

Auditing and Accounting
Business Management
Consulting
Business Strategies for
Taxes and Succession
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Business Valuations
Cafeteria Plan Design
and Administration
Employee Benefit Plan
Services
Financial Planning
Payroll Management
QuickBooks Support
Tax Preparation

FINANCIAL IDEAS FOR TODAY AND TOMORROW

Footnotes

That Makes Ten

We are pleased to announce that Hogan - Hansen has purchased the public accounting practice of **Pyle Accounting, PLLC** in Ames. Dennis Pyle, CPA and his staff of eight professionals have joined the firm and will be serving clients from our new office at 1601 Golden Aspen Drive, Suite 107 in Ames. Ben Schradle who has been managing our Traer office was promoted to manager of the Ames office.

With the addition of the practice in Ames, that makes it ten cities in Iowa where Hogan - Hansen has offices. While we have grown and spread out across our beautiful state, our values and commitment to service remain the same. With each new office we learn new things and find new ways to serve clients even better. We try to remain focused on service because we know that you, our clients, can get your work done anywhere. But you choose to work with us for a reason. However, we know we don't always get it right. If we are not living up to your expectations, please let us know - because we want to get it right.



Steve Duggan, CPA is the firm's managing partner and is in our Waterloo office.

FROM THE PEN OF A PARTNER

As we head toward the holiday season, on behalf of the over 85 staff members within our firm, we want to let each of you know we are grateful for your business and loyalty, but even more important we are grateful for your friendship and we wish you and your families a blessed holiday season.



What's New in Employee Benefits?

Does your workforce include a variety of age groups, with some employees just beginning careers, and some getting ready to retire? If so, you may be scrambling to provide the right mix of benefits. Here's a sampling of offerings that you might want to consider.

“Voluntary” insurance. Insurance that can extend regular medical coverage, but that you're not required to provide, such as life, dental, vision, accident, disability and critical illness, can help employees cope with unexpected costs. You may also want to investigate supplemental “gap” insurance if the health policy you offer has a high deductible. A telemedicine benefit that allows employees to obtain medical advice for common ailments via live video access to a medical profes-

Improving the health of your employees by offering initiatives such as screenings and weight loss classes may help reduce stress and save on health care costs.

sional may also be of value in reducing sick time taken for in-person doctor visits.

Flexible scheduling. Flexibility benefits include variable work schedules, paid time off banks and performance-based pay and bonuses. Telecommuting may also be an option.

Wellness programs. Improving the health of your employees by offering initiatives such as screenings and weight loss classes may help reduce stress and save on health care costs. You can offer employees financial or nonfinancial incentives to participate, including prizes and gifts. Just be aware that these programs are subject to anti-discrimination rules as

well as requirements to protect personal health information. The rules apply to all workplace wellness programs and go into effect in 2017.

Financial health. Communicating your company's benefits, automatic enrollment in retirement plans and assistance with student loans can keep employees from getting sidetracked with financial concerns.

Fringe benefits can be a powerful tool for attracting and retaining staff. Contact us about tax implications before you initiate changes to your benefit program. We'll help you determine what options offer the most value for you and your employees.



Renew your Iowa driver's license online

Iowa residents who are United States citizens between the ages of 18 and 69 are eligible to renew their driver's license online. Some of the other requirements for online renewal are that you must have a driver's license that expires in 180 days or has not been expired more than one year and 60 days. Driver's licenses may be renewed online every other issuance. For more information, visit the Iowa Department of Transportation website at www.iowadot.gov/mvd.



Study These Work-Related Education Tax Breaks

Education deductions and credits aren't only for college students. Some deductions are available for employees, employers and the self-employed. Here's a quick review.

Employees - As an employee, your work-related education expenses may qualify for credits such as the Lifetime Learning Credit. You don't need to be pursuing a degree to qualify for the Lifetime Learning Credit, but the school needs to be an eligible educational institution. If you receive education benefits from your employer, those amounts are not eligible for the credit.

When the courses you take improve or maintain your current job skills and your employer does not reimburse the costs, you also have the option of claiming a miscellaneous itemized deduction. As a general rule, to be considered "work-related," the education can't qualify you for a new career, trade or business.

Employers - As an employer, you can pay for graduate and undergraduate education expenses for your employees using a written educational assistance plan. By establishing a nondiscriminatory formal plan, you can claim a federal tax deduction for up to \$5,250 of expenses annually. Your employee isn't required to include the benefit as income. Don't have a written plan? You can still pay for or reimburse expenses such as seminars that maintain or improve required skills, or expenses required under law for the employee to keep the same job.

Self-Employed - When you're self-employed, you can deduct expenses for qualifying work-related education from your self-employment income. You don't have to itemize deductions to claim the expenses.

In general, a connection between your present job and the education expenses is important in order to benefit from tax breaks. Contact us for details and assistance in determining which expenses will qualify.

Tax Talk

Some Tax Refunds May Be Delayed

The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) will affect taxpayers who claim the Earned Income Tax Credit and the Additional Child Tax Credit on 2016 federal income tax returns. Under the law, the IRS is required to hold refunds on returns claiming those credits until February 15, 2017 as an identity theft deterrent. While returns will be accepted if filed earlier, the entire refund will be delayed.

"Unforeseen" Equals Partial Exclusion

Generally, single taxpayers can exclude up to \$250,000 of gain from the sale of a home, and married taxpayers can exclude up to \$500,000, when the home is used as a primary residence

for two years in a five-year period that ends on the date of sale. Tax law also provides for a partial exclusion when the time and ownership requirements are not met, if the primary reason for the sale is unforeseen circumstances. "Unforeseen" means events the taxpayer could not have reasonably anticipated before buying the home and moving in. How flexible is the definition? Recently, the IRS allowed a partial exclusion when a family living in a two-bedroom, two-bath condominium gave birth to another child and needed a larger residence before the two-year rule was met.

No Exception For Cash Incentives

Cash and cash equivalent incentives and rewards are taxable income to employees, no matter the amount. Is that also true of cash rewards for participating in a wellness program? The IRS says yes, for cash, cash equivalents and items such as gym memberships and reimbursements for the wellness program premium.



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Clear Lake, IA 50428

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Forest City, IA 50436

200 North Adams Avenue
Mason City, IA 50401

555 Second Street
Traer, IA 50675

3128 Brockway Road
Waterloo, IA 50701

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As we struggle with shopping lists and invitations, compounded by December's bad weather, it is good to be reminded that there are people in our lives who are worth this aggravation, and people to whom we are worth the same.

- DONALD E. WESTLAKE

NOTABLE QUOTES

None is more impoverished than the one who has no gratitude. Gratitude is a currency that we can mint for ourselves, and spend without fear of bankruptcy.

- FRED DeWITT VAN AMBURGH

Autumn is the season of liberty. Instead of being green, leaves can choose between yellow, red, brown, orange.

- UNKNOWN

After a good dinner one can forgive anybody, even one's own relations.

- OSCAR WILDE

Kevin Ballard
Principal

Steve Duggan
Principal

Damian Hurmence
Principal

Dennis Muyskens
Principal

Kristi Wick
Principal

Algona

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