5525 Green Bay Road
Kenosha, WI 53144-3737

PPG PARTNERS, L.L.C.
Certified Public Accountants and Consultants

Telephone: 262/657-2060
Fax: 262/657-2080
www.ppgpartners.net

BUSINESS AND TAX PLANNING IDEAS & TIPS — FEBRUARY 2015

# Phishing Remains on the IRS "Dirty Dozen" List of Tax Scams for 2015

(Irs.gov) The Internal Revenue Service has warned taxpayers to watch out for fake emails or websites looking to steal personal information. These "phishing" schemes continue to be on the annual IRS list of "Dirty Dozen" tax scams for the 2015 filing season.

"The IRS won't send you an email about a bill or refund out of the blue. Don't click on one claiming to be from the IRS that takes you by surprise," said IRS Commissioner John Koskinen. "I urge taxpayers to be wary of clicking on strange emails and websites. They may be scams to steal your personal information."

Compiled annually, the "Dirty Dozen" lists a variety of common scams that taxpayers may encounter anytime but many of these schemes peak during filing season. Illegal scams can lead to significant penalties and interest and possible criminal prosecution. IRS Criminal Investigation works closely with the Department of Justice (DOJ) to shutdown scams and prosecute the criminals behind them.

**Stop and Think before Clicking**

Phishing is a scam typically carried out with the help of unsolicited email or a fake website that poses as a legitimate site to lure in potential victims and prompt them to provide valuable personal and financial information. Armed with this information, a criminal can commit identity theft or financial theft.

If you receive an unsolicited email that appears to be from either the IRS or an organization closely linked to the IRS, such as the Electronic Federal Tax Payment System (EFTPS), report it by sending it to phishing@irs.gov.

It is important to keep in mind the IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.

# Free IRS2Go App Allows You to Check the Status of Your Tax Return

(Irs.gov) If you have a smart phone, the IRS has a free app that might be useful to you. With "IRS2Go" you can easily check your refund status. Simply enter your Social Security number into the app, which will be masked and encrypted for security purposes, then select your filing status and enter the amount of your anticipated refund from your 2014 tax return. A status tracker allows you to see where your tax return is in the process. If you filed your return electronically (with the exception of special cases, all tax returns done by PPG Partners are filed electronically), you can check your refund status within 24 hours after the IRS receives your return. If you filed a paper tax return, you will need to wait about four weeks to check your refund status because it takes longer to process a paper return.

The IRS2Go app also allows you to request your tax return or account transcript. It will then be mailed to you within several business days.

If you have an Apple iPhone, iPad, or iPod Touch, you can download the IRS2Go app by visiting the iTunes app store. If you have an Android device, you can visit Google Play to download the IRS2Go app.

# The 5 Biggest Retirement Planning Mistakes You Can Avoid

(Forbes.com) There are some common, yet avoidable mistakes that prevent many people from retiring "on time." But with some planning, you can steer clear of the mistakes that could derail your retirement.

**Retirement Planning Mistake #1: Living Too Large**

The first question you should ask yourself is, "how much income do I need to maintain my current lifestyle in retirement?" For the vast majority the answer is, "I don't know," or you've made an inaccurate assumption. If the assumption is too high, the goal of retirement may seem absolutely unattainable, and the entire planning process is discouraging. If the assumption is too low, which is most often the case, the retiree could run into a difficult financial situation later in life and have to make drastic, unwanted changes. The general rule of thumb is to figure that you will need approximately 80% of your current annual income in retirement. I have to say that I'm not a fan of this generality. However, most people do underestimate how much money they will need in retirement.

Keep in mind that retirees spend more on travel, entertainment and eating out especially earlier on in retirement when they have the time and good health to enjoy those activities. In their later years, health care cost can escalate.

**Retirement Planning Mistake #2: Disregarding Higher Health Care Costs**

One of the most overlooked areas of retirement planning is estimating what health care costs could be in retirement, and including this in the calculation of income needs. Fidelity estimated that a 65-year-old married couple that retired in 2012 will incur an average of $240,000 in healthcare costs alone in retirement. By overlooking this large potential outlay, retirees could feel strapped for cash in their most vulnerable years.

Often, people assume Medicare will cover these expenses in retirement but this simply is not true. Medicare costs to retirees are rising each year so it's important to know what to expect.

**Retirement Planning Mistake #3: No Long-Term Care Plan**

Anyone who has cared for an aging parent knows first-hand the toll it can take on their loved ones and their savings. Both the time and money needed to provide quality care can be staggering. According to the US Department of Health, 70% of people over 65 will require care at some point in their lives. Given that 50% of claims last more than one year and medical costs are projected to continue rising faster than inflation, these costs adds up quickly. It's important to know your long-term care options and how you plan to pay for these future expenses if you need to.

**Retirement Planning Mistake #4: Not Saving Enough Then and Now**

Don't wait to start saving for retirement. The sooner you get started, the greater your chance of reaching your retirement goal because compound interest can work its magic. To quote Einstein, "Compound interest is the eighth wonder of the world. He who understands it, earns it … he who doesn't … pays it."

So here's how the math works: To have $1 million at age 65, a 25-year-old needs to save $345 per month for 20 years then never save another cent, assuming the investments earn 8% per year over those 40 years. A 45-year-old would need to save $1,698 per month for the next 20 years to reach the same goal. Those savings goals may be out of reach for both the younger and older person. The key is to make saving for retirement a priority and start saving some amount each month.

**Retirement Planning Mistake #5: Not Updating Your Retirement Plan**

Markets rise and fall, as do levels of income and expenses, so it is important that your retirement plan be revisited every few years to take this into account. If your last retirement plan was done five years ago, prior to your second child being born, your spouse's promotion, and your mother moving in, chances are your retirement plan is based on a lifestyle that is no longer relevant. You should revisit your plan every 3 to 5 years, or as your life changes with a marriage or children, so adjustments can be made accordingly. By making these adjustments often, you'll stay on track for a better retirement.