



HONECK ·
O'TOOLE

...where people count

4th Quarter 2024

OUR BIG NEWS = BETTER SERVICE FOR YOU!

As part of our strategic plan to ensure the continued success of Honeck O'Toole and to support our ongoing service to you — we recently joined with Archer Lewis, a larger family group of other accounting practices across the country.



ARCHER LEWIS

Archer Lewis (www.archerlewis.com) will be taking on our technology, internal accounting, accounts payable, coordination of benefits, and other general business administration.

This frees up our staff to focus directly on supporting all our clients including YOU!

What does this mean to you? Rest assured — there will be no changes to the services you receive, and our management of the firm has not changed. Our business is all about the people and relationships we've built over the many years, so you'll continue to work with the same Honeck O'Toole team members as before.

As part of this transition, our official name has changed from Honeck O'Toole, PA to Honeck O'Toole, LLC. **As a result, we're required to collect new Engagement Letters from all clients.** Please watch for this new letter, sign it, and return it to us.

We're very excited about having this opportunity for growth and modernization, allowing us to better serve all our clients and maintain our commitment to building valued relationships through individualized innovative responses to your needs.

Thank you for your continued trust and loyalty. If you have any questions or concerns, please feel free to reach out to us at info@honeckotoole.com or call (207) 774-0882. We'll be happy to discuss any of this with you. 🍷

renews

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



*Thank You
for Your Business*

We're grateful for your business and your kind referrals... and we look forward to serving you in 2025 and beyond. May you and yours have a joyous Holiday Season and a very prosperous New Year!

Your Honeck O'Toole Team



Call Now for a Year-End Projection and Last-Minute Advice

If you've had changes in your business or personal life this year or you're not sure about the 2024 tax law changes... contact us ASAP for assistance with your 2024 tax-year picture. We may discover steps to take now for your benefit! **Contact us at 207-774-0882 or info@honeckotoole.com**

Use Our SmartVault Client Portal

It's the fastest and most secure way to send us your tax information and access previous documents. Need help with your Client Portal? **Contact us at 207-774-0882 or info@honeckotoole.com**



IMPORTANT REMINDERS:

Required RMDs and Catch-Up Options

Required Minimum Distributions (RMDs):

When you initially contributed funds to your retirement account, you may have done so on a pretax basis or received a tax deduction (not Roths) so you delayed having to pay income tax on those funds. The IRS does not allow for an indefinite delay and requires individuals to start taking out funds and paying the tax at a certain age.

- RMDs begin at the following ages based on when you were born:**

June 30, 1949, and prior	70 ½
July 1, 1949 – December 31, 1950	72
January 1, 1951 – December 31, 1959	73
January 1, 1960, and thereafter	75
- While RMDs are required at a certain age, you can take distributions earlier.** This may benefit you if you'd like to accelerate income into earlier years to take advantage of lower tax rates. However, if you're under the age of 59½, the IRS will assess a 10% early withdrawal penalty. There are a few exceptions to this penalty so please reach out if you're thinking of taking an early distribution.
- While RMDs are subject to ordinary income tax rates when withdrawn, Maine residents get a state tax break on retirement accounts to which they (or their spouse) contributed.** This means inherited accounts from a non-spouse are not eligible for the deduction. The Maine deduction is \$45,864. Keep in mind that the deduction is first applied to Social Security income before offsetting personal retirement income.



What if you weren't the original contributor and inherited the retirement account? If you have an inherited retirement account, the RMD rules can be tricky depending on when you inherited the account, the beneficiary class you fall into, and whether RMDs had begun for the person from which you inherited the account.

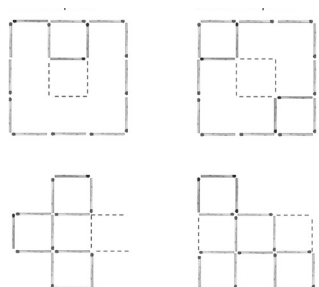
The Secure Act 2.0 waived RMDs (or didn't assess penalties for missed distributions) for accounts inherited in 2020 or later since there was confusion around the rules. However, that waiver is not available in 2025. If you have an inherited retirement account, plan on taking a distribution in 2025.

Changes to catch-up retirement contributions

If you're 50 or older, you're allowed to make an extra "catch-up" contribution to your retirement account. The "catch-up" amount allowed depends on two factors: the type of plan and your age. For years after December 31, 2024, individuals who attain age 60 but would not attain age 64 by year end (so 60-63) are allowed a "super catch-up".

Plan Type	CATCH-UP DEFERRAL		SUPER CATCH-UP DEFERRAL
	2024 Standard Deferral	Age 50-59 and 64-Older	Age 60-63
401 (K), 403(b), 457, and SARSEPs	\$23,500	\$7,500	\$11,250
SIMPLEs	\$16,500	\$3,500	\$5,250
IRA's	\$7,000	\$1,000	\$1,000

ANSWER: Matchstick Puzzle No cheating though!



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.

In addition to the "super catch-up", SECURE 2.0 included a provision requiring catch-up contributions to go to a Roth plan for those with income over \$145,000. Originally set to occur in 2024, the provision has been delayed until 2026 ... so catch-up contributions for 2025 can still go to tax deferred accounts.



BENEFICIAL OWNERSHIP INFORMATION (BOI) REPORTING

Oh BOI, here's a requirement you don't want to miss. Beginning on January 1, 2024, many companies in the United States must report information about their beneficial owners, i.e., those who ultimately own or control the company.

They need to report the information to the Financial Crimes Enforcement Network (FinCEN) through FinCEN's website (www.fincen.gov). FinCEN is a bureau of the U.S. Department of the Treasury.

Essentially, any company created by filing a document with the state will need to file the BOI report.

There are 23 exemptions for entities like publicly traded companies, non-profit organizations, banks, and other investment related companies, just to name a few. If not exempt, any business created before January 1, 2024, will have until January 1, 2025, to file. If the business was created in 2024, it has 90 days from the date of creation to file. For businesses created after 2024, they have 30 days to file. In addition, if there are any changes to the information initially filed, those changes must also be reported within 30 days.

Businesses need to report the following to FinCEN:

- 1) its legal name and any trade name or DBA;
- 2) its address;
- 3) the jurisdiction in which it was formed or first registered;
- 4) its Taxpayer Identification Number (TIN);
- 5) beneficial ownership information (BOI) for those who substantially control the company (think of your key employees - like President, CEO, or CFO - and other decision makers) and anyone who owns at least 25% of the company;
- 6) For companies created after January 1, 2024, the "company applicants" must also be reported. A company applicant is the person who files the document that first registers the company and/or the person who is primarily responsible for directing or controlling the filing of the document.

The information to report for these individuals includes:

- 1) legal name;
- 2) birthdate;
- 3) address;
- 4) a picture of and identifying number from a driver's license, passport, or other approved document.

To learn more, please visit fincen.gov/boi.

Questions? You can always call or email us: **207-774-0882** or info@honeckotoole.com.



LET FORM 5498 BE YOUR GUIDE TO REPORTING RMDs

If you have retirement accounts, you'll receive Form 5498 for each account by the end of May. Why that date? Because you can contribute to an IRA up to April 15th, 2025, for the 2024 year.

The form shows what you contributed to your IRA for the year, along with the account's fair market value on December 31, 2024. **IMPORTANT:** the 12/31/24 value determines the RMD amount you need to take out for 2025.

The form usually lists the RMD amount in Box 12. If your investment company does not intend to report the amount on Form 5498, they must provide you the amount or offer to calculate the amount in a separate statement by January 31, 2025.

Finally, the form will often list the names of the beneficiaries. Reminder: once a year, confirm who will inherit the retirement account and make sure it's up to date. It is important to consider the beneficiary you've named on the account who will receive distributions in the future because the rules on distributions vary between spouses of the original account owner, minor children, or other non-spouse beneficiaries.

QUESTIONS? You can always call or email us: **207-774-0882** or info@honeckotoole.com.

GET AN IRS IP PIN TO KEEP YOUR ACCOUNT SAFE

Prevent others (scammers, hackers) from filing or accessing your tax return by setting up an IP PIN with the IRS. You can request an IP PIN through your personal account at IRS.gov.

Don't have your online IRS account access set up? You must register first to validate your identity. Here's an IRS link that explains how the IP PIN works: <http://bit.ly/3Z3AwGN>



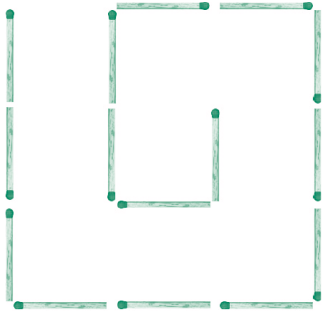
WATCH FOR OUR PURPLE PRE-BILL

By now, you should have received your 2024 Honeck O'Toole tax preparation pre-bill (the "purple pre-bill"). You can choose to pay part of next spring's tax return preparation fee before 12/31/24 and take the deduction in this tax year (if you qualify).

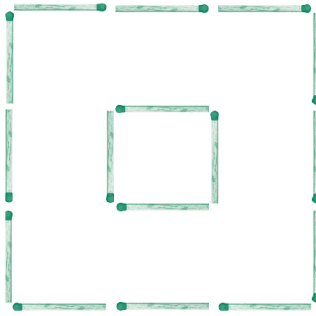
Please note that this payment is always OPTIONAL, not required.

MATCHSTICK PUZZLE

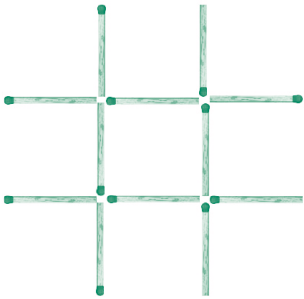
Move three matchsticks to make two squares.



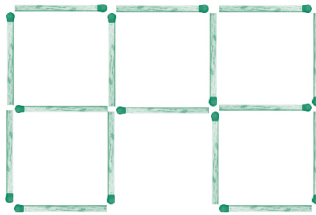
Move four matchsticks to make three squares.



Move three matchsticks to make three squares.



Move three matchsticks to make four squares.



Can you solve these puzzles?

You'll find the answers on page 2.
But no cheating :)



OFFICE VISIT PARKING TIPS

Parking in Portland can be difficult, but you have options with us!

If you scheduled a meeting with us, we offer a 1-hour parking pass for the Arts District Garage behind our building. You can enter that garage from Casco Street, Cumberland Avenue, or Brown Street.

- At the garage entrance self-service kiosk, enter your cell phone number or credit card number.
- After your meeting with us, we'll give you a pass – just ask at the front desk.
- When exiting the garage, you'll type the same info into the kiosk as before and it will show your total charges. Scan our parking pass bar code and your fee will change to zero!

You can also find metered parking in the lot behind our building (off Casco Street) and in the surrounding area. You'll pay for those options yourself. And, if you're quickly dropping items off, there's a loading zone in front of the building on Congress Street you can use.

The Arts District Garage uses an app called ParkWhiz to make parking easy. Consider adding the app to your smartphone to find, reserve, and pay for parking. 📱



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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