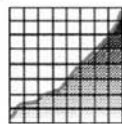


# THE ADVISER



**WHITE & COMPANY, PC**  
 CERTIFIED PUBLIC ACCOUNTANTS

XLV, No.4  
 September 16, 2019

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*Our newsletter is now available on our newly revamped website [whitecocpa.com](http://whitecocpa.com). Please feel free to take a look around and send us a message with any questions or sign a friend up for the newsletter!*

## INSURANCE COSTS FROM TRAFFIC TICKETS

A study by car insurance search engine, The Zebra, found the following increase in the cost of insurance as a result of traffic infractions. Failing to wear a seat belt typically leads to a 4% increase in annual premiums or an average of a \$49 increase. A not-at-fault accident: 6.7% increase, averaging \$98, texting while driving: 19.7% increase, averaging \$290, failing to stop at a red light: 22.7%, averaging \$333, speeding: 23.2% increase, averaging \$341, improper passing: 23.5% increase, averaging \$344, and at-fault-accident: 42% increase, averaging \$617. These are increased costs of insurance and do not count the ticket cost of the infraction.

## 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. 16, 2019	-Due dates of employer's Social Security and withholding tax deposits if the IRS has determined you pay monthly
Oct. 15, 2019	-Due dates of Form 1120 or 1120S (Corporation) tax returns if an automatic 6-month extension was filed on March 15, 2019
Nov. 15, 2019	-Due date of Form 1041 (Trust or Estate) and Form 1065 (Partnership) tax returns if an automatic 5-month extension was filed on April 15, 2019
Dec. 16, 2019	-Due date of 2019 Estimated Tax Payment No. 3
Sept. 16, 2019	-Due date of 2018 individual income tax returns if a 6-month extension was filed on April 15, 2019
Oct. 15, 2019	-Due dates of monthly state excise tax reports
Sept. 25, 2019	-Due date of Form 940 deposit for 3rd quarter 2019
Oct. 25, 2019	-Due date of employer's payroll tax reports, Form 941, State Unemployment and State L & I reports
Nov. 25, 2019	-Start your pre-year-end planning now!
Dec. 26, 2019	-Due date of 2019 Estimated Tax Payment No. 4
Oct. 31, 2019	
Jan. 15, 2020	

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## **TIDBITS**

- Ten years ago, 2009 marked the end of the 2008 recession. Here are four changes that have occurred over the last ten years.

The U.S. GDP, using current dollars, was \$14.5 trillion in 2009, now it is \$21.3 trillion.

Job openings in 2009 were 2.5 million, now there are 7.5 million openings.

The net worth of households and nonprofits in 2009 was \$57.8 trillion, now it is \$104 trillion.

The unemployment rate in 2009 was 9.5%, now it is 3.6%.

- Ten states and Washington D.C. have legalized recreational marijuana over the last few years.
- 65% of boomers use Facebook.
- 82% of boomers who use the internet have at least one social media account.
- The cost of college textbooks rose 88% from 2006 to 2016. Books and other college course materials cost an average of \$1,200 per year, but are more for science, technology, engineering and math than for humanities classes.
- About 40% of food in the U.S. is thrown away. Producers, retailers and restaurants discard a substantial amount but individual households are mainly to blame.
- The latest available data says that car thefts in 2017 were more than any single year since 2009. The main reason is many cars can now be started by pushing the start button as long as the key fob is in the car. Thieves just have to find a vehicle with the key fob inside which is surprisingly common.
- Recent single-day percentage drops in the Dow can be unnerving. However, of the five largest single-day percentage drops, four occurred in 1929 or earlier. The fifth, which is the largest single day-percentage drop at 22.61%

occurred on October 19, 1987. Of the ten largest single-day percentage drops, only one is somewhat current, on October 15, 2008 at 7.87%.

- Of the 5.3 million millionaires in the U.S. only 16% created their wealth in the tech sector.
- 78% of millennials believe that all companies have a responsibility to better the world.
- 72% of millennials surveyed own a pet.
- 27% of wills in the U.S. contain language about a pet.
- Starting in 2020, income levels for Medicare premium surcharges will be indexed for inflation. The Obama health care law suspended indexing of the brackets for inflation from 2011 to 2019. Note, the new top income bracket of \$500,000 for singles and \$750,000 for joint filers is frozen through 2027.

## **PARENT PLUS STUDENT LOANS**

Interest rates on federal student loans fell by more than 1/2 a point on July 1, 2019 for loans issued for the upcoming academic year. Lower interest rates will help new borrowings, however, the interest rate on one of the fastest growing types of loans, Parent Plus Loans, remains well above other types of student loans.

The rate on PLUS loans issued after July 1, 2019 is 7.079% compared with Federal Stafford loans taken out by an undergraduate at 4.529%. The difference in rates between the two types of loans can cost up to \$4,700.

PLUS loans appeal to many parents because they are easy to qualify for and can cover the full cost of attendance. There are limits on how much a student can borrow each year in federal loans. Most freshmen cannot borrow more than \$5,500 from indirect Stafford loans. For the student's sake and, most likely, the parents, the less borrowed means less payback.

## **IRS AUDIT RATES DECLINE AGAIN IN 2018**

Last year's overall exam rate was 0.5%. The agency did close to 70,000 fewer audits in 2018 when compared with 2017, representing a 7% drop. This low individual audit rate does not necessarily tell the full story. The IRS questions many more individual taxpayers. Computer-generated CP2000 notices about mismatches between income and deductions reported on tax returns and data on third-party information returns, such as forms W-2, 1099 and 1098 do not count as audits. Also not included are math error corrections and other measures that may require taxpayers to send in documents or other information to the agency, and may feel like an audit for many individuals. When these corrective procedures are factored in, the agency's rate jumps, as it did in 2017, to close to 6%.

## **THE ONE-RING CALL SCAM**

The latest scam in the ever increasing unwanted robocall plague is automated calls that quit after one or two rings. The Federal Communications Commission recently warned that there has been a massive increase in these calls in 2019.

The scam works like this, a computer dials your number but hangs up before you can answer. The scammers are hoping that you hit redial to contact the caller. If you do, you will likely reach an automated system that tries to keep you on the line with long holds, automated prompts and similar tactics, resulting in a big charge for a call to an overseas premium-rate number, possibly hundreds of dollars. The scammers get paid by your phone company.

To increase the chance that you will call back, the scammers might use spoofing technology to trick your caller ID into displaying a local area code or the name of a familiar organization, such as a police department or local utility. Or they might call late at

night, when you are not thinking clearly or perhaps asleep.

Government efforts to stop robocalls have failed so far. Half of all calls to cell phones will be robocalls by the end of this year, according to one estimate, up from 3.7% in 2017. If your phone rings just once or twice, do not call back unless you recognize the number.

If you do get scammed, call your phone-service provider and ask to have the charge removed. If the provider refuses, pay your bill with a credit card, then call the credit card company to challenge the charge.

## **STUDENT LOAN DEBT FORGIVENESS**

Some people who have received student loan forgiveness because of the type of their post-school jobs—an arrangement adopted by the federal government to encourage people to enter professions in qualifying fields such as teachers and medical positions—may find their credit score affected. Some servicers of student loans incorrectly report that people applying for loan forgiveness under this program are delinquent in payments, causing credit bureaus to downgrade credit scores. It can be difficult to get loan servicers to correct these errors. It is best if you receive this type of loan forgiveness to check your credit reports at Equifax, Experian and Trans Union. Initiate a dispute through the credit bureau if you see anything wrong,

## **USED-CAR SALES TACTIC**

In a tactic that applies only to used cars, the car salesperson says...“This used car is in great shape, I’ll even show you the Carfax.” Salespeople know that sophisticated used-car buyers are likely to check a vehicle’s Carfax report before buying. This report lists the vehicle’s accident records and certain other aspects of its history. So the salespeople steer sophisticated

buyers to vehicles that have clean Carfax reports, then offer to provide these reports for free. This creates the impression that the salesperson is honest and that the car is problem-free. In reality, the salesperson might be using the buyer’s faith in the Carfax report to trick him/her into failing to take prudent steps to uncover other significant issues. Automotive problems that do not result in insurance claims often do not find their way onto Carfax reports. Anyone purchasing a used vehicle should pay an independent mechanic \$200 to \$400 to give a used car a pre-purchase inspection before buying. Do not rely only on the clean Carfax report.

## **ROTH CONVERSIONS CAN BE DONE AT ANY AGE**

The advantage of a Roth IRA is that it allows your money to grow tax-free. There is no age restriction on when you can do a Roth conversion. All you need is a traditional IRA and a willingness to pay the tax created by the conversion.

However, if you are over 70.5 years old and are subject to the required minimum distribution (RMD) rules, you must take your RMD amount before you can convert any portion of the remaining balance in your IRA to a Roth.

Be aware that both the converted amount and the RMD will add to your taxable income. If you are not subject to the RMD rule, only the amount converted will be taxable.

## **DO NEW STOCKBROKER RULES FALL SHORT?**

When a stockbroker recommends a particular investment, might he/she be influenced by a commission or bonus that choice provides? To shield against such conflicts, the US Securities & Exchange Commission (SEC) has adopted new rules for brokers, as

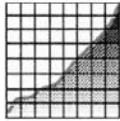
part of what is called Regulation Best Interest (Reg BI), that go into effect June 2020. However, despite the SEC’s stated goals to raise the standard conduct for brokers and reduce confusion, critics say the new rules do little to protect investors’ interests or clarify broker obligations. Various consumer advocates and investment advisers say the broker rules fall short of the strong new “fiduciary” standard that, under a separate change, Certified Financial Planners (CFPs) will have to adhere to starting in October, 2019. White & Company Financial Planning, Inc. has followed the fiduciary rule since its inception in 2005. The broker rule states that they just refrain from putting their own interests above those of clients and require that their recommendations are in their clients’ best interests. The SEC says this is a step up from the old rules, which say recommendations by brokers generally must be “suitable” for a particular client’s characteristics, such as age and risk tolerance.

But critics say that in practice, the new rules will not require brokers to recommend the investments they believe are the “best” possible ones for an investor. Also, although brokers will have to disclose and develop ways to mitigate potential conflicts, the disclosures may be hidden in fine print and there remains plenty of room for conflicts.

To protect yourself, you should ask your stockbroker to explain all the costs of any recommendation and whether there is a different option that is just as good or better and/or less expensive. If the stockbroker is not a CFP, have him sign a fiduciary oath or confirm that he is a member of the National Association of Personal Financial Advisors (NAPFA.org).

***“I spend a lot of time thinking of the hereafter, each time I enter a room, I wonder what I’m here after.”***

***-Tim Conway  
1933 - 2019***



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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 2019**

## **CLERGY WILL KEEP THIS TAX BENEFIT**

Clergy who benefit from the parsonage allowance are breathing a sign of relief now that an atheist group has dropped its legal challenge to this tax perk. In 2017, a district court ruled that the income tax exclusion for parsonage allowances was unconstitutional because it was akin to support of religion by the government. An appeals court reversed the lower court's decision this year, saying the exclusion is constitutional because it does not result in excessive government entanglement with religion and the applicable tax statute has a secular legislative purpose. The organization that brought the challenge did not appeal to the Supreme Court.

## **IF YOU RECEIVE A CP2000 NOTICE FROM THE IRS**

The CP2000 notice from the IRS is usually upsetting to the taxpayer, because it commonly asks for more money. This notice lets you know that the IRS computers found a discrepancy between income and deductions which were reported on your tax return and data provided the IRS on third-party information returns such as Forms W-2, 1099 and 1098.

Do not panic, check your records to see if you are correct or the IRS is correct. Or, if your return was professionally prepared, take the CP2000 notice to our preparer to check out.

Whether you owe or the IRS is wrong, respond to the IRS notice in a timely manner. The notice usually requests a response within 30 days from the date on the notice. Our past experience says many of these notices are incorrect!