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Wisconsin Sales Tax Holiday

Sales of the following are exempt from Wisconsin sales and use tax from August 1-5, 2018:

- Clothing - $75 or less per item
- School supplies - $75 or less per item
- Computers for personal use - $750 or less per computer
- School computer supplies for personal use - $250 or less per item

More information, including printable lists of items that are tax exempt, can be found on our website at https://ppgpartners.net/resources.

A Simple Formula for Calculating "Safe" Retirement Spending

It's the age-old question: how much can I spend of my savings during retirement? While there is not – and never will be – a black-and-white answer, there are varying strategies and formulas you can use to help you assess your situation. One of these formulas is called the "feel free" spending level. The formula is simply a person's age divided by 20. The resulting number is the percentage of savings a person can spend over and above any Social Security, pension or annuity-type income. For example, a person who is age 70 can safely spend 3.5% of his or her savings (70 ÷ 20 = 3.5). A 60-year-old would be limited to 3% (60 ÷ 20 = 3.0), while an 80-year-old can spend 4% (80 ÷ 20 = 4.0), and so on.

The term "feel free" refers to the fact that a person spending at this level should have little worry about depleting their savings. This rule not only provides enough money but also allows a retiree's portfolio to grow should historical returns be repeated. If returns are lower in the future, then the level of spending should still be enough to last a lifetime.

A modified version of the formula calculates the upper limit of what can be spent. Dividing one's age by 10 gives the "no more" level of spending. Spending close to this level (e.g., 7% for someone who is age 70) will cause savings to almost certainly drop significantly over the years, especially after inflation is considered. You should typically not plan to spend at that level, with the exception of a special circumstance such as a large medical expense.

Of course, common sense needs to be applied based on individual circumstances. Having a long-term care insurance policy can allow for a slightly higher spending rate. The potential loss of annuity income, such as a spouse's pension or Social Security, will alter spending. If interest rates rise significantly, sticking with the divide-by-20 rule would make sense.

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A Scam Alert Reminder!

Just because tax season is over, scams and schemes do not take the summer off. Remember that the IRS (and its authorized private collection agencies) will never:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer. The IRS does not use these methods for tax payments.
- Threaten to immediately bring in local police or other law-enforcement groups to have the taxpayer arrested for not paying.
- Demand that taxes be paid without giving the taxpayer the opportunity to question or appeal the amount owed.
- Ask for credit or debit card numbers over the phone.

Six Tips to Help You Keep Your Taxes Organized Throughout the Year

No one enjoys the stress of scrambling at the last minute to get things organized and trying to beat deadlines. Instead, it is much better to utilize organizational strategies year-round. There are a wide variety of steps you can take to ensure you will already be prepared every year when tax season comes around, rather than trying to organize a year's worth of materials and information in a period of a few weeks. Below are six tips to help you keep your taxes and tax-related information organized throughout the entire year.

1) Think about taxes year-round
Let's face it: we know most people do not like taxes. Many people would much rather ignore their tax obligations until they absolutely have to think about them. However, it is in your best interests to keep taxes in the back of your mind at all times. Have you ever looked back over the past year at tax time and wished you had done something differently that would have been more beneficial for you on your taxes? Do your best to consider the tax implications of your actions all year.

2) Designate one location for tax materials
Pick one spot in your home or office, whether it be a specific desk, a filing cabinet, or some other area, and have that be your designated tax area 365 days per year. Even if you are bad about filing and organizing, if you have one specific area where you put any documents or information that will be needed at tax time, you will not have to go hunting when the time comes to use them.

3) Stick to and maintain a filing system
Pick a method of filing and stick to it. You may prefer an old fashioned filing cabinet, or perhaps you'd rather scan receipts and documents onto a computer and file them that way. Whatever the case may be, choose a filing system that works for your habits and then force yourself to stick to it all year.

4) Pay attention to changes in tax law
Take the time to follow the news and learn about any changes in tax law that occur. Tax law is fluid, and every year is a bit different. Note any changes that occur throughout the year as well as how they may affect you so that you are prepared for these changes come tax time.

5) Utilize technology
Technology can be your best friend when it comes to staying organized with your taxes throughout the year. Consider investing in helpful software like QuickBooks or specialized document scanners that automatically upload and organize information from receipts and other scanned documents onto your computer.

6) Create a paper trail
It is particularly important to have a paper trail to back up your expenses and deductions when you are self-employed or run a small business. If you are ever audited by the IRS, having a paper trail you can use to prove your tax claims will be invaluable. But a paper trail cannot be created in a short time just before taxes are due. It is a process you must continue throughout the year.