THE ADVISER

WHITE & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS

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INSIDE.....

HANG UP ON UNSOLICITED IRS CALLS

Be wary of phone calls that purport to be from the IRS. The Internal Revenue Service continues to issue warnings about a nationwide phone scam regarding taxes. The callers, who claim to be IRS employees, will often alter the caller ID readout to make it look as if the agency really is calling. Victims are being told they owe taxes and must pay up fast, usually through a wire transfer or a prepaid debit or gift card. They are threatened with arrest, deportation, foreclosure or loss of a driver's license.

Seniors and low-income individuals are especially at risk from the scams. The IRS does not make unsolicited calls to people to tell them they owe taxes or are due refunds. It contacts taxpayers first by mail. If you get one of these calls, do not give out any information. Hang up immediately and notify the Treasury inspectors at 800-366-4484.

NEW MEDICARE CARD CONFUSION

The new cards, with individual identifying numbers and without Social Security numbers, are free and are being automatically mailed to Medicare participants. Scammers posing as Medicare representatives have been calling and emailing seniors to try to get them to pay a processing fee for the cards. Other thieves are saying beneficiaries are due a refund on old cards but must give their bank account number to receive it. All these claims are frauds, the new cards cost nothing, will arrive automatically and have nothing to do with money that seniors have already spent on health care.

IMPORTANT DUE DATES

Within 3 days of payroll	-Due dates of employer's Social Security and withholding tax deposits if the IRS has determined you pay semi-weekly
Sept. 17, 2018 Oct. 15, 2018 Nov. 15, s018 Dec. 17, 2018	-Due dates of employer's Social Security and withholding tax deposits if the IRS has determined you may monthly
Sept. 17, 2018	-Due dates of Form 1120 or 1120S (Corporation) tax returns if an automatic 6-month extension was filed on March 15, 2018
	-Due date of Form 1041 (Trust or Estate) and Form 1065 (Partnership) tax returns if an automatic 5-month extension was filed on April 18, 2018
	-Due date of 2018 Estimated Tax Payment No. 3
Oct. 15, 2018	-Due date of 2017 individual income tax returns if a 6-month extension was filed on April 18, 2018
Sept. 25, 2018 Oct. 25, 2018 Nov. 26, 2018 Dec. 26, 2018	-Due dates of monthly state excise tax reports
Oct. 31, 2018	-Due date of Form 940 deposit for 3rd quarter 2018
	-Due date of employer's payroll tax reports, Form 941, State Unemployment and State L & I reports
	-Start your pre-year-end planning now!
Jan. 15, 2019	**-Due date of 2018 Estimated Tax Payment No. 4**

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TIDBITS

- Among U.S. millennials, 63 percent say they hardly ever use cash. Millennials are twice as likely as baby boomers to use alternative mobile payments and messaging payment apps such as Venmo.
- Sixty-six percent of American adults ages 21 to 32 have not saved a single penny for retirement. Maybe more education in school is needed about compound interest and compound earnings.
- The U.S. savings rate is continuing to fall. Only 2.4 cents out of every after-tax dollar is now being saved versus 4.9 cents in 2016 and 6.0 cents in 2015.
- Only 27 percent of 401(k) participants know how much in fees they are paying in their account.
- In 1960, only 10 percent of the population was over 65, by 2040 over 20 percent of the population will be over age 65.
- In 2017, 5.5 million people in the U.S. were living with Alzheimer's dementia.
- The number of people who are caring for older relatives in the U.S. was 40 million in 2017.
- The average 401(k) account balance at the end of 2017 was $104,000.
- The total amount in all 401(k) accounts at the end of 2017 was $5.3 trillion.
- Apple CEO, Tim Cook, speaking to students at Scotland's University of Glasgow: "Don't work for money! You'll wear out fast or you'll never make enough and you'll never be happy".
- Only 53 percent of U.S. adults have a health care power of attorney. The other 47 percent must be betting they will not need one.
- Only 7 percent of Americans are estimated to own Bitcoin or other crypto currencies.
- All U.S. residents have a 25 percent chance of living past 90 if they retire at age 65.

FREEZING VERSUS LOCKING YOUR CREDIT

Approximately 148 million U.S. consumers were put at risk for identity theft in 2017 when their sensitive financial data, including Social Security numbers, credit card account numbers and driver's license information was hacked in a data breach at the credit reporting company Equifax. A recent survey of 1,000 adults by Consumer Reports found that 52% knew about the breach but did nothing.

Whether or not you were affected, it is a good idea to freeze your credit reports. A credit freeze placed on your credit file will block most lenders from checking your credit and, therefore, will keep them from issuing anymore credit to you or to an identify thief!

It is more effective to freeze your credit than to lock your credit. Freezing carries the force of law while locking your credit is a contractual agreement with the credit reporting companies.

Starting September 21, 2018, any credit freeze or credit thaw, which you need to do if you want to buy something on credit or get a loan, are by law free at all three credit report companies.

Whether you do a credit freeze or not, all individuals need to check their credit reports at least annually at no charge by going to annualcreditreport.com or by calling 877-322-8228. If you want to freeze your credit, go to the following websites or call the numbers listed. You will need to contact each agency individually.

Equifax

www.freeze.equifax.com

800-685-1111

Experian

experian.com/freeze/center.html

888-397-3742

Transunion

freeze.transunion.com

888-909-8872

THE PINK TAX

You may not have heard of it but if you are a woman, you have almost certainly been affected by it. The so-called pink tax is a nickname for a phenomenon whereby women are charged more than men for virtually identical products and services, from razors and soaps to dry cleaning and haircuts. In many cases, the only difference between the "male" and "female" versions is the color.

Skeptical? A 2015 report by the New York City Department of Consumer Affairs compared almost 800 products across five industries: kids' toys, kids' clothing, adult clothing, personal care products and home healthcare products for seniors. It found that goods aimed at females cost more than similar items aimed at males 42 percent of the time, and that women pay an average of 7 percent more than men for the same thing. With personal care products such as shampoo, the price gap was 13 percent.

PREPARE FOR THE LOSS OF YOUR SPOUSE

If you are a married woman in the U.S., you can expect to outlive your husband by nearly 10 years. We often hear that the man dies first but still the statistics are shocking. According to the U.S. Census Bureau, of the estimated one million people widowed each year, about 88% will be women. Currently, 85% of the estimated 14 million Americans who have lost their spouses are women.

Additionally, the Census Bureau also reports that nearly half of the women over age 65 in the U.S. are widows, and seven in ten of these women live alone. Also, the rate of poverty among elderly widows is consistently three to four times higher than elderly married women. Twenty-five percent of widows spend their husband's death benefits within two months after death per the Social Security Administration. The median age of widowhood was 59 according to the 2011 U.S. Census.

The death of a spouse will quickly expose any weakness in a financial plan. Scenario planning may be the best way to identify potential pitfalls.

Step 1: Walk through what would happen if one of the couple were to die. Would the survivor know where the important documents are located and how to obtain them? Would the survivor be able to manage and live in the current home? In most relationships, one person takes the lead in handling money matters, however, understanding the big picture by both parties can help each spouse feel less confused when his or her partner dies. This may be an uncomfortable conversation, but it is a very valuable one.

Step 2: Make sure life insurance is adequate. Statistically, Americans are under insured. Forty-three percent of people have no life insurance coverage at all. Twenty percent only have life insurance because it is offered through their employment. This type of life insurance is usually based on salary which is not enough for someone to live on for very long.

Step 3: Make an inventory of all accounts with values and organize documents. Have a list of all bank, investment and liability accounts, etc. Note where they are located and the associated account numbers. This list location should be known by both partners and reviewed and updated annually. In addition to accounts, a list of current documents such as birth certificates, marriage licenses, wills, trusts, deeds, insurance policies, etc. should show location of the documents and other facts related to each document.

Step 4: If the documents or list developed in Step 3 are kept in a safe or in a safe deposit box or passworded on a computer, both partners need to either know the combination, be on the safe deposit box or know the passwords so they can access the location. The other partner and at least one family member needs to know where storage of computer passwords, computer account access directions, combinations and keys are kept.

Step 5: Both partners need to know all members of their adviser team (accountant, lawyer, insurance agent, financial adviser and possibly a personal friend) to consult. Names, addresses and phone numbers should be available.

Step 6: On average, 75% of a partner's support base is lost following the death of their spouse, including support from family and friends. A couple should discuss social activities in their community, so both are aware of possible social contacts.

CAPITAL GAINS UNDER THE 2018 TAX CUT AND JOBS ACT

We have been getting a number of questions concerning tax rates that apply to capital gains after the 2018 Tax Cut and Jobs Act went into effect.

Long-term gains still get favorable rates. Profits from the sale or exchange of capital assets held for more than a year are taxed at 0%, 15% or 20%. But figuring the rate is a bit more complex.

It used to be based on your tax bracket. Prior to 2018, the 0% rate applied to taxpayers in the 10% or 15% income tax brackets, the 20% rate hit filers in the 39.6% top brackets, and the 15% rate was for people who landed in the other brackets.

Now, your capital gains tax rate is based on set income thresholds, which will be adjusted annually for inflation. For 2018, the 0% rate applies to taxpayers with taxable income under $38,600 on single returns and $77,200 on joint returns. The 20% rate starts at $425,800 for singles and $479,000 for jointly filed returns. The 15% rate is for filers with taxable incomes between the 0% and 20% break points.

Do not forget about the 3.8% surtax on net investment income of singles with modified AGIs over $200,000 and couples over $250,000. It is due on the smaller of net investment income or the excess of modified AGI over these set amounts.

INVESTORS GAIN NEW PROTECTIONS AGAINST FRAUD

Investors who are the most vulnerable to financial exploitation are getting new layers of protection. The added protection comes in the form of two new rules created by the Financial Industry Regulatory Authority (FINRA), which is authorized by Congress to oversee the brokerage industry.

Under the first rule, when a customer opens an account or updates information in an account, a brokerage firm must ask whether the customer wants to designate someone who is at least 18 years old as a "trusted contact" and provide contact information for the person. Of course, the decision of whether to provide this information, which is optional, will be based in part on whether the investor feels comfortable choosing someone to fill this role. Existing customers can choose to add the information to an account even before the brokerage firm asks for it.

Under the second rule, if you are 65 or older, your broker is permitted to put an initial hold of up to 15 business days on any questionable disbursements of funds or securities from your account if he/she reasonably suspects that you are being financially exploited. Reason for the 65-or-over-rule: Seniors lose about $3 billion annually to fraud and scams, often because diminishing physical and mental abilities make them less attentive and easier targets for con artists. Once assets leave a brokerage account because a customer has been conned by an outside fraudster, it is very difficult to recover them.

A 15-day hold gives the firm time to investigate the suspicion, contact you and (if necessary) your trusted contact, or even reach out to law enforcement or adult protective services. Your trusted contact could provide information about your health, your whereabouts and/or other information to help the firm decide whether there is a problem and how to deal with it. In the past, even if a broker knew how to contact a customer's family members, privacy restrictions made it difficult to do so.

Also, The Senior Safe Act, signed into law at the end of May, protects advisers from liability for privacy-law violations when they step forward in exploitation cases. The new law also encourages financial services firms to train frontline employees, including advisers and brokers who often deal most directly with seniors' finances, to better identify and report possible abuse cases.

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SERVICE GUARANTEE

Our work is guaranteed to the complete satisfaction of the customer. If the customer is not completely satisfied with the services performed by White & Company, PC we will, at the option of the customer, either refund the fee or accept a portion of the fee that reflects the customer's level of satisfaction.

September 2018

ROBO CALLS

Fifteen years ago, the Federal Trade Commission (FTC) initiated the National Do Not Call Registry to reduce unwanted telephone solicitations. Even if you have registered, you are being interrupted with even more unwanted telephone calls.

About 3.4 billion automated robocalls were placed to U.S. homes during April 2018. That was almost one billion more than in April 2017. The 3.4 billion is approximately 10 calls per American per month. Complaints to the FTC for do not call violations rose to 7.2 million from 4.9 million in one year. It is very doubtful that the FTC can handle and deal with this many complaints.

Beyond disrupting our lives (at dinner time) and interfering in our privacy, robocalls are an effective criminal activity: over 25% of them are made by fraudsters fishing for victims, costing consumers an estimated $350 million in 2011. The best protection consumers can have is caller ID. This low-cost phone feature will tell you the number calling before you answer. The result is simple, do not pick up the phone if you do not recognize the number! If it is important they will call you back or leave a message.

THE DIFFERENCE BETWEEN THE FDIC AND SIPC

The Federal Deposit Insurance Corp. (FDIC) protects deposit accounts from bank failures, covering up to $250,000 in individual accounts at each bank, up to $250,000 for each person's share of joint accounts and up to $250,000 for IRAs and other retirement accounts at each bank.

The Securities Investor Protection Corp. (SIPC) protects brokerage accounts. Brokerage firms are required to keep customers' investments separate from the firm's own funds, but if the firm fails and customer assets are missing, then SIPC replaces cash and securities, such as stocks and bonds. SIPC returns your share of the broker's remaining assets, then uses its own funds (up to $500,000 per account, including a $250,000 limit on cash) to buy the shares in the open market.