



There's still time to reduce tax surprises

The earlier the better when it comes to adopting a strategy to reduce your taxes. But even if time is short, there are some last-minute tax cutters you might consider:

■ Adjust the timing of income.

If your income is high, postpone receipt of more income. For example, if you're due a bonus, see if your employer will hold off writing the check until January. If you own a cash-basis business, send your December billings at the end of the year.

■ Speed up deduction payments.

Close to the line on itemizing? Accelerate payment of deductible expenses such as state income or property taxes if your tax payments for the year don't already reach the \$10,000 SALT cap. Make an extra mortgage payment for more deductible interest.

■ Manage your retirement.

One of the best ways to reduce taxable income is with tax-beneficial retirement programs. Contribute the maximum to a deductible IRA, 401(k) or Keogh plan.

■ Consider credits and tax changes.

Take advantage of all available tax credits: Child Tax Credit, Dependent Care Credit, Premium Tax Credit, Adoption Credit, Elderly and Disabled Credit and Educational Credits. Be aware that the child and dependent care credits are lower this year. This is also the first year in the last two with no pandemic-related payments.

■ Be charitable.

You can make cash contributions or charge them on your credit card and take a current deduction. If you donate appreciated property, you'll get to deduct the full market value.

When you are ready, please call to discuss your situation and to set up a personalized tax plan. ♦

ALLOY SILVERSTEIN ACCOUNTANTS AND ADVISORS

900 North Kings Highway • Cherry Hill, New Jersey 08034 • 856.667.4100
165 North White Horse Pike • Hammonton, New Jersey 08037 • 609.561.1555
www.AlloySilverstein.com

clientalert

winter 2022

Interest rates rising? Review these 3 financial decisions

Interest rate revisions cause a ripple effect throughout the economy. Accordingly, the Federal Reserve's actions should have moderate influence over financial choices you make in 2023 and beyond.

Savings and debt

Savers stand to gain from rising interest rates because they will likely earn a better return on deposits. On the other hand, the cost of borrowing money will likely increase. Mortgages, car loans, and credit cards will demand higher interest rates. That's not a big deal if you're already locked into low-interest, fixed-rate loans. But if you have a variable rate loan or carry balances on your credit cards, you may find your monthly payments starting to increase.

Investments

On the investment front, different market sectors will have varied responses to interest rate changes. Sectors that are less dependent on discretionary income may be less affected – after all, you need to buy gas, clothes, and groceries regardless of interest rate changes.

Staying the course with a well-diversified retirement portfolio is still a prudent strategy. However, you may want to review your investment allocations.

Your Business

If your company's balance sheet has variable-rate debt, rising interest rates can affect your bottom line and possibly your plans for growth. As the cost of borrowing increases, taking out loans for new equipment or financing expansion with credit may become less desirable.

Please call if you have questions about deciding on the best response to the current and future changes in interest rates. ♦



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FRAUD



3 major charity scam red flags

By Chris Cicalese, CPA, MSTFP

This time of year, it's important to protect yourself from holiday-related cons.

If you're planning to make year-end donations, learn how to spot a charity scam. Here are a few big red flags:

- **Popup charities.** Natural disasters, epidemics and calamities of every type spawn an inordinate number of fake nonprofits. You can avoid these scams by donating to charities that you trust and those with a proven track record. If you're unsure, check out the organization with Charity Navigator, GuideStar or a similar watchdog group.
- **Evasive answers to fundraising questions.** If you receive a phone call asking for a donation, the caller should be upfront about who will be helped and the percentage of funds allocated to administration and marketing. Don't be afraid to ask direct questions and expect direct answers. If the fundraiser seems to hedge their responses or knows little about the supposed cause, consider a different charity. Beware of vague claims like "educating the public" or "promoting awareness."
- **Urgent email requests.** Websites made to mimic legitimate charities have conned many otherwise careful contributors. Emails asking for money on a deadline may originate from the computer of a scam artist. Never divulge your financial information via email. Call the charity directly. Ask for written information. When in doubt, check it out.

Many legitimate charitable organizations are seeking your aid to address genuine hardships. Avoid the schemes of unethical scammers, and your donations will provide help where it's needed most.

If you think you've been contacted by a bogus organization, you can file a complaint with the Federal Trade Commission. ♦

5 numbers that'll make or break your business



By Janine Kiriluk, Director of Small Business Services

No matter the type of business you're running, monitoring key indicators is important to keep it growing and prosperous. Neglecting them can lead to corrective actions that might be too little, too late. Here are some numbers to keep an eye on:

1. Orders and returns.

Are you selling more units over time? To find out, look at your sales figures by units. Tracking revenue alone may present a false picture. After all, revenue may be growing because you are raising prices. If unit sales are declining, you might be losing market share.

2. Breakeven point.

You need to know if you're selling enough products or providing enough services to cover your other expenses. If you're dipping into reserves to cover revenue shortfalls, adjustments may be required.

3. Liquidity.

Every month your accountant or bookkeeper should ensure your general ledger agrees with the bank's records of deposits and withdrawals. If a company is losing

cash the bank statements should tell the story.

4. Inventory.

Controlling the product on your retail shelves and accumulating in your warehouse is often a key to profitability. Buying too many items may lead to excessive storage costs and high waste. Remember, every dollar in inventory is a dollar you don't have available as cash.

5. Payroll.

Staff size should be commensurate with revenues. Medium-sized businesses especially can find that labor expenses grow too rapidly. A decline in orders may signal a need to reduce payroll costs. Divide your sales by the number of equivalent full-time employees. Then compare this figure over time. Revenue per employee should be growing!

A business key performance indicator (KPI) dashboard can help you compare your business's vital numbers over time, identify changing conditions and adapt. If you would like to discuss a dashboard for your business, speak to an Alloy Silverstein CPA and Advisor. ♦



New electric vehicle and energy tax credits



By Ren Cicalese III,
CPA, MST

Planning to reduce your carbon footprint? Tax incentives for purchasing clean (electric) vehicles and installing high-efficiency home improvements have been extended and updated.



Clean Vehicle Credit and New Limitations

As part of the Inflation Reduction Act of 2022, new tax credit amounts were introduced for the purchase of both new and used vehicles, as well as eligibility caps based on MSRP, manufacturing restrictions, and the taxpayer's adjusted gross income.

Energy Efficient Home Improvement Credit

Beginning in 2023, many energy-efficient improvements qualify for a tax credit of up to \$1,200 annually. For residential energy property such as heat pumps, heat pump water heaters, central air conditioners, wood stoves, and certain gas or oil furnaces and boilers, the credit may be as high as \$2,000.

More details are coming about how to obtain these credits, so before making any energy-related purchase decisions, view the full infographic and video on our website or reach out to an Alloy Silverstein advisor. ♦

THE CLEAN VEHICLE CREDIT

New Federal Tax Credit for 2023 through 2032

- Up to \$7,500 for purchase of a **new** clean vehicle.
- Up to \$4,000 for purchase of a **used** clean vehicle.

Qualified Vehicle Price Limits

Clean vehicle type	Retail price cap
New SUV, van or pickup truck	\$80,000
New car	\$55,000
Used car	\$25,000

Application of the Clean Vehicle Credit

- Beginning in 2024, taxpayers can elect to apply the credit up-front at the dealer or as a credit on the income tax return.

Eligibility Income Thresholds

New car AGI limit	Used car AGI limit
\$150,000 for single filers	\$75,000 for single filers
\$225,000 for HOH	\$112,500 for HOH
\$300,000 if married	\$150,000 if married

Manufacturing and Production Hurdles

- "New" clean vehicles are those assembled in North America after August 16, 2022.
- As of 2023, a set percentage of battery components and source materials must be recycled, mined, or manufactured in the U.S.
- The manufacturer's production threshold of 200,000 vehicles is eliminated as a disqualifier as of 2023.

business alert

State-mandated retirement plans: default or customize?

Many states, including New Jersey, are passing legislation that requires businesses to offer some type of retirement savings program.

Signed into law in 2019, the New Jersey Secure Choice Savings Program will automatically enroll companies with over 25 employees in a state-protected IRA unless they opt out. While the exact date was delayed by the pandemic and is still unknown, it's important to begin preparations.

Don't be limited by a state-run plan

Being enrolled in NJ's Auto-IRA has limitations:

- Investments will be managed by the government.
- Plans are not customized for your specific business.
- Employers cannot match contributions.
- Participants have limited investment options and cannot borrow from their savings.

In contrast, private plans allow for potential employer tax credits, much higher contribution limits, control and flexibility.

Benefits of a custom plan

Retirement plans are crucial to the employee benefits package. The right plan can differentiate your business

and contribute positively to your culture, all while providing tax benefits and improving financial wellness.

1. Attracting and rewarding employees.

The biggest headache for many small businesses in 2022 has been recruiting and retaining employees. If your business offers a bare minimum 401(k) plan, it's not doing you any favors if you are competing for new talent or rewarding loyal employees.

2. No "one-size-fits-all" approach.

No two small businesses are alike, so why should your retirement plans be? A financial advisor can help you identify plan goals, navigate options specific to your workforce, implement custom retirement solutions, and regularly check in on your plan's progress.

3. Reduced administrative burden.

Employers in a state-run program may have more manual duties when it comes to registering and enrolling employees, managing deferrals and opt-outs, synchronizing with payroll, and more. Rely on financial and payroll professionals who will help keep you compliant with the state requirements.

Alloy Silverstein Financial Services, Inc. can guide you on the options before you become locked in a state program that doesn't fit the needs of your business. ♦



- **Alloy Silverstein Accountants and Advisors**
 - Named "Best of Biz in Accounting" by *South Jersey Biz*, August 2022.
 - Pledged \$11,383 for the firm's annual Employee Campaign for United Way of Philadelphia and Southern New Jersey Employee Campaign.
- **Ren Cicalese III, CPA, MST**
 - Appointed President of the NJCPA Southwest Jersey Chapter.
 - Presented on Alloy Silverstein's The Business of Cannabis in South Jersey virtual panel, October 6.
 - Interviewed on NJ 101.5FM discussing marijuana taxation in New Jersey, October 12.
- **Julie Strohlein, CPA**
 - Presented on CPA Career Awareness to students at Burlington Township High School, October 28.
- **Chris Cicalese, CPA, MSTFP**
 - Authored the feature article "Adapt and Prosper: The Future for Accounting Firms" in the Summer 2022 issue of *New Jersey CPA Magazine*.
 - Featured in the article "How to go easier on staff during busy season" in the *Journal of Accountancy*, October 2022.
- **Kelly Raso, CPA**
 - Featured in the article "5 Financial Strategies for Uncertain Times" in *New Jersey Business Magazine*, August 2022.
- **Janine Kiriluk**
 - Led a fundraising team for the Walk to End Alzheimer's event in Philadelphia, November 12.
- **Angela Venti**
 - Appointed President of Businesses Committed to South Jersey (BCSJ).

Congratulations

- **Robert Gargone, CPA**, celebrating his fiftieth anniversary with the firm.
- **Chris Cicalese, CPA, MSTFP**, celebrating his fifteenth anniversary with the firm.
- **Donna Gerber**, celebrating her fifteenth anniversary with the firm.
- **Cheryl Valdez**, celebrating her fifth anniversary with the firm.

Alloy Spotlight



This quarter our spotlight is on **Matt Rosenthal**, a Senior Accountant for Alloy Silverstein. Matt joined the firm in 2018, contributing to his 10 years of accounting experience. He received his B.S. in Accounting from Pennsylvania State University in 2011 and is currently pursuing the CPA exam.

Matt is a member of the NJCPA and Alloy Silverstein's internal Accounting & Auditing Committee. At the firm, he is responsible for tax work, including preparing individual and business tax returns, tax planning, and projections along with working on various review and compilation engagements. Working with small to medium sized businesses, Matt is developing a specialty in the legal, professional services, and real estate industries.

His favorite part of his job is getting to help clients with the numbers-side of their business. Being able to support business owners with this "function" of their business allows them to focus on their expertise and passion. Matt enjoys working at Alloy Silverstein because of the firm's community involvement and family-oriented atmosphere. He says that Alloy Silverstein allows you to gain experience in multiple areas of accounting and the ability to learn a lot from other experienced CPAs.

Matt resides in Voorhees, New Jersey with his cat, Max. He enjoys golf and watching Philadelphia sports teams like the Eagles, Phillies, and 76ers. ♦



Cannabis Update

On October 6, Alloy Silverstein hosted a virtual panel of cannabis industry experts to discuss the past, present, and future of cannabis business opportunities in South Jersey. The esteemed panel included:

- **Krista G. Nash**, Commissioner at the NJ Cannabis Regulatory Commission
- **Ren Cicalese III, CPA, MST**, Associate Partner at Alloy Silverstein
- **Ed DeVeaux**, President of the NJ CannaBusiness Association
- **Faye Coleman**, Founder and CEO at Pure Genesis LLC
- **Hugh Giordano**, Labor Union Representative at UFCW Local 360
- **Max Meade**, Cannabis Insurance Advisor at Brown & Brown Insurance
- **Ellie Siegel, Esq.**, Founder and CEO at Longview Strategic LLC

Miss the event, but still want to have a pulse on South Jersey's newest industry? Visit our website's **Resource Center** for a published Q&A and to view the full panel recording.

Join the Alloy Silverstein Group!

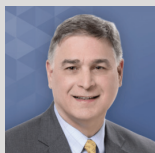
We are growing and hiring! Visit AlloySilverstein.com/careers to apply for our current open positions:

- Staff and Senior Accountant
- Attest Audit Senior
- Bookkeeper
- Administrative Assistant
- Part-Time Payroll Tax Specialist

Externship Day 2023

Do you know an aspiring accountant who's still in school? Students are welcome to attend our virtual Externship Day event on January 10, 2023 from 10am-1pm to learn about a career in public accounting. Apply at AlloySilverstein.com/externship.

something ² consider



By Ronald V. Donato, Jr.,
CFP®, MBA

Are you sitting on solid ground?

Have you ever heard about the three-legged stool? In the planning world it generally has meant that you would have three parts to your retirement: social security payments, private pensions and/or annuity income, and investments. Let's examine these pieces of the retirement perch.

Social Security

There is little doubt that Social Security benefits do not provide sufficient income to fund all of a retiree's income needs. Consider the recent announcement of an historic 8.7% cost-of-living adjustment in 2023 (which is only a confirmation of the massive inflation that is hurting those on fixed income). This sounds great, but Social Security replaces only about 40% of preretirement income, on average. Most retirees will need to replace 70% or more to maintain their standard of living in retirement. If you "only" consider housing, food, transportation, and healthcare, then social security does cover about 68% based on the Elder Index analysis for a single renter. "What we see is that the typical Social Security benefit falls short by about \$1,000 a month of what a senior really needs to achieve basic economic security," says Ramsey Alwin, CEO of the National Council on Aging. For those who earned less during their working years, the shortfall is greater. The chances of more being provided is rather slim given what we know about Social Security's financial condition.

Pensions and annuity income

The private sector has largely phased out defined benefit pensions, so not many of your neighbors who are not public

employees will have this benefit. Although annuity products have become much more consumer-friendly, to utilize these one must begin to invest early in your career and/or have saved enough to purchase an annuity that will sufficiently complement your other sources of income.

Investments

Many people have some level of savings and investments to meet basic expenses; but may be caught short if they need to cover a major, unexpected financial expense, such as a large medical bill, a long-term care need, or a major home repair. Savings many times consist of a combination of retirement accounts and non-retirement accounts. According to Federal Reserve data, only about half of all workers have any kind of retirement benefit, such as 401k plans; and for those with a plan, the median 401(k)/IRA balance in 2019 for households getting close to retirement (55-64) was \$144,000. If you didn't have a retirement plan or job, then of course the number is much lower.

How can I secure my seat?

If you are younger (or older) than 55 and haven't started to save, then start now if possible! If you are already retired, then focus on how to pay for necessities first, and then if you have the assets, consider how to create your own "pension" through dividend paying stocks, annuities, bonds, and/or CD's. If you are living in a house that is really too big for your needs, then take a look at how you can leverage that to provide a new place to rent or buy, and maybe even a place that provides healthcare when needed. ♦

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ACCOUNTANTS AND ADVISORS
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TAX PLANNING GUIDE 2022-2023

Our Annual Tax Planning Guide is now available. View our Tax Guide Online at AlloySilverstein.com/planning-guides.

Holiday Office Schedule

Offices closed:
Friday, December 23
Monday, December 26
Monday, January 2

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!)

Tax Season Office Schedule

Effective February 1 through April 18,
we will have extended office hours and
our CPAs will be available to you by
email, phone, and virtual meetings.



Thank you for giving us the opportunity to serve you. We appreciate your trust, your loyalty, and the confidence you have placed in us, and we value your business.

Like Alloy Silverstein's Page on Facebook

Connect with Alloy Silverstein on LinkedIn

Follow @AlloyCPAs & @RenCicalese on Twitter

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What the IRS is up to

Retirement contributions get a boost

The amount that individuals can contribute in 2023 to a 401(k) or similar workplace retirement plan has been adjusted to \$22,500, up from \$20,500 in 2021. If you're 50 or older, the 401(k) catch-up contribution limit has also increased to \$7,500, up from \$6,500. Traditional IRA annual contribution limits increased to \$6,500, up from \$6,000. The income ranges for determining eligibility to make deductible contributions to traditional IRAs, Roth IRAs, and to claim the Saver's Credit all increased for 2023.

New Jersey minimum wage increase

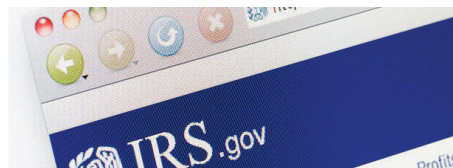
Beginning on January 1, 2023, New Jersey's minimum wage increases to \$14.13/hour. However, for small businesses with less than 6 employees and for seasonal employees (May 1 to September 30), the minimum is \$12.93/hour.

End of year deadline for NJ ANCHOR program

This program provides property tax relief to many New Jersey residents. If you owned your principal residence on October 1, 2019, you can receive up to \$1,500 in relief depending on your income. Renters with incomes up to \$150,000 can receive \$450. With applications originally due by the end of this year, the deadline has been extended to January 31, 2023.

Improperly forgiven Paycheck Protection Program loans are taxable

Federal investigators are uncovering billions of dollars in fraud tied to the programs like PPP. Taxpayers whose PPP loans were forgiven based on misrepresentations or omissions need to include the proceeds forgiven based upon false or missing information in their income. ♦



Upcoming tax deadlines

January 17

– Due date for fourth installment of 2022 individual estimated tax. Consult with your CPA if any payments should be made before 12/31.

January 31

– Due date for employers to provide W-2 statements to employees and file Forms W-2 with the SSA.
– Due date for payers to provide Form 1099-NEC to recipients and to the IRS.
– Employers must file 2022 federal unemployment tax returns and pay any tax due.

February 28

– Payers must file most 1099 Forms (-MISC, -DIV, -K, etc.), 1095-B, and 1095-C with the IRS (March 31 if filing electronically).

March 1

– Farmers and fishermen who did not make 2022 estimated tax payments must file 2022 tax returns and pay taxes in full to avoid a penalty.

March 2

– Due date for employers to furnish Form 1095-B and 1095-C to employees.

March 15

– Deadline to file partnership and calendar year S-corp returns.

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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