeckotoole.com or fax it to 207-773-2047. Please don't wait until April 17th to return the authorization form(s)!

Got Your 2018 Tax Year Organizer?

In mid-January, we mailed out our annual Tax Organizer questionnaire, which you can use to gather the 2018 items we need to prepare your income tax return. If you didn't receive your Organizer yet, or if you prefer to receive the E-Organizer (Non-Mac users only), please call or email us right away: **207-774-0882** or info@honeckotoole.com.

12 WAYS TO SAVE MONEY AND BUILD WEALTH IN 2019

On any given day, you can find hundreds of online articles and tips about cutting costs while growing your nest egg for now and the future. We decided to give you our twelve favorite ways, personally selected by our team.



Invest in quality products to save in the long run.

If you buy well-made, classic clothing, well-crafted furniture, and so forth, you won't need to replace them as often as you would with "bargain" or trendy items. For instance, a well-built, solid wood dresser or dining table can last a lifetime.



Save with store apps.

Most grocery stores now offer smartphone apps where you can access coupons and special discounts each week: Hannaford, Shaw's, Whole Foods, Trader Joe's, and Target, for instance. You can also use general smartphone apps, such as Ibotta and Coupon Sherpa, to save on groceries and get cash back at a wide range of participating stores.



Save without even thinking about it.

Ask your employer to set up automatic withdrawals from your paycheck — a portion that goes into a separate, interest-earning savings account. The bigger the portion, the more your savings account will grow. With this "set it and forget it" method,

you'll look back after a year and see a nice pile of cash that will keep growing.



Spending Challenge, Part 1: Get a reality check on what you really spend each month.

Here's an eye-opening challenge: Use your smartphone or old-fashioned pad of paper to track every penny you spend for 30 days. Then, once you see how much you're spending on coffee, wine, or dining out, you might consider adjusting your habits to save more.



Spending Challenge, Part 2: Establish and stick to a "discretionary" cash limit.

Once you've discovered what you really spend in a month, see if you can set aside a certain amount — perhaps below the amount you discovered — for items you purchase beyond your regular bills.



Spending Challenge, Part 3: Know the "work cost" of your purchases.

Take your hourly pay rate from your job and determine how much work it "costs" you to spend money on something. For instance, a full-course

dinner at a high-end restaurant may "cost" you four hours of work. Is it truly worth it?



Use the "Debt Avalanche" to pay off outstanding credit card balances.

With this method, you pay off your highest interest-rate card first (while paying your required minimum on other cards). Then, once you've paid off the highest-rate card, go to the next highest-rate card balance, and so on.



Ignore stock market swings.

Consider stock market investments as strategic "long-game" investments. If you can stay strong and resist the urge to sell when things are bad, your patience will likely pay off when the market swings upward again.



Know your risk tolerance.

Depending on your current lifestyle, expenses, time before retirement, and other factors... determine which portion of your savings can be put in high-risk stocks/investments versus low-risk. (Call us if you need help in figuring this out.)



Max your match for FREE MONEY!

If you work for a company that offers a 401(k) or other employer plan with a match program, take advantage of that freebie. Many companies will contribute to your 401(k) by matching up to a certain percentage; say 3% of your annual salary... helping you build retirement savings more quickly.



No 401(k)? No problem!

You can still save for retirement by making annual contributions to a Traditional IRA or a Roth IRA (up to a maximum annual limit). If you're over 50, you can "step up" beyond that limit with an additional investment each year.



For the love of your family, create a will.

Don't leave it to chance or the government. Protect your estate and your family by creating a will that spells out your wishes. It's easy and free when you use a will app such as Tomorrow or Fabric. We can even notarize it if you'd like. 📄

RETIREMENT AGE?

CONSIDER A QUALIFIED CHARITABLE DISTRIBUTION.

When you hit 70-1/2 years of age, you need to start taking required minimum distributions (RMDs) from your retirement savings (regular IRA, SEP-IRA or SIMPLE-IRA, not Roth). For 2019, you'll determine your personal RMD by calculating your IRA account balance as of December 31, 2018, by the applicable distribution period (your life expectancy).

If you'd like to make a charitable contribution as part of your RMD — a QCD, you can make a charitable contribution to an organization of your choosing to satisfy all or part of the requirement. And, you can make your charitable contributions directly from your IRA instead of itemizing them. This means you don't need to itemize your tax deductions just for this. You'll use the standard deduction, and still reduce your taxable income by the charitable contribution.

QUESTIONS?

Call us for assistance
at 207-774-0882. 📞

KIDDIE TAX CHANGES AND THE SAVERS CREDIT

Head's up: if you were planning to save taxes by transferring assets into your children's names (known as income shifting), things have changed a LOT due to the TCJA — so the savings may not be as substantial as in the past.

The kiddie tax computation no longer includes the parents' marginal tax rate. Instead, children who have unearned income greater than \$2,100 may be subject to tax based on estate and trust income tax rates. These rules apply if the child is under 18 years old or is a student. And, starting this year, it may or may not be necessary to use IRS Form 8814. You may want to use this form if the child's unearned income (i.e. investment income, taxable trust distributions, etc.) is under \$1,050. If over, the child may need to file his/her own return.

The savers credit may be a smart strategy for your kids who are out on their own. Encourage them to start a retirement account because parents or grandparents can contribute; even gift them the money to contribute. 📞



QUESTIONS?

Contact us at
207-774-0882 or
info@honeckotoole.com

MEET OUR SEASONAL TEAM

Each year, we enlist the help of seasonal professionals to help us process, complete and file more than 1,800 individual tax returns in a very short time.

We're delighted to welcome back three of our long-time regulars for this tax season: Jerry Yurko, Julie Bennett, and Rebecca Gagnon. In addition, we're excited to welcome **Meta Patten**. Meta is a CPA who moved back to Maine in 2017 after serving in several accounting and tax preparation roles in the Boston area for many years. Most recently, she was a tax specialist at Berry, Dunn, McNeil & Parker, LLP.

One or more of our seasonal staff members may be contacting you with questions about your tax return, if needed. Thanks in advance for helping them complete your return! 📞

DISCLAIMER: Any accounting, business, or tax advice contained in this communication are not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, Honeck O'Toole would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

CLIENT PROFILES

LYDIA FORBES AND MYLES JORDAN

DaPonte String Quartet

We're very proud that two members of Maine's DaPonte String Quartet are Honeck O'Toole clients... so it's fitting that we feature the quartet here. This exceptional group has been voted a Downeast "Best of Maine" Readers' Choice for Performing Artists year after year, so what's new for 2019? Executive Director Lisa Westkaemper filled us in.

She said, "In 2019, one of the most exciting things happening is the inaugural Institute. This is an educational opportunity for 20 young conservatory-level string musicians to come to Maine in June and study with the quartet and our international faculty. We're recruiting students from all over the world. Selected students will receive full scholarships, and tuition, room and board at the beautiful Medomak Retreat in midcoast Maine. Students will be instructed by all 5 faculty, for a week-long intensive study session. There will be a faculty concert early in the week, and a student concert on the last evening.

Also, this summer, we're planning to revisit our rural outreach roots, performing concerts in many more small towns across the peninsulas, the islands, and indeed all the way up to Downeast. In addition, we'll be announcing our early June Guest Artist, who'll be featured in a concert at Studzinski Hall in Brunswick. As always, it's going to be special". Keep checking the quartet's website for news and to join their email list: www.daponte.org.



Get us your tax information by March 16 to meet your April 17, 2019 filing deadline!

Questions?

During tax season, we're incredibly busy, so it may take a little longer for us to get back to you. We appreciate your patience!

Thank you.

Phone:
207-774-0882

E-Mail:
info@honeckotoole.com



Call for Assistance Anytime! We welcome your questions about taxes, financial planning, college planning, making the most of QuickBooks, or anything else related to your money.

www.honeckotoole.com

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