

Online Advisor

- OCTOBER 2016 -

MAJOR TAX DEADLINES

For OCTOBER 2016

* **October 17** - Deadline for filing your 2015 individual tax return if you requested an automatic six-month extension of the April deadline.

* **October 17** - If you converted a regular IRA to a Roth in 2015 and now want to switch back to a regular IRA, this is the deadline to do so without penalty.

* **October 17** - This is the last day to fund your Keogh or SEP plans if you requested an extension of time to file your tax return.

WHAT'S NEW IN FINANCES:

Choose the right bank account

Greetings!

Fall is officially here and the holidays are coming. For individuals who have tax returns on automatic extension from the April 15th deadline, October 17th is the filing deadline. For more information regarding tax deadlines, please contact our office.

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.



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WHAT'S NEW IN TAXES: GET READY FOR YEAR-END TAX PLANNING

October 17 is the final extended deadline for filing your 2015 federal individual income tax return. Before you set aside last year's paperwork, give some thought to what you can do to reduce this year's bill. Even though December 31 is still three months away, some tax strategies take time to implement. For example, if you're close to the threshold for deducting medical expenses, you may want to schedule routine doctor visits before December 31. Another

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The agency that insures your accounts against loss in the case of bank failures, known as the Federal Deposit Insurance Corporation (FDIC), wants to make sure you understand how to choose the bank account that's right for you. What advice does the FDIC offer? Sound practices include monitoring your accounts on a regular basis and keeping track of your balance to avoid fees. The FDIC also recommends that you read the agreement spelling out the terms of your account. Among the items to investigate: How often you can make withdrawals from a savings account, and when overdraft protection applies if your transactions exceed your balance. Contact us if you want help comparing accounts.



MOBILE BANKING REQUIRES VIGILANCE

According to a Federal Reserve Board study, over the course of a year, 43% of mobile phone owners with a bank account used mobile banking. Of smartphone owners, 53% used mobile banking. At the same time, 24% of all mobile phone users believed personal information was "somewhat unsafe" when using mobile banking. If you're one of them, you understand that no system is perfect, and

routine doctor visits before December 31. Another consideration is the balance in your health flexible spending account. Does your employer provide a grace period or the option to carryover up to \$500 of your account balance? If not, you'll want to make sure you spend the money on legitimate health care items before year-end. Otherwise you forfeit what's left in your account.

HEALTH ACCOUNTS-WHAT ARE THE DIFFERENCES?

Understanding the differences between a health savings account (HSA) and a health care flexible spending account (FSA) can help you choose which option is best suited for you. Here's an overview.

How to establish a plan. An FSA is generally established under an employer's cafeteria plan. You can set aside a portion of your salary on a pre-tax basis to pay out-of-pocket medical expenses.

An HSA is a combination of a high deductible health insurance plan and a savings account in which you save pre-tax dollars to pay medical expenses not covered by the insurance. "High deductible" means you pay more of your medical costs out of pocket. Generally, premiums on high-deductible plans are lower than traditional health insurance policies.

How much you can contribute. For 2016, you can contribute up to a maximum of \$2,550 to an HSA.

If you are single, the 2016 HSA contribution limit is \$3,350 (\$6,750 for a family). You can add a catch-up contribution of \$1,000 if you are over age 55.

How earnings and withdrawals work. FSAs are typically not considered actual "accounts" because your employer holds your money until you request reimbursement for qualified expenses.

HSAs are savings accounts, and the money in the account can be invested. Earnings held in the account are not included in your income.

Distributions from both accounts are tax- and penalty-free as long as you use the funds for qualified medical expenses.

What happens when you change employers. Normally, your FSA stays with your employer when you change jobs. Your HSA belongs to you, and you can take the

account funds with you from job to job. That's true even if your employer makes contributions to your HSA for you.

Because you generally can't contribute to both accounts in the same year, understanding the differences can help you make a decision that best fits your circumstances. Contact us for help as you consider your benefit choices.

NEW BUSINESS: FIX RETIREMENT PLAN MISTAKES

Does your business maintain a retirement plan such as a 401(k), Simplified Employee Pension plan, or a Savings Incentive Match Plan for Employees? Then you know how important the plan's tax benefits are. You



that no system is perfect, and you're wise to be vigilant. How can you protect yourself against mobile banking fraud? Here are tips.

Secure your device. Don't provide an opportunity for thieves. Aside from physical safeguards to keep your phone or tablet safe, use password protection that prevents access to the device itself. Customize your privacy preferences and set your keypad to lock when you're not using your phone. Consider restricting location-tracking apps.

Beware of bogus apps. Before downloading and installing a banking application to your smartphone, make sure it's genuine. Confirm that the developer's name matches the name of your financial institution. Beware of unauthorized third party applications.

Make use of defensive measures. Update and use your anti-virus software. Install a security app so you can locate, disable, and erase a phone that's stolen. Make secure backups of your phone's data to online storage or your home computer.

Protect your logins. Don't share user IDs, passwords, or banking account numbers. Keep such information in a secure place. Don't respond to text messages or emails asking you to provide or confirm confidential data.

Monitor your accounts. Review all mobile banking transactions on a regular basis to detect suspicious activity. If something seems amiss, give your financial institution a call. And if your smartphone is lost or stolen, have the device's number removed from your mobile banking profile.

Need more fraud prevention

also know that to maintain those benefits, your plan has to follow the rules. What if you discover a mistake, such as not having an up-to-date plan document? The IRS has a program that can help. The Voluntary Correction Program (VCP) is a way to fix certain errors in your retirement plan. You'll have to submit a written request identifying the mistake and how you intend to make a correction, along with a fee. Not all mistakes can be fixed under the VCP, though you may be eligible for a different program. Let us know if you have questions.

OFFER THE RIGHT MIX OF EMPLOYEE BENEFITS

As your business grows, your staff may be comprised of a variety of age groups, with some employees just beginning careers, and some getting ready to retire. Are you offering the right mix of benefits to retain those workers? Here are perks to consider.

"Financial health." Communicating your company's benefits, automatic enrollment in retirement plans, and assistance with student loans can keep employees from getting sidetracked with financial concerns.

"Flexible scheduling." Flexibility benefits include variable work schedules, paid time-off banks, and performance-based pay and bonuses. Telecommuting may also be an option.

"Voluntary" insurance. Insurance that can extend regular medical coverage, but that you're not required to provide, such as life, dental, vision, accident,

disability, and critical illness, can help employees cope with unexpected costs. You may also want to investigate supplemental "gap" insurance if the health policy you offer has a high deductible. A telemedicine benefit that allows employees to obtain medical advice for common ailments via live video access to a medical professional may also be of value in reducing sick time taken for in-person doctor visits.

"Wellness programs." Improving the health of your employees by offering initiatives such as screenings and weight loss classes may help reduce stress and save on health care costs. You can offer employees financial or nonfinancial incentives to participate, including prizes and gifts. Just be aware that these programs are subject to anti-discrimination rules as well as requirements to protect personal health information. The rules apply to all workplace wellness programs, and go into effect in 2017.

Fringe benefits can be a powerful tool for attracting and retaining staff. Contact us about tax implications before you initiate changes to your benefit program. We'll help you determine what options offer the most value for you and your employees.

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

973.325.3370



suggestions? Contact us for assistance.

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Anthony DeFranco CPA, CFP™



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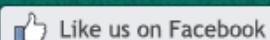
[Anthony DeFranco, CPA, CFP™](#)



Nelson J. Couto, Partner



Anthony DeFranco, Partner



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Sincerely,

The Partners and Staff
Couto DeFranco, P.A.

EXCITING COUTO DEFRANCO NEWS:

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

3rd 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 2016"**

Nelson Couto, CPA, CFP® and Anthony DeFranco, CPA, CFP®, MS (Taxation) of Couto DeFranco, P.A. have been named as 2015 Five Star Wealth Managers and featured in New Jersey Monthly magazine January 2016. Out of the 5063 wealth managers in New Jersey who were seriously considered for the award, 672 were named. This is their third 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.

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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.

COUTO DEFRANCO, P.A.

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300 Executive Drive, Suite 200, West Orange, NJ 07052, USA.
Telephone: (973) 325-3370 Fax: (973) 325-3371
Email: info@coutodefranco.com

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