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Perspective

JANUARY 2015

It's Tax Season!

Are you a tax procrastinator, who races for the post office on April 15? Or are you an early bird, who files as soon as possible in anticipation of a refund? No matter what your tax style is, it's essential to document your income, expenses and potential deductions for the IRS. To that end, keep your eyes open for the following forms, which should arrive soon:

- **W-2 Forms** — Each of your employers will provide a W-2 form showing how much you were paid, as well as the amount of income, Social Security and Medicare tax withheld. W-2s also show any contributions made to benefit programs, such as retirement plans and dependent care reimbursement plans.¹

Tax Breaks Preserved

During December 2014, Congress extended some popular temporary tax breaks for 2014.³ These include:

- Educator expense deduction
- Tuition and fees deduction
- Mortgage debt relief
- Mortgage insurance premiums
- Energy tax breaks
- State and local general sales taxes
- Business research credit
- New markets tax credit

³ Taxfoundation.org, *Congress Approves Tax Extenders for 2014.*

- **1099 Forms** — 1099 Forms are used to report various types of taxable income. You may receive:

- **1099-MISC** — Anyone who paid your business more than \$600 during the year is required to provide Form 1099-MISC.¹

- **1099-INT** — If you earned interest (\$10 or more) on a bank account or certificate of deposit during the year, the financial institution that paid it should provide a 1099-INT.¹

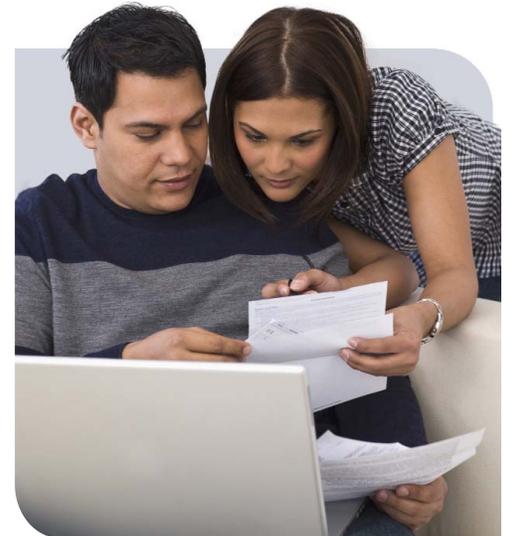
- **1099-DIV** — Any interest, dividends, and capital gains earned from individual stocks or mutual fund investments are shown on Form 1099-DIV.¹

- **1099-B** — If you sold stocks, bonds, or mutual funds during the year, Form 1099-B reports the transaction and may include cost basis information.¹

- **1099-K** — If you received payments by credit or debit cards, or third party payment processor, you may receive Form 1099-K, which is used to increase voluntary compliance and improve collections.²

- **1099-R** — When a pension, IRA, or retirement plan makes a distribution, it is reported on Form 1099-R.

- **1099-SSA** — The amount of Social Security income received during the previous year is reported on this form.



- **1098 Forms** — Financial institutions, governmental agencies, and cooperative housing corporations report interest and home mortgage-related expenses paid during the year on Form 1098. Form 1098-E shows student loan interest.

- **5498 Forms** — Any contributions made to individual retirement accounts are reported on this form. Other versions of Form 5498 report contributions to health savings and Coverdell education savings accounts.¹

- **Schedule K-1** — If you received money from an estate, trust, partnership or S corporation during the year, you should receive a Schedule K-1.¹ ■

None of the information in this document should be considered tax advice. You should consult your tax advisor for information concerning your individual situation.

¹ Bankrate.com, *Tax documents necessary to file.*

² IRS.gov, *Third Party Reporting Information Center - Information Documents.*

Three New Year's Resolutions You Can Keep

It appears that people are more successful keeping financial New Year's resolutions than other types of resolutions. Money reported that almost one-third of people who made financial resolutions achieved them, and almost three-quarters got halfway to their original goal.⁴ If you're willing to give it a try, here are three resolutions for 2015 that could have big payoffs.

Save more: Lower gas prices are putting more money into your pocket. During 2015, you're expected to save about \$550 on gas. That's one percent of the median household income in the United States.⁵ Why not increase your retirement plan contributions by one percent next year? As the chart on the right shows, you might end up with a bigger retirement nest egg.

Reduce debt: Look no further than your credit card. If you have a balance of \$5,000 on a card with an 18% interest rate, and you make a minimum monthly payment of \$125 (interest plus one percent of your balance), it will take almost 23 years to pay off the debt. And, you'll pay almost \$7,000 in interest.⁶ This year, make a resolution to reduce your credit card balance to zero, and pay off your card, in full, each month.

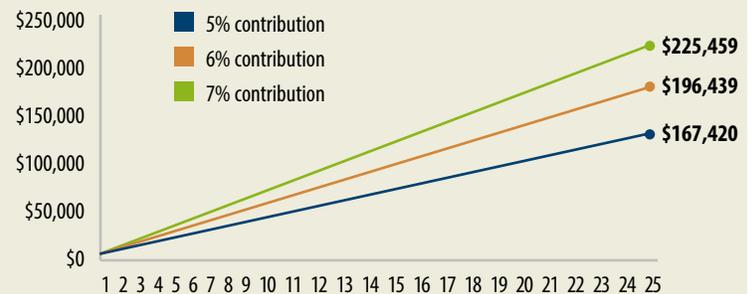
Spend less: It's hard to spend less if you don't know where the money is going each month. Make a resolution to keep track of your spending. Use a notebook or an Excel

spreadsheet, and make sure you account for every penny you spend. After three months, you should have a pretty good idea where your money is going, and you'll know what you could spend less on.

No matter what your resolutions are for 2015, we can help you build a strong financial future. Whether you're interested in saving more, reducing debts, spending less, or something else entirely, we can help.

Save More In Your Retirement Plan

Increasing your contribution to your retirement plan by just 1% — the amount you're likely to save on gas this year — can make a big difference in the amount of savings you can accumulate for retirement.



Assumes income of \$50,000, a starting retirement plan account balance of \$5,000, a 6% average annual return, and 25 years until retirement. Source: Bloomberg.com.

⁴ Money, *Why a New Year's Resolution to Save More May Actually Work*, Dec. 28, 2014.

⁵ Fox6, *You're saving \$550 on gas. Are you going to save or spend it?*, Dec. 22, 2014.

⁶ Bankrate.com.