



COUTO DEFRANCO, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

# Online Advisor

- DECEMBER 2015 -

## MAJOR UPCOMING TAX DEADLINES

- December 31- Deadline to complete 2015 tax-free gifts of up to \$14,000 per recipient.
- December 31 - Deadline for paying expenses you want to be able to deduct on your 2015 income tax return.

## WHAT'S NEW IN TAXES:

You can now request  
an identity theft  
tax return.

In the past, if you were a victim of identity theft, the IRS would not send you a copy of the fraudulent tax return due to federal privacy laws. Now, under a recent change of policy, you can request certain

### *Greetings!*

*At the close of another year, we would like to take this opportunity to thank you for your business and wish you and your family a very happy, healthy holiday and a prosperous New Year!*

*Please click the link below, which will take you to the resources page on our website where you can click on the Year-end Tax Planning line to get a copy of our **On-Line Tax Planning Guide** for strategies to reduce your taxes.*



*We are looking for more good clients, and since we are expanding, we would appreciate your referrals!*

*Forward this email to friends and family; it entitles them to a complimentary consultation.*

*The partners and staff of Couto DeFranco, P.A.*



*[IF YOU LIKE US... "Like us" on Facebook! We will be posting up-to-date information and deadlines.](#)*

redacted individual income tax returns that were fraudulently filed in your name. While some information will be blacked out on the released returns, you should be able to tell what personal information the thief was able to use.

To obtain a copy of the fraudulent return, you need to send a signed, written request to a special address (Internal Revenue Service, P.O. Box 9039, Andover, MA 01810-0939). Include your name and social security number, mailing address, and the tax year of the return or returns you're requesting. Be sure to state that you're the taxpayer and attach a copy of proof of your identity such as a driver's license. Additional paperwork is required if you choose to have your preparer or other authorized representative request the return for you.

You can request the current year's return as well as up to six years of prior returns. The IRS says you will receive acknowledgement of your request within 30 days and the copy of the fraudulent return (or follow-up correspondence) within 90 days.

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**WHAT'S NEW IN  
FINANCES**

## **TAKE ADVANTAGE OF LAST MINUTE TAX SAVERS**

Year-end 2015 is approaching fast! You have only a very limited time to make tax-smart moves for 2015. Here are seven suggestions.

- If you believe you will owe state or local taxes, consider prepaying them before December 31 so you can claim the deduction in 2015. (Be aware of alternative minimum tax consequences.)
- Put necessary last-minute purchases on your credit card. Using a credit card lets you take a deduction when the purchase is made, not when the card balance is paid. You can use the credit card rule for both business and personal transactions.
- Are you a business owner in need of additional furniture, fixtures, equipment, and computers to operate your business? Consider making the purchases before the end of the year in order to qualify for the Section 179 expensing deduction.
- Stock losses can be used to offset stock gains. If you have unrealized losses for 2015, consider selling those positions to offset any gain transactions you might have made. You can also deduct up to \$3,000 in net capital losses against other income. Net losses greater than \$3,000 can be carried forward and used on your 2016 tax return.
- Consider making a deductible traditional IRA contribution. If you qualify, you can contribute up to \$5,500 for 2015, plus an additional \$1,000 "catch-up" contribution if you are age 50 or older. You have until mid-April 2016 to make your contribution and still take a deduction for 2015.
- Maximize your employer-offered tax-deferred retirement accounts, such as 401(k), 403(b), or 457 plans.
- Donate appreciated stock or mutual funds to charity. You receive a deduction for the appreciated value, but you don't have to report or pay taxes on any of the appreciation.

Contact us for more tax-saving tips that you can fit in before December 31.

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**PREPARE FOR UPCOMING "AFFORDABLE CARE ACT" REQUIREMENTS**



# SOCIAL SECURITY CHANGES MAY AFFECT YOUR FINANCIAL PLAN



The "Bipartisan Budget Act of 2015" that was signed into law on November 2, 2015, closed two "unintended loopholes" that you may have been considering as part of your retirement plan. These strategies, which include the restricted application for spousal benefits and voluntary suspension of benefits, will generally no longer be available.

The restricted application for spousal benefits is an option to apply for social security when you reach your full retirement age, but restrict your claim to your spousal benefit. This allows you to delay your own social security benefit. Under the Act, this option will only be available if you reach age 62 by December 31, 2015.

The voluntary suspension of benefits lets you file for benefits when you reach full retirement age, then suspend the benefits.



Are you an applicable large employer? If so, in January you may be required to file a tax form you might be unfamiliar with. Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, is required for each full-time employee and will disclose information on the group health insurance coverage you provide. While the rule applies only to applicable large employers (ALEs), the use of the term "large" is a misnomer. An ALE is any employer with 50 or more full-time employees, including full-time equivalent (FTE) employees, in the prior year.

- **How to count employees.** A full-time employee is anyone working on average 30 hours or more per week, or 130 hours per month. The calculation for FTE employees is a bit harder. Add up the monthly hours of everyone not full-time (capped at 120 hours for any one employee) and divide by 120. If this number, plus the number of full-time employees, is 50 or more on average for the year, the new reporting rules apply to you. Keep in mind this calculation is only used to determine whether you have to file Form 1095-C. You are not required to provide health insurance to your part-time employees.
- **Other rules to keep in mind.** If your business is part of a controlled group - that is, a group of companies under common ownership - you may have to combine the employee rosters of each company to determine whether the rules apply.

If your business offers a self-insurance program, you must file Form 1095-C regardless of the number of workers you hire.

**Is your company new?** You're automatically considered an ALE in your first year if you expect to meet the 50-employee requirement and actually end up doing so. To provide relief, you do not need to include seasonal workers in the count as long as the number of those workers exceeded 50 for only 120 days or fewer during the year. Also, for 2015 only, you can use any consecutive six-month period during 2014 to determine your employee count rather than average the entire year.

**New filing requirements.** The 2015 Form 1095-C is due to employees by February 1, 2016, and to the IRS by February 29. The IRS deadline is moved to March 31 if you file electronically. (You must file electronically when you issue 250 or more forms.) The penalty for not filing is \$250 per form, up to \$3 million per year.

With this strategy, you delay receiving your benefits until a later date when they would be higher, while allowing your spouse to currently collect a spousal benefit. Under the Act, this option will no longer be available after April 2016.

Give us a call if you think either of these changes will affect you. We can help you update your retirement plan.

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Be aware that these new rules are in addition to the previous requirement of reporting the value of health insurance coverage on an employee's W-2 if you have 250 or more employees.

For more details, please call our office.

## KEEP DEBT FROM SPIRALING OUT OF CONTROL

Is your debt load straining as the traditional season of giving stretches on? Some kinds of debt are considered "good," such as the mortgage on your home. Other kinds - not so much. Here are suggestions for managing your debt.



**Stop piling on.** A mountain of debt will only continue to grow if you keep adding to it. Watch your spending and take a hard-line approach to new purchases.

**Get a clear picture of all your debts.** Put the data in a spreadsheet or other easily accessible ledger. Your credit history report can get you started with a listing of your outstanding accounts.

**Create a payment calendar.** Get familiar with due dates. Use your smartphone or other technology to provide reminders.

**Make payments on time.** If you miss a due date or skip a payment, you'll get stuck with a late fee in addition to what you already owe. Don't make a bad situation worse.

**Give 'til it hurts.** At the very least, pay the minimum amount required. If you can stand the pain of paying more, you'll save time and money over the long haul.

**Prioritize your debts.** Does your credit card charge sky-high interest rates? Pay that balance down first by putting any additional amount you can afford toward the principal. Devise a system for identifying and paying the debts that cost the most.

**Set up an emergency fund.** Although you'd like to use excess cash to pay off debt, you also need some "wiggle room." Stash away funds so you can avoid adding to your debt if an emergency occurs.



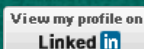
Without good oversight, debt can quickly spiral out of control, leaving you feeling powerless. Give us a call for more money management techniques that will work for you.

[Nelson J. Couto, CPA, CFP™](#)

[Anthony DeFranco, CPA, CFP™](#)



Nelson J. Couto, Partner

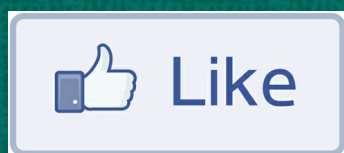


Anthony DeFranco, Partner



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**For Interesting Tax  
Facts and Small  
Business Updates, be  
sure to "Like Us"  
on Facebook!**



## NEW BUSINESS: HELP YOUR EMPLOYEES PREPARE FOR RETIREMENT



Is your retirement plan keeping up with the times? A recent survey of retirement plan sponsors pointed out trends in the way employers are changing 401(k) and other plans to help employees prepare for retirement.

For example, companies are matching employee contributions dollar-for-dollar, automatically enrolling both new and current employees in the company plan, and increasing the amount of the contribution automatically deposited from the employees' salary. In addition, more employers are adding Roth 401(k) features to plans and making fees more easily understood. While these sound like small changes, the results add up over an employee's working life.

Give us a call if you're interested in learning how to improve the retirement plan options you offer to your employees.

We hope you found this information helpful. Call today to schedule your appointment to start getting into financial shape!

973.325.3370

Sincerely,

The Partners and Staff  
Couto DeFranco, P.A.

## EXCITING COUTO DEFRANCO NEWS:

We've been recognized as  
"Top Wealth Managers in NJ"

2nd Year in a Row!!



**Nelson Couto** and **Anthony DeFranco** honored with a recognition by **NJ Monthly Magazine** in its selection of "**Top Wealth Managers In NJ 2014**"

Nelson Couto, CPA, CFP<sup>®</sup> and Anthony DeFranco, CPA, CFP<sup>®</sup>, MS

(Taxation) of Couto DeFranco, P.A. have been named as 2014 Five Star Wealth Managers and featured in New Jersey Monthly magazine January 2015. Out of the 5063 wealth managers in New Jersey who were seriously considered for the award, 672 were named. This is their second time winning this prestigious award.

"We are delighted to be acknowledged as a Five Star Wealth Manager by New Jersey Monthly, and proud that the work we have done for our clients has been recognized," says Anthony DeFranco.

Couto and DeFranco are recognized as leaders in the field of wealth management. They combine their knowledge of financial planning with over 25 years as CPAs, helping their clients with their wealth management and tax planning needs, along with assisting them with their financial goals and aspirations.

They believe the best way to help clients reach their financial goals is simple: to listen. "It is important to listen to where they are today and where they want to be tomorrow," says Nelson Couto. The partners feel that clients are paying them for their knowledge-both as NJ Certified Public Accountants and as Certified Financial Planner™ professionals- so it is their responsibility to develop a financial plan that is sound, objective and honest. This model has been their secret to success.

*Starting a business? Tax Questions? Need Financial Planning?*

*Print out this certificate for a complimentary one-hour consultation.*

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