

Newsletter

OCTOBER 2015

Tax filing reminders

- **October 1** – Generally the deadline for businesses to adopt a SIMPLE retirement plan for 2015.
- **October 15** – Filing deadline for 2014 individual tax returns on automatic six-month extension of the April 15 deadline.
- **October 15** – If you converted a regular IRA to a Roth in 2014 and now want to switch back to a regular IRA, you have until October 15, 2015, to do so without penalty.

Check your 2015 tax payments

Don't let penalties for underpaid taxes increase your tax bill next April. Check the total you've paid in for 2015 through withholding and/or estimated taxes. If you've underpaid, consider adjusting your withholding for the final months of the year or increasing your remaining quarterly estimate. If you employ household workers, be sure your calculations include the payroll taxes you'll owe for them. Remember to include the 3.8% tax on net investment income in your planning too.

Give your kids the power of a Roth IRA

Would you like to give your child a head start on smart money habits? Here's a suggestion: Have the child invest in a Roth IRA. Why? The tax-free compounding of contributions and investment returns over your child's lifetime is a great wealth-builder. Here's what you need to know.

- * There is no minimum age to open a Roth IRA account. All your child needs is earned income, either from a summer job or from self-employment.
- * The maximum contribution to a Roth IRA for 2015 is \$5,500. Your child can contribute less and you can provide some or all of the cash, up to the amount of your child's earned income.
- * Your child won't receive a federal tax deduction for a Roth IRA contribution – and will pay no federal income tax on qualified distributions taken after age 59½.
- * You can continue to claim your child on your tax return as a dependent. Your child is also allowed a federal standard deduction of \$6,300 for 2015, which means the first \$6,300 of earned income is income-tax free.

- * If you own a business and can employ your child, you can benefit from additional tax savings, including a payroll deduction for your business. In addition, depending on how your business is organized, you may not have to pay federal payroll taxes such as FICA, Medicare and unemployment. Remember, your child must perform real services and the wages can't be excessive.
- * An early Roth IRA withdrawal could affect your child's college financial aid. Your child can take withdrawals from a Roth penalty-free to pay for college costs. But those withdrawals generally count as income when applying for financial aid.

Are you interested in learning more? Give us a call. We'll help you get started on saving for your child's future.

How to keep your customers satisfied

In some industries, service has become a quaint memory. Customers are often reduced to selecting the provider that costs or annoys them the least. But the golden rule has not been repealed. Pleasing your customers can create a powerful competitive advantage – and a few simple changes may increase your bottom line.

For example, businesses are among the worst offenders of time-wasting annoyances such as long waits on hold. To distinguish your firm from the rest, establish the following customer service policies and procedures.

- * **Communicate with your customers.** Return calls, emails, and social media contacts promptly, send updates about matters in progress, and explain delays as soon as you can.
- * **Make life easy.** Offer discounts at the point of sale rather than giving out coupons or making buyers apply for mail-in rebates. If you use an automated phone system, provide a simple method for reaching a live person.
- * **Apologize early and whenever necessary.** If you're even partly wrong, apologize and proceed to a resolution. Train your employees to do the same and reward them for positive outcomes.
- * **Put customers first.** Let your customers know you're there for them and that you regard them as more than "cash cows." Listen to concerns and address them promptly. If a customer is unhappy with a purchase (whether product or service), fix it, replace it, or refund the payment in full. At worst, the loss won't be compounded by damage to your reputation. At best, the money will come back multiplied by repeat business and referrals.

Quality service is a powerful marketing tool that's surprisingly easy to implement. Simply imagine how you would want to be treated and provide that treatment to your customers. As customer satisfaction increases, your profits will follow.

2016 filing deadline extended

Next year, you'll get a few extra days to file your 2015 income tax return. The District of Columbia will be observing Emancipation Day on Friday, April 15, 2016, the usual filing deadline. That moves the filing deadline for 2015 federal income tax returns to Monday, April 18. Residents of Massachusetts and Maine get one more day to file – to Tuesday, April 19 – due to Patriots' Day.