

# In The LOOP

*Your Magazine of Personal Finance*

January–February 2015



## THE TAX OFFICE

The Final Piece of the Puzzle

### **Pushing the Envelope:**

Go Paperless this Year

**The Perfect  
Cup of Coffee –  
Brew it Now!**

**Refresh Your  
Finances for  
2015**

**Getting Real  
About How  
Well You  
(or Your Boss)  
Leads**

**Do It Now —  
Get Ready for  
Tax Season!**

**Quiz: Test  
Your New  
Year Nutrition  
Knowledge**

# From the Firm

## The New Year Awaits You!

Welcome to our first issue of 2015! The New Year often comes with a sense of purpose and renewed energy to make changes that can positively affect your finances and your overall sense of well-being. That said, we've packed this issue with lots of great information to help you achieve your goals in 2015.

**F**rom getting your finances back in shape after the holidays, to getting a jump on tax season, to honing your leadership skills and improving your business, you'll find helpful tips throughout this issue. Plus, to make sure you have the energy you need to tackle 2015, we've included articles on brewing

the perfect cup of coffee and a quiz to help you assess your nutrition savvy.

We do want to make a special note that as tax season approaches, now is the time to start collecting and organizing invoices, receipts, and other required documentation for your tax return. If you're overwhelmed by masses of paper during this process,

you'll want to read our guide to becoming less dependent on hard copy documents in your personal and professional affairs. Of course, our tax experts are here to help you, so please don't hesitate to contact us for assistance.

Wishing you a prosperous year,

**Your Trusted  
Accounting Advisors**



January–February 2015

# In this ISSUE

## Features

**4 • Refresh Your Finances for 2015** | It's a brand new year, which means you get to wipe the slate clean and make good on your financial resolutions. Start by reading this article.

**6 • Getting Real About How Well You (or Your Boss) Lead** | Do you have a staffing problem? Do you work for a really bad boss? If you answered "Yes" to either of these questions, chances are that poor leadership skills are at the root of the problem. Read on to learn how to become a better leader.

**8 • Do It Now—Get Ready for Tax Season!** | Even though the deadline to file your 2015 taxes isn't until April 15, don't wait until the last minute to get the ball rolling.

**10 • Pushing the Envelope: Go Paperless This Year** | Digital technology has come such a long way, going paperless is easier than you might think. We'll show you how to get started.

## Departments

**2 • From the Firm** | Start the year off right with the helpful financial, organization, and self-improvement tips throughout this issue.

**12 • Life & Living** | The Perfect Cup of Coffee: Does making the perfect coffee seem like an elusive goal in your household or office? We're spilling the beans to share coffee-making secrets so you can ensure your next cup is heavenly.

**15 • Mind Flex** | Test Your New-Year Nutrition Knowledge: Even if you're not making a formal resolution to eat better this year, it never hurts to check in and make sure you're on the right nutrition track. Test your nutrition knowledge so you can make this year a nutritionally savvy one!



# Refresh Your Finances for 2015

It's a brand new year, which means you get to wipe the slate clean and make good on your financial resolutions. So whether it's putting money aside to pay down debt, planning for the future or getting organized for tax season, now is a great time to change up your financial habits.



**N**ow that the holidays are over, it's time to pack away the seasonal décor, clean the house after all of the festivities, and—yes—pay those holiday bills. When you are in a productive post-holiday mode is the perfect time to evaluate your financial situation and tidy up your budget, bank accounts, debts, and financial records. Here are six ways to spruce up your finances:

### **1– Balance your budget**

If you've been promoted, you are retiring, you've transitioned from two incomes to one, or you are starting a family, this is the perfect time to revisit your household budget. Consider using online personal finance tools to help you set a budget and keep track of your accounts. You'll see where your money is going and where you can adjust spending to attain your financial goals.

### **2– Pay off holiday debt once and for all**

Clear up your credit lines, and pay off the purchases you made over the holiday season. Put yourself on a stricter payoff plan specifically for the debt you accumulated over the holidays. Clearing this debt quickly will put you in a much

better financial position for the rest of the year. It's easy to fall back into debt, so put a plan in place while you're at it to maintain a zero balance.

### **3– De-clutter your countertops and go paperless**

A good way to cut down on clutter is to opt for electronic bill payments. It decreases the amount of print mail you receive and can even help to prevent identity theft. Secure your online bill payment with strong passwords and change them on a regular basis. Signing up for a vendor's online automatic pay system (helpful for fixed-payment bills such as cable and internet) allows you to set up recurring payments so bills are automatically paid. This can help you avoid forgetting to pay a bill and the late fees that go with it. It also keeps countertops paper-free.

### **4– Clean up your credit score**

Boosting your credit score is always important, but before you do, it's imperative to learn about your credit history and the various accounts that affect it. To make sure your credit report is free of errors, order and review your free credit report (you're entitled to one free copy from the three credit

bureaus every year). Check for any errors or accounts listed that are not yours. Companies do make mistakes, and it's your responsibility to make corrections when you catch them, so your credit score isn't accidentally lowered.

### **5– Set up an emergency fund**

Life is full of unexpected surprises. A car repair, illness, or unemployment can catch you off guard and leave you financially stranded. When the unexpected happens, it's important to have a stash of cash set aside in an emergency fund. At a minimum, it should hold three months' worth of your living expenses. If you pay \$2,000 a month to cover the basics such as housing, utilities and food, then put aside \$6,000 in your emergency fund. If you have dependents, your emergency fund should consist of six months of your living expenses.

### **6– Review all of your financial statements**

Hopefully, if you are working with a financial professional, you are keeping up to date by reviewing your bank and credit card statements and bills regularly. If you are not, it's time to start in order to make sure you're not paying fees you don't recognize or subscriptions or services you never use. ■

# Getting Real About How Well You (or Your Boss) Lead

Do you have a staffing problem? Do you work for a really bad boss? If you answered “Yes” to either of these questions, chances are that poor leadership skills are at the root of the problem. Read on to learn how just about anyone can become a better leader.

If you own a business that employs people, you’ve likely had your share of “bad” employees. The ones that come in late, leave early, and are not productive. It’s a theme that emerges often in business: Good people are hard to find—and retain. On the flipside, if you have worked at a business owned or managed by someone who constantly puts down employees and lacks the ability to rally the troops, you have experienced the negativity that a “bad” boss can spread among even the best employees. Often, both of these situations are the result of an organization being led by a leader (or leadership team) who have not developed their skills in this area of the management arena.

## Is it you? Or is it me?

If you own a company full of poor performing employees, you may want to ask yourself the question, “Do I have a staffing problem—or

do I have a leadership problem?”

If you’re an employee who wants to lead in the future, you may want to ask yourself if you have what it takes to be a good leader. If you’re not sure, or you want to know what behaviors to avoid, consider the following traits of poor leaders, as described by Jack Zenger and Joseph Folkman in their *Harvard Business Review* blog, “Are You Sure You Aren’t a Bad Boss?”

- Failure to inspire, owing to a lack of energy and enthusiasm.
- Acceptance of mediocre performance in place of excellent results.
- A lack of clear vision and direction.
- An inability to collaborate and be a team player.
- Failure to walk the talk.
- Failure to improve and learn from mistakes.
- An inability to lead change or innovate due to resistance to new ideas.
- A failure to develop others.
- Inept interpersonal skills.

- Application of bad judgment that leads to poor decisions.

Do you recognize any of these traits in yourself? If you do, it may be time to hone your leadership skills. Believe it or not, most employees want their boss to lead them. They want to strive toward goals and be energized. This is what makes the difference between having good employees and bad ones...but it’s up to a leader to engage their staff by leading effectively.

Consider how much higher your organization’s productivity might be if you intentionally strengthened your leadership skills. But how do you become a better leader? These five steps can help you solve leadership problems:

**1. Create a clear vision for your business.** Of all the traits that great leaders possess, the ability to define, communicate, and implement a clear vision may be the

most critical. How can you expect your employees to be enthusiastic about or know how to accomplish your vision if you have never taken the time to define it in detail (and in writing) or to share it with your employees? You can't. So take the time to really think about what it is you want your company to be like. Write a detailed vision to support your end game, and then

of your staffing issues may very well be tied to the frustration your employees feel because your operations don't support your vision.

**3. Support your team with the right processes.** Nothing kills morale faster than disorganization and a lack of direction. As the leader, you have the responsibility to create an environment

that you need to ensure your employees have what they need to successfully perform their jobs. This includes having the right tools and technology and understanding how to use them. To avoid having "bad" employees, invest time (and likely money) in training your staff to use the solutions in place. It will be an investment that pays dividends in productivity and efficiency.



inspire your employees by sharing it with them. If you are really passionate about your vision, you will be inspiring!

**2. Develop the right business model.** Have you taken the time to make sure that your business is offering the right services to the right clients, with the right staff, the right systems, and the right technology? Do your operations align with the vision you have for your organization? If not, some

that supports the success of your team. Once you have a vision and the right business model in place, you need to define and communicate standardized processes that staff can follow. This ensures that everyone is working in a uniform manner and all but eliminates operational disorganization.

**4. Choose and implement the right technology and tools—and train your staff to use them.** Leading your organization means

**5. Communicate and stay connected.** While this is the last step, it is undoubtedly the most important. Communication is key for each step to be successful. You need to be an effective communicator in order to lead and inspire people. It's also the only way you are going to know how your staff are doing and if there are potential employee or process problems that you need to address. As a great leader, make the time to stay connected to your staff—whether that is through in-person interactions, videoconferencing, email, or some other means.

Leadership, for many of us, is a learned skill and one that you can strengthen with intentional effort. Once you start putting these five steps into practice, you will likely see a positive effect on the performance of your business—and the disappearance of staffing problems. ■

# Do It Now— Get Ready for Tax Season

Even though the deadline to file your 2015 taxes isn't until April 15, don't wait until the last minute to get the ball rolling.

**U**nfortunately, many Americans procrastinate when it comes to getting their taxes prepared. About 20 to 25 percent of all taxpayers usually file during the final two weeks of the tax season, according to the Internal Revenue Service. This kind of procrastination can lead to costly errors and penalties, overlooked deductions and credits, and higher levels of stress. Whether your goal is to owe less money to the IRS in 2015, get a larger tax refund, or catch costly mistakes ahead of time, it's never too early to start thinking about your taxes. Here are five things to consider doing now.

**1. Increase your retirement plan contributions.** What's the best way to reduce your taxes? Reduce your income. You can do this by contributing money to a 401(k) or traditional individual retirement account (IRA), or both, as each move can lower your taxable income. Let's say you earn \$60,000 a year from your job and other sources of income and contribute \$10,000 pre-tax to your 401(k) plan and \$5,000 to a traditional IRA. Your adjusted gross income drops to \$45,000, which means

less income the IRS can tax. Better yet, the money you contribute to both these plans is tax-deferred, which means it can grow untouched and will not be taxed for many years. You are taxed only when you take a withdrawal at retirement.

With a traditional IRA, the amount you can deduct depends on your income level and whether you're already covered by a retirement plan at work. Check out the IRS website for contribution and deduction limits.

## **2. Reposition your portfolio.**

Now might be a good time to reposition your portfolio with taxes in mind, selling losing investments to offset gains from winners—a strategy known as tax-loss harvesting. Sell a stock you've held for less than a year that's gone up in value, and you'll likely be taxed at ordinary income rates. But sell some investments that have declined in value, and you can offset this gain. Keep in mind that if you have more losses than you do gains, the IRS allows you to take up to \$3,000 of losses to reduce your taxable income. So if you have one stock that's gained \$5,000—but also have one that's lost you

\$8,000—you can likely report it as a loss, reducing your taxable income by \$3,000.

## **3. Step up your charitable giving.**

Not only can you help those in need with your generosity, but you can also help yourself as donations to qualified charities may count as tax-deductible expenses. While this may not come as a surprise, the IRS does set a few guidelines. To be tax deductible, charitable contributions must be made to qualified organizations that have 501(c)(3) status. This usually includes non-profit groups like churches and schools, as well as charitable organizations like Make-A-Wish, the Red Cross, or the Salvation Army. Check out the IRS' database of eligible organizations for a complete list.

To deduct charitable expenses, you must itemize your deductions instead of claiming the standard deduction. For 2015, the standard deduction for single taxpayers is \$6,300 and \$12,600 for married couples filing jointly. Your decision to itemize will likely depend on whether your total itemized deductions exceed the standard deduction limit. See a professional tax advisor for further guidance.

You should keep receipts and records of your donations, indicating the amount you've donated and the date it was received. Keep copies of all receipts from the charity, credit card statements, or cancelled checks that prove your donations in case you are audited.

**4. Contribute to a health savings account.** If you are covered by a high-deductible health plan (deductibles greater than \$1,250 for individual coverage and \$2,500 for family coverage), you may want to look into establishing a health savings account. This is a powerful tool that can help you cover medical expenses and save for the future.

There are three tax benefits to health savings accounts. First, just like a 401(k) plan, contributions are pre-tax, which reduces your taxable income. Next, all earnings and interest accrued in the account are exempt from federal taxes, allowing your investments to grow and compound tax-free year after year. Finally, you can take distributions for qualified health expenses tax-free, which should include out-of-pocket medical costs on deductibles, prescription drugs, and doctor visits. For 2015, you can make pre-tax contributions up to \$3,300 if you have individual coverage, or up to \$6,550 if you have family coverage. However, people age 55 and older can save an additional \$1,000 per year.

**5. Explore possible tax credits.** Tax credits and deductions might

sound similar, but they're not. Unlike a deduction, which reduces the amount of your income subject to tax, a tax credit is money that directly reduces the amount of tax you'll owe to the government. So if you owe \$2,000 in taxes but qualify for \$1,500 in tax credits, you'll only owe the government \$500. There is a wide range of tax credits available, and here are some of the most common:

- *The earned income tax credit.* This credit provides financial help for low-income working families. Families with three or more children may receive a credit of up to \$6,143 in 2015, and those with two qualifying children can receive up to \$5,460, although the actual amount will depend on your level of income and how many dependents you claim.
- *Child and dependent care credits.* Taxpayers who paid work-related expenses for the care of a child can take advantage of this credit. The credit is generally a percentage of the amount you paid in work-related expenses to a care provider, according to the IRS.
- *Residential energy credits.* Energy-efficient additions to your home such as a solar hot water heater, wind turbines, and solar electric equipment may make you eligible for these credits. Ideally, you should be thinking about tax planning year-round—not just a week or two before your taxes are due. By implementing these cost-saving strategies, your wallet should thank you come April. ■

Source: [nerdwallet.com](http://nerdwallet.com)

## Don't Miss These Tax Deadlines



*Keep these dates handy to avoid paying penalties:*

### Business Tax Deadlines

- **March 16, 2015**  
Filing Deadline
- **Sept. 15, 2015**  
Extension Deadline

### Estimated Quarterly Tax Payment Deadlines

- 1st Quarter:**  
April 15, 2015
- 2nd Quarter:**  
June 15, 2015
- 3rd Quarter:**  
September 15, 2015
- 4th Quarter:**  
January 15, 2016

### Individual Tax Deadlines

- April 15, 2015**  
Filing Deadline
- Oct. 15, 2015**  
Extension Deadline

### IRA Contribution Deadline:

- April 15, 2015**

Please visit  
[www.tax.gov/calendar](http://www.tax.gov/calendar)  
for additional information.

# Pushing the Envelope

## What You Need to Know to Go Paperless This Year



**A**s the world becomes more digital, reducing the dependence on paper documents is becoming a priority for many people. And because digital technology has come such a long way, going paperless is easier than you might think. To help you get started on your paperless journey, check out the following tips.

**Identify the main tools you need to begin.** Obviously, your computer is where your path to a paperless existence begins. It serves as a central hub to which you transfer data and a repository where you will organize it. To back up your data, you will want to have an external hard drive. Although there are online storage

options available, it is important that you back up information on an external hard disk as well. A scanner will help you quickly transfer data from paper to your computer, especially if you've accumulated volumes of files and documents over the years. You can also use your mobile phone to store important notes,

contacts, and other small bits of information, items that you might normally record in a notebook or on sticky notes.

**Commit the time needed to complete your paperless process properly.**

At first, going paperless may seem easier said than done. You should set aside time. In fact, a full day may be required to get the first round of work done. You will need to choose what information you want to electronically file and organize it.

**Carefully divide the documents you have into those that are useful and those that are not necessary.** You may be surprised to find how much unneeded paper you have once you start organizing. Create different folders on your computer and other devices, so that the clutter isn't transferred from your desk to your hard drive as you start scanning documents. Be sure you take the time to back up any documents you upload as well.

**Do a final check before you shred or toss your paper documents.** It's important that you go through paper files and data on your computer, cellphone, or tablet thoroughly to make sure they match and you haven't missed anything. Also, double check your list of non-essential items to confirm that they in fact are not needed. ■

## Tax Preparation is the Perfect Paperless Project

If you have considered going paperless in the past, getting ready to file your taxes may be the impetus you need to take the plunge—especially when you consider all of the paper and manual tasks involved in the process.

The easiest way to alleviate the stress of organizing, securing, and delivering your tax documentation is to use an online client portal, which is essentially a two-way digital filing system residing on your accountant's website. A client portal places documents at the fingertips of your trusted accounting team and creates a place where files, such as completed returns, can be placed by the preparer for you to access immediately.

**Working with electronic files rather than paper or even those sent via unprotected email, is far more efficient and secure—not to mention environmentally friendly. So this year, why not try uploading your tax source documents to a client portal?**

Portals offer a private and highly secure space on the web to exchange and deliver your tax and accounting documents, which eliminates the need to attach files within an email. Portals also offer advanced, built-in security features, such as a required login using a unique user ID and password. All around, portals offer the safest way to access your sensitive financial documents.

Another benefit of using online portal technology is that your tax return will be there for you to review and retrieve when it's convenient for you, 24/7. By following a paperless process, you can quickly eliminate manually printing, collecting, and delivering your tax source documents.

# The Perfect Cup of Coffee—Brew it Now!

Does making the perfect coffee seem like an elusive goal in your household or office? Not anymore. We're spilling the beans and offering you a few best-kept coffee-making secrets so you can ensure that your next cup is absolutely perfect.

It can be frustrating. You struggle at home or at work to brew a delicious cup of coffee—despite having the latest and greatest gadgets and ingredients. Then, when you finally succumb to grabbing your coffee from one of the to-go chains, it tastes effortlessly delicious. How do they do it?

Well, you are about to find out. There are certainly proven techniques to making a great cup of coffee. Celebrity chef and scientist Alton Brown offers these tips:

### **Start with the right kind of water**

The kind of water you use to make your coffee matters. Brown advises to always start with fresh, cool water and to use fresh spring or tap water with no detectable tastes or odors. He also guards against using demineralized water, such as distilled water, which lacks the necessary level of dissolved mineral solids (100-200 ppm) needed to give the water that “crystal fresh” taste.



### Buy better beans

While it seems like a no-brainer, Brown reinforces the fact that you should buy and brew your coffee with high quality beans and to use them within a few months of purchasing them. Specifically, Brown endorses using Colombian coffee beans, which are especially flavorful because they are grown in rich volcanic soil. Also, he advises storing your beans in an airtight container away from light but not in the refrigerator or freezer because the beans will absorb moisture and become stale.

As for what to do with used coffee grounds, Brown says that you should never re-use coffee grounds because their desirable, dissolvable flavor solids were extracted during the first brewing.

### Get the right water-to-coffee ratio

According to Brown, the proper coffee-to-water ratio makes all the difference. Use two tablespoons of ground coffee per six ounces of water.

Brown says not to try making “weaker coffee” by decreasing the amount of coffee you use to brew because it will result in a bitter,

*The proper coffee-to-water ratio makes all the difference. Use two tablespoons of ground coffee per six ounces of water.*

over-extracted beverage. Instead, just add a little water to your cup and you will be able to enjoy a less intense, but still high-quality coffee flavor.

### For great coffee, you can’t beat the French press

Brown also advises using a French press and the following three-step process to make a truly great cup of coffee:

1) Preheat the glass pot before brewing and brew

with fresh clean water just off the boil.

2) Fill the pot, then give it a quick stir. Cover with the plunger lid (filled with finely ground Colombian coffee) and allow the brew to infuse for four minutes.

3) Gently depress the plunger through the grounds for 30 seconds. Don’t leave the coffee in the press after brewing—pour it into an insulated carafe, so it doesn’t get cold or bitter.

Now you’re ready to relax, and enjoy a perfectly brewed cup of joe in the comfort of your home or office! ■

Source: [ineedcoffee.com](http://ineedcoffee.com)



## Test Your Nutrition Knowledge

Even if you're not making a formal resolution to eat better this year, it never hurts to check in and make sure you're on the right nutrition track. This handy quiz will help you test your nutrition knowledge so you can make this year a nutritionally savvy one!

**1** Most adults need 1,000 milligrams of calcium per day. Which of the following combinations meets this requirement?

- a) 2 cups milk and 1 ounce Cheddar cheese
- b) 2 cups milk and 1/2 cup cottage cheese
- c) 1/2 cup tofu, 1 cup calcium-fortified soy milk, 1 cup calcium-fortified orange juice, 1/2 cup boiled spinach, 1 cup boiled chopped broccoli, 1 ounce of canned sardines
- d) 1 cup plain yogurt, 1 cup calcium-fortified orange juice, 1 ounce grated Parmesan cheese
- e) b and c

**2** If you're a vegetarian (no meat, poultry, or fish) you should:

- a) get your iron status checked
- b) get a bone-density test
- c) eat complementary proteins at each meal
- d) at least start eating chicken and fish because it is impossible to meet your needs without eating any meat at all
- e) a, b and c

**3** When it comes to fat, you should:

- a) aim to eat as little as possible
- b) limit your daily saturated fat intake to about 20 grams
- c) eat a maximum of 40 total fat grams per day, including no more than 10 grams of saturated fat
- d) eat a maximum of 25 total fat grams per day, including no more than 10 grams of saturated fat
- e) avoid food items with more than 30 percent of their calories from fat

**4** You can meet the recommendation for omega-3 fats with:

- a) 3 ounces rainbow trout or herring
- b) 3 ounces tuna, salmon or shrimp
- c) 1 cup soy milk or 1/2 cup tofu
- d) 2 tablespoons walnuts or 1 tablespoon canola oil
- e) a and d



- 5** Which of the following breakfast menus contain more than 8 grams of fiber?
- a) 1 packet Quaker Instant Oatmeal, 1/2 cup strawberries, 1/2 cup blueberries; 1 cup Minute Maid Country Style medium-pulp orange juice
  - b) egg-white-only omelet with 1/2 cup chopped mixture of bell pepper, tomatoes, and onions; 1 slice Orowheat 12-Grain Bread; 1 cup Florida's Natural grapefruit juice
  - c) 1/2 cup Post Grape-Nuts with 1/2 cup milk and 1 sliced banana
  - d) 2 slices Wonder Light wheat bread with 1 tablespoon peanut butter; smoothie with 1 cup orange juice, 1 banana, 1/2 cup frozen strawberries
  - e) b and c
- 

- 6** The Recommended Daily Allowance (RDA) for folate is 400 micrograms, but many people fall short. Good sources of folic acid include:
- a) spinach and broccoli
  - b) pasta and cereal
  - c) orange juice
  - d) a and c
  - e) all of the above
- 

- 7** There's no shortage of myths about protein nutrition facts. Which of the following healthy eating tips is considered good advice?
- a) aim to eat protein at every meal
  - b) get at least 40 percent of your calories from protein
  - c) eat protein after weight-training workouts and carbs after cardio workouts
  - d) get 50 percent of your protein from animal sources and 50 percent from plant sources
  - e) refrain from mixing protein with carbs at most meals

**ANSWERS:**

**1.d 2.a 3.b 4.e 5.d 6.e 7.a**

Source: Shape.com



# Now You *Can* Take It With You.

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tablet or smart phone or all of them—just download the app, and you're ready to get down to business:

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- 2. Download and install the free NetClient CS app:**
- 3. Log in with your normal Client Center username and password, and access your financial documents anytime, anywhere you have wireless coverage!**

