

FINANCIAL IDEAS FOR TODAY AND TOMORROW

Footnotes

Identity Theft - What can you do to protect yourself?

It seems every week on the news we hear of another major company that has to admit that their records have been hacked and the people in their database are now at a higher risk of identity theft. While nothing we can do will guarantee that we won't be subjected to identity theft, here are a few things you can do to protect yourself.

■ Use only your initials and your last name on preprinted checks. If someone steals your checkbook, they will not know how you sign your checks—with your initials or your first name and last name, but your bank knows.

■ When writing checks to pay credit card accounts, include only the last four numbers of the account number on the "For" line. The credit card company knows the rest of the code, but a thief won't.

■ Leave your home address and phone number off of your checks. If you have a post office box, it's better to use that; if not, and you feel a need to add an address, use your work address and phone number.

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■ If you must include your Social Security number on a check, write the number. It should never be preprinted. Be wary about giving the number to anyone but authorized people—your banker or accountant, for example.

■ Photocopy the front and back of all the ID cards (driver's license and credit cards, for example) in your wallet. Jot down the credit card issuers' phone numbers to call if you lose the card, and keep the photocopy in a safe place. Immediately after you discover a loss, cancel your credit cards; that's why you want those phone numbers handy.

■ If you lose your purse or wallet, file a police report as soon as possible in the jurisdiction where it disappeared. This will prove to credit card providers that you were diligent—an issue that may arise if the thief runs up huge charges.

At Hogan - Hansen we take your security seriously. We understand that we deal with sensitive and private information. We take precautions including:

- Changing all employee's passwords on a routine basis.
- Having additional passwords to log into software with sensitive client data.
- Installing firewalls and anti-virus software on our network and keeping them up to date.

We also offer audit and identity theft protection services for your tax return. If your tax return is subject to identity theft, we will be your agent working to clear up the situation with the federal and state taxing authorities to ensure that your data (and your refunds!) are secure.

Thank you for your trust in Hogan - Hansen. We look forward to working with you in 2017.



Financial Fine-Tuning: Get Your Finances in Shape for 2017

Do you intend to make major changes to your financial situation during 2017?

One good way to achieve big goals is to start with small steps. Here are suggestions for fine-tuning your finances.

Shift out of automatic. Have you established automatic bill pay at your bank or service provider or automatic charges to your credit card?

Small step: Look for payments for goods or services you no longer use, such as monthly recurring subscriptions.

Big goal: Reduce total expenses and increase savings.

Take the urgency out of emergency.

Sure, you know having an account with enough funds specifically earmarked for emergencies is a good idea. But the amount you need to save seems overwhelming. The good news is you don't have to immediately fund six months of living expenses.

Small step: Set up a separate account with automatic deposits of \$5 or \$10 per paycheck, perhaps with funds you've redirected from those unused monthly recurring subscriptions.

Big goal: An emergency fund with enough cash to cover six months of expenses.

Give yourself credit. Maybe you intend to pay off your credit card debt. But do you have a plan?

Knowing where you stand is the first step in getting to where you want to be.

Small step: Make a list of your cards, the balances, the minimum payments and the interest rates.

Big goal: Eliminate finance charges by being able to pay off your balance each month.

Retire your excuses. Does your employer offer a retirement plan? If so, you may be leaving money on the table.

Small step: Find out what amount is offered as "matching" funds. That's money your employer will add to your account when you make contributions.

Big goal: Maximize your retirement contributions.

Small steps can lead to big improvements in your financial well-being. Contact us for more tips.



Tax Talk

Olympic Medals no Longer Taxable

As of January 1, 2016, Olympic athlete medal winners who earn less than \$1 million per year will no longer have to pay federal income tax on Olympic medals or prize money. The United States Appreciation for Olympians and Paralympians Act of 2016 was signed into law on October 7, 2016 and is effective retroactively to the first of the year. So we won't need to see proof of your Olympic medals when you stop by for your tax appointment!

More Time to Claim Disaster Losses

Under new IRS rules, taxpayers who have suffered a disaster loss have more time to decide whether or not to claim the loss on their prior year federal income tax return. Before the new rules, the due date for making the election to claim the loss was generally April 15. Now taxpayers have until six months after the due date for filing the taxpayer's federal income tax return for the disaster year.

Higher Social Security Wage Base

The wage base for withholding social security tax from wages has increased to \$127,200, up from \$118,500 in 2016, an increase of 7.3%. The federal payroll tax rate remains 7.65%, with social security tax withheld at 6.2% and Medicare tax withheld at 1.45%. There is no wage base limit for the 1.45% Medicare tax. Employers withhold that percentage on all wages.



Do you use your personal vehicle in the course of your work? You may be eligible for a deduction on your tax return for the business portion of your use. If you're an employee, you'll have to itemize on your personal tax return to benefit. If you're a sole proprietor, you can deduct your expenses on Schedule C, Profit or Loss From Business.

Actual or standard?

You can choose to claim your actual expenses or use the standard mileage rate to calculate your deduction. If you use the actual expense method, you can deduct ex-

penses such as gas, oil, insurance, interest, lease payments and repairs. You'll generally also be able to claim depreciation on your vehicle, though you'll have to follow special rules if your business use of the vehicle falls below 50%.

The standard mileage rate for 2017 is 53.5¢ per mile. That flat rate includes most of the costs of operating your vehicle, as well as depreciation, though you can also deduct tolls and some parking expenses. If you want to use the standard mileage rate for a car you own, you must choose to use it in the first year the car is available for use in your business. Then, in later years, you can choose to use either the standard mileage rate or actual expenses.

The paperwork. No matter which method you use, recordkeeping is a must. For actual expenses, you'll need to keep receipts, as well as a mileage log to document your business use. You'll also want to keep track of your basis in your vehicle to calculate the correct depreciation deduction.

Are You Making the Most of Your Vehicle Expense Deductions?

A detailed mileage log is necessary to claim the standard mileage rate. The standard mileage rate for 2017 is 53.5¢ per mile.

A detailed mileage log is necessary to claim the standard mileage rate. Complete the log at or near the time you use your vehicle for business purposes, and record the

time and place of the business travel, the purpose and the starting and ending odometer readings.

Commuting miles from home to work are not deductible under either method, even if you spend most of your time making business calls on your cell phone while you're driving. Once you are at work, business trips then become deductible.

The standard mileage rate for medical or moving purposes is 17¢ per mile while the charitable mileage rate remains 14¢.

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NOTABLE QUOTES

*When you expect the best you
release a magnetic force in your
mind which by a law of attraction
tends to bring the best to you.*

- NORMAN VINCENT PEALE

*If I had eight hours
to chop down a tree,
I'd spend six hours
sharpening my ax.*

- ABRAHAM LINCOLN

*I like things to happen.
And if they don't happen,
I like to make them happen.*

- WINSTON CHURCHILL

Here is a powerful
yet simple rule.
Always give people
more than they
expect to get.

- NELSON BOSWELL

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