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Save Those Receipts! Don't Forget Documentation in These 6 Areas

When it comes to taking qualified deductions on your tax return, having proper documentation to prove your expenditure is a must. Here are some typical areas where taxpayers often fall short, costing them plenty during tax filing season and during IRS audits:

- 1. Cash donations to charity.** Donations of cash need to be supported by a canceled check or a receipt from the organization. Donations of \$250 or more **MUST** have written acknowledgment from the charity at the time of the donation.
- 2. Non-cash contributions.** To prove the value of non-cash donations, additional support is required. Create a detailed list of items donated, their condition, and estimated fair market value.
- 3. Investment purchases and sales.** If you bought or sold an investment, you need to know the original cost. Today's regulations require brokers to report the cost of sales to the IRS, but many of these historical costs are reported incorrectly.
- 4. Copies of divorce decrees, alimony, and child support agreements.** There are often conflicts between two taxpayers regarding who is claiming a child on their tax return. Do you have the necessary proof to defend your position? The same is true with alimony and child support.

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Cash in on 0% Capital Gains Tax Rate

- While the maximum capital gains tax rate can be as high as 23.8%, many pay 15%. But there is the possibility to have your capital gains go tax-free – yes, 0%!
- You incur long-term gain if you sell stocks, bonds, or real estate you've owned longer than a year. For 2023, the 0% rate applies to single taxpayers with taxable income up to \$44,625 or married filing joint up to \$89,250.
- The brackets refer to taxable income, which is after subtracting the standard deduction. For example, if a married couple earns \$116,950 in 2023, their taxable income will equal \$89,250 and any long-term capital gains in that total would qualify for the 0% rate.
- In a year in which you expect lower income, whether due to job loss, retirement, or other situations, you may be able to harvest some long-term capital gains for free. Keep in mind that other factors, such as the taxability of Social Security Benefits often come into play. Give us a call to review your situation.

A Silver Lining: Better Savings Rates



A silver lining to continued interest rate hikes by the Federal Reserve is being able to earn more interest on cash

stashed in your savings accounts. How much interest, exactly, depends on where you do your banking. Consider these tips to earn the highest interest:

- **Earn a bank bonus.** Some banks offer a bonus if you meet specific requirements, such as depositing a minimum amount or setting up direct deposit.
- **Look beyond your local bank.** If you want to earn enough interest on your savings to keep up with inflation, look to a range of online banks offering much higher interest rates.
- **Verify rates.** Be sure to check with your existing bank to make sure they are giving you their best, advertised rates.
- **Watch out for fees.** Take note that many of the best bank accounts with great rates don't charge monthly maintenance fees or any hidden fees. Don't forget to read the fine print!
- **Stability is important.** When making a banking move, double check to ensure your deposits are FDIC insured.

Today's interest rates can be a boon for your finances. Shop around for a new bank and look for ways to get ahead. The time and effort you spend will be worth it in the end!

Five Ways to Protect Your Finances from Fraud

by Janine Kiriluk, Director of Small Business Services



With fraud on the rise, it's important to understand how to best protect yourself and your financial accounts. Here are five ways you can stay proactive to avoid fraudulent credit card and bank charges.

1. **Don't click on links or respond to messages from anyone you do not know.** They can load spyware and malware on your device without you knowing it.
2. **Never transfer money based on an email that was received.** You should always get verbal confirmation before transferring money.
3. **Do not send your username and password through email.** Email is not a secure way to send any financial information or credentials. Again, a phone call is the safest way and you should initiate all calls where sensitive information is given.
4. **Monitor your bank and credit card accounts at least once a week.** Fraud does not always happen in a big or fast way. Many times, fraudsters will make small purchases or withdrawals to see if you are paying attention before making a large withdrawal.
5. **Finally, trust your gut.** It's always better to be safe than sorry!

Another great way to monitor your financial accounts to prevent fraud is by working with a team of bookkeepers whose main job is to maintain and keep your books. If you have questions regarding the best ways to protect yourself from fraud, reach out to our team today!

Holiday Office Hours

Please note that our offices will be closed on the following dates:

Monday, December 25

Tuesday, December 26

Monday, January 1



Happy holidays! We are grateful for your trust, loyalty, and the opportunity to serve you.

Kick Start Your Tax Planning for 2024

It's never too early to start planning for 2024! Planning ahead can put more cash in your pocket instead of overpaying the IRS. Avoid the last-minute tax panic and set yourself up for success with these tax savings tips.

- **Take advantage of your company's Health Savings Account (HSA).** With tax-deductible contributions and tax-free withdrawals for qualified healthcare expenses, HSAs can help you save money on taxes. HSAs can also be used as a retirement savings account since money you don't need can be left until age 65.
- **Contribute to retirement accounts.** If you have yet to retire, contributing to a 401(k), IRA, and other retirement plans can help lower your 2024 taxable income. Max out employer contributions first, followed by any additional funds into IRAs. In 2024, you could set aside up to \$23,000 of your compensation (\$30,500 if you are 50 or older). The limit on IRA contributions is \$7,000 (\$8,000 if you are 50 or older).
- **Gift it away.** Currently, you can gift up to \$17,000 (2023) or \$18,000 (2024) to as many people as you want without paying gift taxes. This includes gifts of cash, property, or investments. Choose the split gift election and you and your spouse can give away as much as \$34,000 (2023) or \$36,000 (2024) annually to each person.



- **Support your favorite causes.** Make a donation of money or goods to a tax-exempt organization, such as a charity. You'll need to keep a record of your gift and you may need an appraisal to determine the value of some property.
- **Get organized!** The new year is the perfect time to organize your records. Prepare now to avoid missing information such as stock purchases and sales when tax time rolls around.

When you are ready to get started, please contact us to discuss your specific situation and to set up a personalized tax plan.



2023-24 Tax Planning Guide

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

Tax Season Office Hours

Effective February 1 through April 15, we will have extended office hours and our CPAs will be available to you by email, phone, and virtual meetings.

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.

Alloy Happenings

Ren Cicalese, CPA, PFS, CGMA

- Named a 2023 Executive of the Year by *South Jersey Biz*.

Angela Venti

- Participated as a guest speaker on The Coop Tank podcast and Business Roundtable, October 12.

Janine Kiriluk

- Led a fundraising team for the Walk to End Alzheimer's in Philadelphia, November 11.

Chris Cicalese, CPA, MSTFP, Adrienne Dell'Olio, Janine Kiriluk, Julie Strohlein, CPA

- Represented the firm at fall career fair events held at Rutgers-Camden, Rowan University, and Stockton University.

Abacus Payroll, Inc.

- Announces a redesigned website experience. Visit the new website at AbacusPay.com.

Congratulations

- **Chris Cicalese, CPA, MSTFP** and his wife Amy, on the birth of their daughter, Sienna Rose, November 7.
- **Gautam Bhimani** on successfully completing the CPA examination.
- **Anne D'Amico, CPA/PFS**, celebrating her thirty-fifth anniversary with the firm.
- **Kristina Dovico**, celebrating her fifth anniversary with Abacus Payroll.
- **Matt Rosenthal**, celebrating his fifth anniversary with the firm.



Project Backpack: Alloy Silverstein proudly hosted a school supply collection drive to benefit Center for Family Services. Thank you to all our team members, clients, and friends who dropped off donations.



Volunteer Day: Throughout the summer, Alloy Silverstein's team members have taken paid "Alloy Cares" days to volunteer in-person at local organizations. On August 16, the firm came together for our 2023 Volunteer Day to lend a helping hand and paint the hallways at Holy Cross Preparatory Academy in Delran, NJ.



Alloy Spotlight

Sara Andrescavage, Payroll Specialist

Sara Andrescavage joined the Abacus Payroll team this past May, bringing over five years of payroll and Human Resources experience to her role as a Payroll Specialist.

Sara received her bachelor's degree in Business Administration and Human Resources Management from Rowan University and is currently pursuing her MBA with a concentration in HRM from Wilmington University. She is an active member in the Society of Human Resources Management (SHRM).

Sara's areas of expertise include the day-to-day functions of HR, recruitment, onboarding, training and development, labor relations, and more. She strives for accuracy, timeliness, and improving efficiency when working with small businesses.

What do you love most about your job?

"I really enjoy the payroll aspect of my job. Throughout my time here, I have gradually learned about each of the clients we have, and the different steps needed to process their payrolls."

A resident of Hammonton, NJ, Sara lives with her husband and their cat, Stogie. She enjoys spending time with friends and family.

Learn more about Sara and the Abacus Payroll team on the brand new AbacusPay.com.



Something 2 Consider

Social Security - Can My Payments be Reduced?

by Ronald V. Donato, Jr., CFP®, MBA

Did you know that your social security benefits can be reduced? They can be under two circumstances: Early Retirement Reduction and the Earnings Limitation Test.

If you begin to receive payments at your Full Retirement Age (FRA), you can get the full amount of your Social Security Benefit. For anyone born in 1960 or later, FRA is 67. For those born in 1959, FRA is 66 and 10 months; for those born in 1958, FRA is 66 and 8 months; and for those born in 1957, FRA is 66 and 6 months. Anyone born in 1956 or earlier has already passed their FRA.

However, if you choose to take your **Social Security benefit before your FRA, your benefit is permanently reduced!** For example, if your FRA is 67 and you start taking benefits at age 62, the overall reduction is 30%. This is the Early Retirement Reduction.

You may take your benefit as early as age 62, but if you start taking benefits before the year after you reach your FRA, you will be subject to a reduction in your benefits if you have earnings above a certain limit. This is the Earnings Limitation Test. For 2023, that limit is \$21,240; for 2024, that limit is \$22,320. In the year you hit FRA, the reduction is one-third of the amount of earnings above the limit. For 2023, that limit is \$56,520; for 2024, that limit is \$59,520. The calculation is not covered here, but should be fully explored before making any decisions.

There is also a special rule that applies if you retire before FRA. In the year of retirement, you can get a

full Social Security check for any whole month you are retired even if the Earnings Limitation Test would have applied. For purposes of this rule, someone younger than FRA is considered retired if they earn less than \$1,770 per month in 2023.

It is important to note that the **Early Retirement Reduction is a permanent reduction**. However, benefits lost from the **Earnings Limitation Test begin to be restored starting at FRA**. The monthly benefit is recomputed actuarially to reflect the number of months you received less than a full benefit as a result of the ELT. You still do receive the lower Early Retirement Reduction on this piece of the benefit as well.

Conversely, if you retire between FRA and age 70, you earn a **delayed retirement credit equal to 8%** times the number of years past your FRA. For example, if your FRA

is 67 and you begin receiving benefits at age 70, your benefits are increased by 24%. This is a permanent increase in your benefit, and it is in addition to any cost-of-living adjustments.

Of course, when to collect your Social Security payment depends on each individual situation, ignoring disability (which could allow you to collect benefits earlier). Again, exactly when to collect and the relevant tax consequences depends on your personal financial plan. Please let us know if we may be of assistance.



Documentation cont. from cover

5. Copies of financial transactions. Keep copies of documents from any major financial transaction. This includes real estate settlement statements, refinancing documents, and any records of major purchases.

6. Mileage documentation. Tracking deductible miles is one of the most commonly overlooked documentation requirements. Properly recording charitable, medical, and business miles is essential to defending your deduction.

If you have questions about which documents to keep, visit www.alloysilverstein.com/publications to download Alloy Silverstein's Record Retention Guide for individuals and businesses.



Winter Tax Deadlines

January 16, 2024

- Due date for 4th installment of 2023 individual estimated tax. Consult with your CPA if any payments should be made before 12/31.

January 31, 2024

- 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 IRS.
- Employers must file 2023 federal unemployment tax returns and pay any tax due.

February 28, 2024

- Payers must file most 1099 Forms (-MISC, -DIV, -K, etc.), 1095-B, and 1095-C with the IRS (April 1 if filing electronically).

March 1, 2024

- Farmers and fishermen who did not make 2023 estimated tax payments must file 2023 tax returns and pay taxes in full to avoid a penalty.

March 4, 2024

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



What the IRS is Up to

New Mandatory Business Reporting for the U.S. Treasury's FinCEN Department

Beginning in 2024, businesses have a new reporting requirement as part of the Corporate Transparency Act. Domestic and foreign corporations, LLCs, and other entities must provide identifying information in a Beneficial Ownership Information (BOI) report and file with FinCEN. Existing businesses created before January 1 have until January 1, 2025 to file an initial BOI report, while new businesses created after January 1 will have 30 days to file an initial BOI report. Visit our website for more comprehensive details and exclusions.

ERC Processing Suspended

In September, the IRS implemented an immediate moratorium on processing new claims for the Employee Retention Tax Credit (ERC) through at least the end of the year. This is in effort to protect small business owners from an increase in ERC scams. Claims filed prior to the moratorium will continue to be processed, though may be delayed due to stricter compliance reviews. The IRS has shared steps if a business owner wishes to withdraw a claim, especially if the business is concerned about an ineligible claim.

IRS Announces 4th Quarter Interest Rates, 2024 Social Security Increases

The IRS announced increased interest rates for the 4Q 2023. For individuals, the rate for overpayments and underpayments will be 8% per year, compounded daily. The main rate for corporations rises to 7%. For 2024, the potential maximum income subject to Social Security taxes is increasing to \$168,600, up \$8,400 from 2023. For retired workers receiving Social Security retirement benefits, the estimated average monthly benefit will be \$1,907 per month in 2024, an average monthly increase of \$80.