



Online Advisor

-JULY 2015-

MAJOR UPCOMING TAX DEADLINES

* July 31 - Due date for filing retirement or employee benefit plan returns (5500 series) for plans on a calendar year.

WHAT'S NEW IN TAXES: FORM 5500 RELIEF PROGRAM MADE PERMANENT

Dear Anthony,

Graduations are over, kids are off to camp. Now is the time for you to get to all the things you've been putting on the back burner. Getting your finances in order and planning for your future is probably on the top of your list. Sit back, relax, take a sip of cool iced tea, read your favorite book and give a call to your financial advisors! Call today for an appointment.

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



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The IRS announced permanent procedures to replace an earlier pilot program that offered penalty relief to certain retirement plans. If you have forgotten to file Forms 5500 for a one-participant plan or a foreign plan, you may be able to avoid late-filing penalties.

One-participant plans cover you, as the business owner, and your spouse, or one or more partners and their spouses.

The rules for the permanent procedures are similar to the pilot program, though some differences exist, such as an administrative filing fee. Call us for details about how to comply with the new guidelines.

WHAT'S NEW IN
FINANCES
CHECK YOUR CREDIT

TAX CHECKLIST: AFTER THE WEDDING



Don't wait too long after the wedding to spend a little time on tax matters. Here's a checklist of things to consider.

* If you've taken your spouse's last name or hyphenated your last name, you need to notify the Social Security Administration. The agency will link your new name to your social security number and issue a new social security card.

*** Update your will and other estate planning documents.**

Don't forget to review the beneficiaries on your IRAs, 401(k) plan, and life insurance policies. You'll want to make sure your documents are updated and taxes are minimized in the event of your disability or death.

*** If you move to a new home, send a change of address**

to the IRS, the financial institutions where you have accounts, and current-year employers. Then your W-2s and IRS notices will find their way to you.

*** Your marital status for tax filing is determined by your status on the last day of the year.**

Determine if there is a marriage penalty. See whether you need to change your income tax withholding. File a new Form W-4 with your employer's payroll department to notify them of your name change and any withholding change.

NEW BUSINESS: SAFEGUARD CUSTOMER INFORMATION

After the recent breach of an IRS application that exposed the personal information of taxpayers to



SCORE



If you haven't checked your credit report lately, this may be the time. Wrong or old information on your report can affect your credit score - and not in a good way.

Your credit score helps lenders determine your credit-worthiness and can impact the interest rate you pay on loans or even whether you can obtain a loan at all. The score reflects the information on your credit record.

Under a recent agreement, credit reporting agencies are required to

hackers, you may be wondering how to secure the data your business collects from customers.

You're probably already changing passwords and using security software such as encryption, virus protection, and anti-malware and spyware programs on your computers. Additional steps include running scans to determine vulnerable operating system services and network connections.

What else can you do? Here are three tips:

- * Determine what personal information you gather from customers and where and how you store that information. Then decide what information you actually need to ask for when interacting with customers. Streamlining the amount of data requested allows you to optimize risk management practices.
- * Implement off-line security techniques, such as locking file cabinets that contain paper documents with personal information and limiting who has access to those records. Secure physical devices too, including laptop computers, digital copy machines, and smart phones.
- * Examine how you dispose of sensitive information and establish a policy for shredding paper and digital files. Remember that information you obtain from or about health issues or children may require extra security measures to comply with privacy regulations.

Give us a call if we can assist you with this or other business issues.

HOW CREDIT SCORES WORK

If you're applying for a car loan, a home mortgage, or a credit card to finance your next vacation, banks and other institutions will likely base their lending decision, at least in part, on your credit score. The higher the score (other things being equal), the more money lenders will offer and the lower the interest rate they'll charge.

Credit scores are a relatively new invention. As credit cards became popular in the 1960s, card issuers needed a way to determine whether an applicant was likely to pay his or her bill on time. Although lenders used various means to assess that risk, their methods tended to be inconsistent and sometimes inaccurate. Around the same time, Congress started cracking down on discriminatory lending practices by passing several pieces of legislation that

make changes to policies for handling errors, disputes, and unpaid medical bills. The changes will take effect over the next three years.

You're entitled to receive a free credit report every twelve months from the major reporting agencies. Request a copy now so you can begin the process of clearing up discrepancies and perhaps improving your credit score.

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reined in lenders and collection agents.

All this didn't go unnoticed by a firm called Fair Isaac and Company. They developed a risk scoring model in the 1980s, a score that was widely adopted by credit issuers and banks throughout the United States. The FICO score was born. That score, which ranges from 300 to 800, is based on five factors that are considered good predictors of risk.

- * **Payment history (35%).** This factor is given the greatest weight. Lenders want to know how many bills you've paid late and how many were sent to collection. The more recent the problems, the greater the negative impact on your score.
- * **Outstanding debt (30%).** Rule of thumb: Keep your credit card balances at 25% or less of their limits.
- * **Length of time you've had credit (15%).** In general, a longer credit history will generate a higher overall score.
- * **New credit (10%).** Opening several new accounts tends to impact your score negatively in the short term.
- * **Types of credit (10%).** Having experience with several types of credit - revolving credit, installment loans, mortgages - can push your score upward.

The FICO score isn't the only score used by lenders, nor is it the only factor they consider. In fact, some lenders may use a different scoring model altogether. Nevertheless, by keeping a watchful eye on the above five factors, you can certainly increase your odds of obtaining credit at reasonable interest rates. What's the best way to monitor your credit? Examine your credit report regularly and quickly resolve any inaccuracies.

The information contained in this newsletter is of a general nature and should not be acted upon in your specific situation without further details and/or professional assistance. For more information on anything in the Online Advisor, or for assistance with any of your tax or business concerns, contact our office.

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

973.325.3370

Sincerely,

Nelson Couto CPA, CFP™
Anthony DeFranco CPA, CFP™



CERTIFIED FINANCIAL PLANNERS™

Nelson J. Couto, CPA, CFP™

Anthony DeFranco, CPA, CFP™

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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"

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Business Updates, be
sure to "Like Us"
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Nelson Couto, CPA, CFP® and Anthony DeFranco, CPA, CFP®, 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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