



Welcome to Craft, Noble and Company's e-news update. The holiday season is officially upon us. Here's the most current news for you to read in-between fall activities. If you would prefer to receive a print copy of each quarterly e-newsletter, please call our office to place that request.

Be sure to follow us on social media, we are on Facebook so give us a "Like" for more up-to-date news and information.

Likewise, if you know a friend or colleague who might be interested in receiving this e-newsletter, just click the "Forward to a Friend" button. Privacy and confidentiality is a hallmark of our business, so you can be assured your name or address will not be shared with anyone.

## Major Tax Deadlines for November

During November it is wise to estimate your 2015 income tax liability and review your options for minimizing your 2015 taxes. Call us today to schedule your tax-planning appointment.

**Payroll Tax Deposits-** Employers must make their deposits for the Form 941 payroll taxes (federal income tax withheld and the employee and employers share of the social security taxes). These deposits should be made either monthly or semiweekly depending on your deposit schedule. Exceptions apply if you owe \$100,000 or more on any day during the deposit period, if you owe \$2,500 or less for the calendar quarter, or if you estimated annual liability is \$1,000 or less.

**Monthly deposits-** These deposits are required to be paid within a calendar month by the fifteenth of the following month.

**Semiweekly deposits-** These deposits are required to be paid on Wednesdays or Fridays, depending on when wages are paid.

For any questions you may have on these deadlines, contact our office.

## Fourth Quarter Tax Planning

The fourth quarter is often make-or-break time in sports. Likewise, tax-cutting steps you take in the last three months of the year can transform a financial plan into a bona fide winner.

Late-year tax planning is often a matter of reviewing your inflows and outflows. For instance, income from capital gains can be subject to both capital gains tax and the 3.8% Medicare surtax. To offset capital gains, you might sell investments that have lost value since you purchased them. Net capital losses can be used to reduce ordinary income by up to \$3,000. A tax-saving examination of your portfolio is a good time to rebalance your holdings between asset classes.

Interest and dividend income can be subject to the 3.8% Medicare surtax too. Plan for this by considering investments in municipal bonds that pay tax-free interest. If you are contemplating a mutual fund investment between now and the end of the year, check the fund's expected dividend date. Purchasing a mutual fund now could bring an unwanted taxable dividend before December 31.

On the outflow side, look for opportunities to maximize deductions. Accelerate your charitable donations and consider donating appreciated securities you have owned for more than one year. This strategy can offer double value — you get the benefit of a deduction at fair market value, and you don't have to pay tax on the gain.

Take advantage of increased retirement plan contribution limits for 2015. This year you can contribute as much as \$5,500 to a Roth or traditional IRA (\$6,500 if you're age 50 or over). The limit for 401(k) plans is \$18,000, plus an additional \$6,000 if you're 50 or older. While checking on the status of your retirement plan contributions, review your list of beneficiaries too.

Another important fourth quarter exercise is an analysis of your federal and state income tax withholdings and estimated payments. These can be affected by personal events such as a change in marital status, the sale of your home, or a new job.

Effective tax planning is a matter of finishing well. Contact our office to discuss steps to make the fourth quarter a strong one for you.

## Double-Check Your Health Care Reimbursements

Penalty relief for failing to bring your existing employer health care payment plans into compliance with the Affordable Care Act expired on June 30. If you're still directly reimbursing your employees for health insurance premiums on policies they purchase, you may have to pay a penalty of \$100 a day per employee.

These reimbursement arrangements are considered "group plans" and fail to meet key coverage requirements and other provisions of the health care laws. Contact us for assistance with evaluating your health insurance reimbursements.

## Give Your Kids a Head Start with a Roth IRA

Would you like to give your child a head start on smart money habits? Here's a suggestion: Have the child invest in a Roth IRA. Why? The tax-free compounding of contributions and investment returns over your child's lifetime is a great wealth builder.

Here's what you need to know.

- **There is no minimum age to open a Roth IRA account-** All your child needs is earned income, either from a job or from self-employment.
- **The maximum contribution to a Roth IRA for 2015 is \$5,500-** Your child can contribute less and you can provide some or all of the cash, up to the amount of your child's earned income.
- **Your child won't receive a federal tax deduction for a Roth IRA contribution** - and will pay no federal income tax on qualified distributions taken after age 59½.
- **You can continue to claim a qualifying child as a dependent on your tax return-** Your child is also allowed a federal standard deduction of \$6,300 for 2015, which means the first \$6,300 of earned income is income-tax free.
- **If you own a business and can employ your child, you can benefit from additional tax savings, including a payroll deduction for your business-** In addition, depending on how your business is organized, you may not have to pay federal payroll taxes such as social security, Medicare, and unemployment. Remember, your child must perform real services and the wages cannot be excessive.
- **An early Roth IRA withdrawal could affect your child's college financial aid-** Your child can take withdrawals from a Roth penalty-free to pay for college costs. But those withdrawals generally count as income when applying for financial aid.

Are you interested in learning more? Give us a call, we can help you get started on saving for your child's future.

# Keys to Effective Cash Management

No matter what type of company you're managing, following a few simple practices can be the key to effective cash management.

- **Reduce lag time-** For example, give incentive discounts to customers who pay early. Aim for just-in-time inventory to reduce holding costs.
- **Establish a line of credit-** To cover shortfalls resulting from excessive lag time, unforeseen business disruptions, or weakening in your particular market, set up a line of credit with your local financial institution. But take care that short-term credit doesn't develop into a crutch that props up poor cash management.
- **Check out new customers-** Like a landlord who checks the payment history of a potential tenant, a prudent business owner will assess whether new clients are likely to pay on time before extending them credit. Deadbeat clients can squeeze a firm's cash flow quickly, especially if they purchase large amounts of inventory or services.
- **Grow with caution-** Expanding into new markets can bring momentum and additional sources of income. But watch out. Developing new product lines, expanding facilities, hiring employees, ramping up your marketing budget — all consume cash. Before racing down this road, be sure to generate accurate cash forecasts, preferably with expert help.

For more guidance in effectively managing your company's cash, give us a call.

## Using Positive Pay Cash Management Services

As shown above cash management is very important to all types of companies. The keys above are a great start but with Positive Pay you can take your cash management to the next level. Positive Pay can help reduce checks and ACH fraud by allowing you to review daily suspect activity online. You provide your issued check list to your banking partner and your valid ACH partners. When checks or ACH debits are presented for payment, the system automatically alerts you by email if either check exceptions or ACH exceptions require review and a pay/return decision. You make such decisions, view images of checks in question, analyze reconciliation reports and submit electronic issued check files all via the web in a secure paperless environment.

### Check Positive Pay

Check fraud is easier to perpetrate than ever. With all of the technology available to your everyday fraudster, nothing is easier to create than a fraudulent check with the ability to copy, cut and paste a signature from a valid check. After you generate your check run, you upload your issued check file (if your banking partner can accept your system's format). Once uploaded, all tellers can access your valid check list each time a check is presented at your bank's Banking Centers. Checks presented through the check clearinghouse are compared to your issued list and Exceptions (no issue, amount different, etc.) are presented online in your banking partner's Positive Pay system.

Your assigned staff member will receive an email any business day when there are Exceptions that need to be reviewed. Your staff member can even view an image of the questionable check online to review. Then, a Pay or Return decision is entered and the Bank will take care of any fraudulent returns you have identified.

Since the Positive Pay system "knows" your issued checks, your banking partner can also create check reconciliation reports to ease that monthly burden. And, the system allows manual entry of checks created outside of your normal payables check run.

### ACH Positive Pay

ACH Positive Pay allows you to block incoming ACH debits to any of your business accounts. You may also designate certain incoming debit transactions to automatically settle.

With ACH Positive Pay, you can evaluate all incoming transactions against rules or filters you set. Entries under the maximum amount will automatically post without review, but settlement entries over that amount will be presented as an ACH exception

for your review. If you choose not to set up rules for a particular account, all incoming ACH debit transactions will be identified as suspects for your online review.

When you set up rules for an account, items that pass through the rules filters will be accepted and applied to that account. Items that fail to pass through the filters will be presented to you or your designated administrator for review. You or your administrators will then decide whether to pay or return the transaction - all online.

#### Benefits of Positive Pay

- Secure web interface manages all interaction and eliminates the need to install software.
- Automated email and text notifications when check exception items or ACH activity are presented.
- ACH Positive Pay with exceptions for unauthorized ACH activity.
- Online exception management enables clients to make pay or return decisions on the web for both checks and ACH.
- You designate a "default" decision to pay or return items in case your authorized staff member(s) fail to review and decision items by the daily deadline.
- Integration with your banking partner's teller system provides front-line defense against check fraud.
- Automated processing of submitted check files eliminates manual intervention of submitted check files.
- Check Positive Pay also includes automated Reconciliation of all check activity as your banking partner will compare your issued checks to paid checks on a daily basis.

For more guidance on Positive Pay contact your banking partner to see if they can help you utilize Positive Pay for your business.