



ALLOY SILVERSTEIN ACCOUNTANTS AND ADVISORS

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clientalert

summer 2021

Surprise! That bank deposit is the new child tax credit

The American Rescue Plan Act offers some welcome relief for parents. Taxpayers will receive \$3,600 for each child under age 6 and \$3,000 for children ages 6 to 17. Here are some additional details.

Monthly payments – Parents can choose to receive 50% in monthly installments from July to December 2021 and the other 50% as a credit on their 2021 taxes. This amounts to monthly payments of \$300 or \$250 per child expected to begin on July 15.

Income thresholds – The full credit will be available for single taxpayers with income up to \$75,000, heads of household making up to \$112,500 and married taxpayers earning \$150,000 or less. Those earning above these limits may still qualify for a reduced credit subject to additional income thresholds.

Fully refundable – Even low-income households who don't owe any taxes will receive the full benefit.

The credit will be based on 2021 income, but the IRS will use 2020 tax returns to begin issuing payments. If your 2020 earnings meet the income thresholds but you exceed them in 2021, you may need to pay back any advance payments you receive.♦

3 trends that make the case for outsourcing business accounting

Many business analysts are saying that the pandemic has changed the traditional workplace forever. This has owners rethinking their staffing needs. One option that's gaining more traction is outsourcing business accounting. The benefits: less overhead, higher productivity, more experienced and reliable talent, and internal fraud prevention. Let's look at some trends driving the outsourcing movement.

1. The new labor shortage

Since the pandemic, more than 3 million women have dropped out of the labor force and close to 3 million baby boomers are considering early retirement. Add to this a turnover tide fueled by workers who are disengaged and burned out. Plus, millions of workers have accumulated weeks of PTO and are ready to vacation. For sustained, professional support many employers are turning to outsourced providers.

2. Advanced accounting automation

With today's cloud-based

accounting software, business owners can tap into their financial data 24/7 while saving on replacing outdated hardware or software and on purchasing equipment for new staff.

3. The green movement

With your financial data available electronically, you can substantially reduce use of paper, toner, printers and copiers, decreasing your carbon footprint and costs.

Anytime, anywhere access to financial data, better talent and lower costs are compelling reasons to outsource business accounting. Alloy Silverstein's cloud-based services can be your solution.♦



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How to make the most of today's housing market

With interest rates low and the supply of housing limited, today's real estate market is stacked in favor of sellers. Whether you're looking to buy or ready to sell, here are some tips to make the most of your situation.

Buyers

Be flexible: With so many buyers in the market, it's essential that you are flexible on your offer and your move-in timing. Be prepared to make a bid over the asking price.

Get pre-qualified: Being able to demonstrate to a lender that you can afford the mortgage amount is key to locking up a deal.

Don't overlook 'stale' listings: While others concentrate on homes that just come on the market, you can focus on older listings. If you can overlook some of the flaws of these properties and you have an appetite for renovating, you might get your dream home at just the right price.

Sellers

Staging: Although it might be tempting to sell 'as is,' buyers who stage a home typically receive more offers, and between 1% - 5% more in dollar value.

Timing: Keep your home on the market for at least two weeks. Don't take the first offer just because it's your asking price or higher. Provide enough time for numerous buyers to see your property so you can choose the best offer and the right buyer.

Selectivity: Look for a low-risk buyer, preferably one who can offer cash and doesn't have to sell their home in order to buy yours. ♦

Why decluttering data is good for your bottom line

Business owners are more aware than ever of the need for accurate and timely data, yet keeping it that way is a major issue. In a recent survey by Experian, executives said that 25% of their company's information is inaccurate and this hurts the bottom line.

This is the perfect time to do some data "spring cleaning." One great place to start is with your accounting and financial records. If you are a small business owner, here are five questions to ask yourself.

Are you in the cloud? Being able to access your accounting records anytime, anywhere, and from any device lets you make immediate decisions with real-time data. It also allows instant collaboration with your accountant so that you can both see your finances at any moment.

A good cloud-based accounting system will allow you to store copies of invoices and contracts as attachments to transactions so you won't waste time searching for the backup in a different place.

Do your banking and credit card transactions automatically feed into your accounting system? Taking advantage of automated imports of transactions is a real time-saver and reduces human input error.

Are all the prior year adjusting journal entries posted? While preparing your tax return, your accountant will make some adjustments. If you are in the cloud, they will be able to easily post these adjustments directly to your system to align the correct opening balances and the prior-year amounts with your filed tax return.

Do you have any duplicate or unused accounts in your chart of accounts? These should be merged or marked as inactive so that no current transactions accidentally get posted to old accounts.

Are your reports detailed enough? Being able to produce reports by product line, location, division, or salesperson can help you make more informed decisions. Make sure your accounting system allows these

types of classifications and that you set everything up to take full advantage of the reporting features.

Getting organized and maintaining good data. Time spent searching for files is unproductive time, so decluttering your files can be a wise investment.

Unfortunately it's not as simple as deleting everything. Knowing what to purge, what to archive, and what to keep takes planning. Old records are important for backup, IRS audits, compliance, and can support future decision making. Here are some tips on how to get started with a data organization policy.

- Scan, file, and shred as soon as you are finished with a physical document.
- Create a company-wide standardized file naming policy for consistency and easier searches.
- Routinely delete stale data and archive old, but important files.
- Make sure you have data backups.
- Review Alloy Silverstein's Record Retention Guide on our website.

The summer is the perfect time to talk to your accountant about making small changes or converting to a more suitable system before we have to start thinking about taxes again. ♦

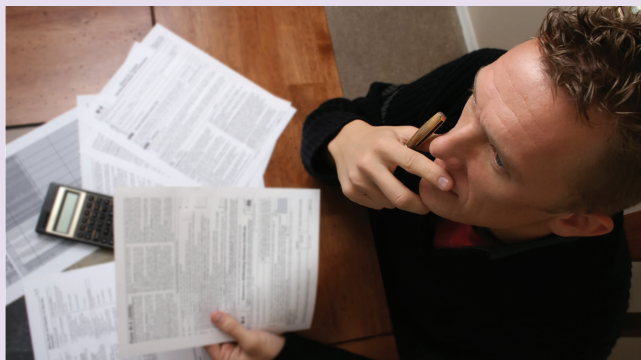


Think 2021 taxes right now

With your 2020 tax return filed, now is a good time to turn your attention to 2021 taxes and take action to keep more money in your pocket. Here are 4 strategies to consider.

Put an end to the surprises. This year, were you surprised with a huge tax bill or alternatively, a huge refund? If the answer is yes, you might want to adjust your W-4 withholding.

Max out your retirement accounts. You can set aside as much as \$19,500 of your earnings (\$26,000 if you are 50 or older) to an employer-sponsored retirement plan. The money in the plan will grow tax-free, and the contributions may



reduce your tax bill. Traditional IRA contributions also reduce your taxable income. The current contribution limit is \$6,000 (\$7,000 if you are 50 or older).

Benefit from your company's HSA and FSA accounts.

Contributions to an HSA are tax deductible and withdrawals for qualified healthcare expenses are tax-free. In 2021, you may be eligible to contribute up to \$3,600 for individual coverage or \$7,200 for family coverage. If you're 55 or older, you can contribute an extra \$1,000. Money you don't need to withdraw can be left until age 65, making an HSA a tax-advantaged retirement savings account.

With FSA accounts, the government allows you to divert your earnings pre-tax and use them to pay for healthcare or dependent care expenses. The difference is that you have to use the money by the end of the year or lose it.

Save for education. A 529 plan is one of the most popular options to set aside after-tax money to pay for qualified college and K - 12 expenses. The real advantage is that you avoid paying taxes on any earnings or interest in the plan.

Avoid unexpected tax bills with these money moves. For more ideas and advice on reducing taxes, talk to your Alloy Silverstein accountant or financial advisor. ♦

fraud alert

The text message that can empty your wallet

More packages are being dropped at homes and apartments than ever before and scammers have figured out a way to take advantage of the situation. They use "smishing," or sending SMS phishing texts—in this case about your delivery.

This thriving scam masquerades as a message from legitimate providers like Amazon, USPS or FedEx. The text usually includes a realistic looking tracking code and a link. Click on it and risk having your personal information stolen.

How can you separate the scams from real notifications? Here is key information from the major delivery services.

- USPS says they will not send customers text messages or emails without a customer first asking for the service. Texts sent in response to a customer request will not include a link.
- According to Amazon, "scam texts often say that there's a problem with your account, ask you for sensitive information like passwords, or state that you're owed a refund. We never ask for your password or personal information by text."

- FedEx warns about links to slightly altered website addresses like fedx.com or fed-ex.com, unexpected requests for money in return for delivery of a package, and claims that you have won a large sum of money.

If you receive one of these text messages don't click the link. If you have, do not provide the information requested. You can outsmart the criminals if you recognize the clues and stay vigilant. ♦



alloy happenings

- **Alloy Silverstein Accountants and Advisors**
-Proudly announces the promotion of **Chris Cicalese, CPA, MSTFP** to Associate Partner effective July 1, 2021.
- **Ren Cicalese, CPA, PFS, CGMA**
- Named to the ROI-NJ.com Power List of 2021 Top Influencers for Accounting, February 22.
-Featured on Executive Leaders Radio Show, March 5.
-Featured in the Invest South Jersey article "South Jersey: Where this 3,700 square miles of potential currently stands," April 7.
-Featured panelist in NJBiz article "Normal Days Accounting from Home," April 12
- **Kelly Raso, CPA**
Julie Strohlein, CPA
-Presented "2021 Tax Updates" to the Stockton University Small Business Development Center, February 26.
- **Julie Strohlein, CPA**
-Panelist for BCSJ's Webinar "Thriving in 2021: Everything You Need to Know about Banking, Business, and Tax Planning," March 19.
- **Chris Cicalese, CPA, MSTFP**
-Panelist for the NJCPA online tax Q&A, March 7.
-Featured in "If Possible, Hold Off on Filing Tax Returns If You Collected Unemployment in 2020" on New Jersey 101.5, March 16.
- **Angela Venti**
Loretta LaPorta, CPA
-Presented "Rescue Plan Rundown: Highlights of the Third COVID-19 Relief Bill" to Alloy Academy webinar attendees, March 22.
-Presented "Restaurant Pandemic Relief" in partnership with Samuels Seafood Co. to Alloy Academy webinar attendees, April 5.

Welcome

- **Lindsey Cowperthwait**, the new Relationship Manager at Abacus Payroll, Inc.
- **Bradley Dengler, CPA**, formerly employed at a Reading, PA firm.

Alloy Spotlight



This quarter, our spotlight is on **Lindsey Cowperthwait, Relationship Manager at Abacus Payroll, Inc.**, a division of The Alloy Silverstein Group.

Lindsey, who is responsible for business development, says she enjoys meeting business owners, learning about their companies and finding ways to help solve their payroll/HR problems. "My dad owned several businesses, so I understand the worries, the late nights, the challenges of taking care of your family while also growing an organization."

Abacus Payroll offers a complete payroll, HR, and workforce management solution for businesses of all sizes, delivered with a commitment to world-class client service.

"This is a people business. Our team knows who you are, they understand the nuances of your company and industry, and they are always looking out for you. They want to make sure you aren't left behind say, on credits you deserve, and they'll reach out about a tax issue you should be aware of."

"We really become partners to our clients, taking the burden of payroll, taxes and compliance off them so they can focus on running their businesses."

Lindsey brings with her more than 15 years of experience helping small business owners operate more efficiently. She works with business owners in a wide variety of industries, including banking, construction, restaurants, franchises, and union companies.

Caring and outgoing by nature, Lindsey donates blood to the American Red Cross regularly and encourages others to do so. "If you have a busy life like mine caring for small children, you can still take an hour and give back by giving blood. You literally can save a life."

Lindsey resides in Medford, NJ with her husband, Matt, and children, Nolan and Layla. When she's not connecting with business owners, she enjoys being outdoors, going to the lake and beach, riding bikes, and exploring with her family. ♦

PPP Loan Forgiveness

The original PPP loan program is now in forgiveness mode. According to the SBA, PPP loan forgiveness is no longer a taxable event. You can apply for forgiveness once all loan proceeds have been used and you must do so within 10 months after the last day of your business's covered period.

There are also new programs like the Shuttered Venue Operators and the Restaurant Revitalization Fund to help cover the cost of employees affected by the pandemic. Alloy Silverstein keeps our COVID-19 Resource Center updated with announcements and program changes. Visit www.AlloySilverstein.com/covid19. ♦



A community of empowered women driving change. Five of Alloy Silverstein's team members are proud, active members of Impact 100 South Jersey: Anne D'Amico, Kelly Raso, Kim Sheehan, Julie Strohlein (Treasurer), and Angela Venti (Secretary). For 2021, the collective-giving organization will be awarding \$200,000 in grants to local non-profit organizations.

something² consider

This is more important than what the stock markets are doing

by Ronald V. Donato, Jr., CFP®, MBA

This article is not going to be about any of the proposals coming out of Washington, the really poor jobs report on May 7th, or why the Phillies still need relief pitching after years of having the same problem. These are all small issues in comparison to the subject herein. This issue is how to proceed if your spouse passes away before you do. It is clear that you and your spouse need to have things in place before being in that most difficult circumstance, and below we list some considerations after that happens.

I have been in this business for many years and have helped clients prepare for and deal with something for which none of us is emotionally prepared; however, we can be financially ready. This checklist is not complete, as every circumstance is different, but it is intended to be a good starting point for you and your loved ones.

- If you do not have a Will already done for both of you, get one. Particularly if you have minor children and/or a significant estate, this is essential. You should know where the Will is located.
- I suggest that you consider speaking with an attorney for help in settling the estate, particularly if your spouse has died without a Will.
- The one thing that is a must is to get certified copies of the death certificate as soon as you can do so. The funeral home generally can do this for you.
 - You may also need to present your marriage certificate.
- If your deceased spouse has health insurance, life insurance, and any other plans through an employer, call the employer.
 - If the medical insurance is

through your spouse, then how long will it cover you if they pass?

- You or the funeral home will need to contact social security to get the changes made as needed. You will lose the lower payment amount.
- Know the life and other insurances your spouse has and call the insurance companies to file a claim.
- Call any credit card, utility, or other services that your spouse's name appeared on. You may also want to get a credit report so you don't miss anything. It is useful to tell them to note that the spouse is deceased and no new credit should be issued for them. Note that you may not be responsible for debt held only in your spouse's name, depending on your state of residence.
- If needed, change your emergency contacts and your own account beneficiaries.
- After your loved one passes, do not do anything in a rush. You should wait, let your emotions at least be less raw, and then discuss your ideas with someone who can be detached in their thinking. Rash decisions are many times the least effective. This may be the most important point of all.

In previous communications, we indicated that you should have all of your important information located in a Personal Financial Organizer, which is available on our website, www.asfinancialservices.com. Perhaps that is a good place to start! As always, call us if you wish to discuss this further. ♦

Alloy Silverstein joins two more accounting firm associations

Since 2008, Alloy Silverstein has been an active member of INPACT Americas. This relationship has given our CPAs and clients the resources and connections of a large international firm, while maintaining the personal attention of a regional firm.

The firm has added two more global alliances: Abacus Worldwide and the Professional Association of Small Business Accountants (PASBA).



ABACUS
WORLDWIDE



Abacus Worldwide is an international association of 110 independent accounting, consulting, and legal firms in 54 countries. Their purpose is to help like-minded, quality firms connect and grow in today's multifaceted, borderless business environment. PASBA allows nearly 200 accounting firm owners to collaborate on ways to run their practices effectively while maintaining high standards of client service and satisfaction.

With all three organizations, Alloy Silverstein now has access to the technical expertise and resources of over 460 CPA and law firms throughout the U.S. and across the globe. This network expansion aids our clients when it comes to multinational business operations, international tax concerns, expanding overseas, and always staying on top of industry news, trends, and best practices.

As your business expands, know we have colleagues and friends across the world. For more information on Abacus Worldwide and PASBA, visit the Strategic Affiliates page on our website. ♦



What the IRS is up to

Business meals 100% tax deductible

To help restaurants during the pandemic, a new law allows for 100% meal expense deductions for both 2021 and 2022. Business meals are defined as those where an owner or employee is present and a business discussion takes place.

The deductible meal must be purchased at a business that prepares and sells food or beverages for immediate consumption, not at a store. While entertainment expenses are not deductible, say tickets to a baseball game, food purchased there could qualify, as long as it's purchased separately.

Travel meals qualify as long as the travel is for business purposes and the taxpayer or employee of the taxpayer is present. ♦

Child/dependent care credit increased

The new American Rescue Plan Act provides a credit just for having children aged 17 or younger. It also increases the amount that can be applied to help pay for

daycare, after school programs and summer camp

Eligible taxpayers can claim qualifying child and dependent care expenses of up to \$8,000 for one qualifying child or dependent, or \$16,000 for two or more qualifying dependents.

Depending on your income, the amount of the credit can be up to 50%. This means that the maximum credit in 2021 is \$4,000 for one dependent, or \$8,000 for two or more dependents. ♦



Upcoming **tax** deadlines

June 15

– Second quarter 2021 individual estimated tax payments are due.

July 31

– Due date for filing 2020 retirement or employee benefit plan returns (5500 series) for calendar year plans.

September 15

– Third quarter 2021 individual estimated tax payments are due.
– Extension deadline for 2020 S-corporation and partnership returns. ♦

Follow us on social media



Stay up-to-date with the latest firm information and breaking tax and business news.

(We also appreciate reviews and recommendations!)

This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us. Information used is obtained from sources considered to be reliable.

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