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FINANCIAL IDEAS FOR TODAY AND TOMORROW

Footnotes

We're Here For You

Income Tax Update

In this quarter's Footnotes, we have included some annual reminders about income tax planning as we near year end and note some tax breaks which have expired. At the time of writing this, Congress is debating a tax bill but we really have no clarity on when the provisions would take effect (this year or next) or what the final provisions and changes will even be. Many changes have been proposed and some are making more news than others. We will continue to monitor the tax bill and have updates posted to our website blog and through our social media pages on Facebook and LinkedIn. If you haven't already done so, I encourage you to find our social media sites and follow us for useful information and advice we provide throughout the year. Rumor has it there is even a picture of me in a banana costume from our Halloween costume contest. Sadly I didn't win; but the winner was Adela Jasarevic in our Waterloo office who did a pretty good job dressing up as me!

QuickBooks, Excel and Word - Oh My!

Just like lions, tigers and bears can be frightening, so too can some of the software we use every day. While there are many training courses available, often the course is either too broad and doesn't cover what you need to know specifically for your business or it is so over your head you leave more confused than when you started! We can help. Our experts can come to your office and train you on how to use the software, teach you short cuts and help answer the specific questions you have for your business. Give one of our offices a call or visit our website hoganhanzen.com and click on Contact Us in the upper right-hand corner to complete a contact form.

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



FROM THE PEN OF A PARTNER

Ready for the 2017 filing season? This will help.

Tax season is almost here. Are you prepared? Take a few minutes to review these tips and reminders that will help you get the most out of your tax return.

Expired Tax Breaks

If you're planning on taking advantage of deductions this season, make sure they are still available. Here are three big tax breaks that are permanently expired:

Home mortgage insurance premium deduction. Banks usually require you to pay for home mortgage insurance if you buy your home with less than a 20% down payment. The ability to deduct the cost of that insurance as an itemized deduction expired in 2016.

Tuition and fees deduction. A tax break to deduct up to \$4,000 of tuition and fees from accredited educational institutions is now expired. The education tax credits are still available though.

Reduced senior medical expense threshold. Seniors age 65 and older were able to deduct the cost of medical expenses greater than 7.5% of their adjusted gross income (this was a lower threshold than normal) in 2016. The threshold in 2017 and beyond will now be 10% for everyone.

Last-Minute Tax Bill Tricks

Are you worried you may end up owing a frustrating amount come April? You still have time and a handful of options to reduce your tax bill.

Shift deductions. Reduce your taxable income by managing your itemized deductions. Here are a few ways to do so:

- You could consider making your January mortgage payment in December. That way there is an additional interest payment available for this tax year.



- Before the end of the year arrives, make a tax-deductible donation to a qualified charity.

- If you're close to the income threshold for deducting medical expenses, consider taking care of any medical appointments or procedures before the end of the year.

Contribute to retirement plans. Contributions to your 401(k) and IRA can lower your taxable income. You can contribute up to \$18,000 a year to a 401(k) and \$5,500 to a Traditional IRA (and more if you are age 50 or older).

Defer taxable income. You may be able to ask your employer to shift additional compensation or a bonus to next year. You may also be able to give yourself that flexibility if you're self-employed. Cash-basis businesses should consider receiving payments after the end of the year.

Tax Preparation Made Easy

One of the simplest ways to make sure you'll have a smooth filing experience is to stay organized. Here are three ways you can do this:

1. Dedicate one place for everything. Stop spending hours searching the house for rogue tax forms, receipts and filing information. Instead, create one spot for all of your documents. You'll thank yourself.

2. Categorize. Make categories for the different types of information you'll use on your tax return. Start with topics like income, income adjustments, itemized deductions and credit information.

3. Make a checklist. Pull out last year's tax return and create a list of things you needed last year. You can use this as a checklist against this year's information. This will help identify missing items that qualified in prior years.

If you'd like more help preparing for the 2017 tax season, or if you're ready to set up your filing appointment for next year, call us today.

How to talk finances with your aging parents

One day you may find yourself taking care of an elderly parent who is in declining physical or mental health. This can be stressful, both emotionally and financially. Fortunately, you can start taking steps to make sure finances are in order before this occurs.

Talk to your parents about their financial affairs. Parents may be reluctant to discuss their finances, but it's important that someone knows the name of their accountant and where critical financial papers are located. There's a good chance much of the information will be in your parents' heads or scattered around their house.

Take a look at the following topics you might want to cover with your parents:

Basic Information

Ask your parents where they keep:

- Social Security cards
- Driver's licenses
- Passports
- Marriage or divorce records
- Family birth certificates
- Military service records
- Pension records

Income and Expenses

Learn about your parents':

- Income
- Monthly expenses
- Financial planner (if they have one)

Financial and Insurance Records

Help your parents make a list of and review their:

- Financial assets
- Bank accounts
- Retirement accounts



- Investments
- Designated beneficiaries
- Safe deposit box location and number
- Accountant information
- Copies of tax returns
- Home, vehicle, health and life insurance records

Physical Assets

Ask your parents where they keep:

- Mortgage records
- Deed to their house or other property
- Vehicle titles
- Any other assets

Estate Planning

Find out if your parents have:

- A will or living trust
- An attorney
- A power of attorney
- Special wishes for bequests (encourage your parents to put them in writing)
- Directives for medical care (living wills)

Don't try to gather all this information in one exhausting session. Instead, use the list as a starting point for a series of conversations. Wherever possible, involve your parents in putting their own affairs in order. You may find it's a great opportunity to bond with your parents in their golden years.

Wishing you a happy holiday season and a prosperous 2018!

Thank you for giving us the opportunity to serve you this past year. Your business is appreciated, and your referrals are welcome.



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**Nobody cares
how much
you know,
until they
know how
much you care.**

- THEODORE ROOSEVELT

I've seen the majestic beauty of nature and the
overwhelming perfection of it. To me, there's
nothing closer to God than that.

- COTE DE PABLO

**Feeling gratitude and not
expressing it is like wrapping
a present and not giving it.**

- WILLIAM ARTHUR WARD

NOTABLE QUOTES

Christmas is not a time nor a season,
but a state of mind. To cherish peace
and goodwill, to be plenteous in mercy,
is to have the real spirit of Christmas.

- CALVIN COOLIDGE

A good upbringing
means not that you
won't spill sauce on the
tablecloth, but that you
won't notice it when
someone else does.

- ANTON CHEKHOV

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