



COMPASS
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On Course

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Welcome! Well, here we go again. Your mail box has been unusually full with year-end communication from your financial institutions. By now, you should have everything you need to complete your taxes for 2013. This month we're giving you some helpful tips to help pay Uncle Sam on time while keeping the money that's rightfully yours.

If you have any tax or retirement fund questions, remember we're here to help you stay *On Course*!

-Jennifer Lane, CFP

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Your Taxes - Filing Tips

Early in the filing season is the best time to file your returns. If you are due a refund, you'll get it faster now than in April. With the online help and free filing forms currently available, preparing and filing your taxes is easier than ever.

Get organized

- Grab last year's (2012) return to use as a guideline for what forms you should get in the mail and what info you need to gather. Also grab your pay stubs, especially the last one you received in 2013.
- Decide whether you need help. I recommend doing your return yourself to begin with so you know what you made and what the tax implications might be.
- Once you've done that, then decide if you need the help of a CPA or enrolled agent for more complicated returns.

What forms to look for

- Check your mail carefully and look for "TAX DOCUMENT ENCLOSED" printed on envelopes to ensure you don't toss any of your forms.
- W-2 will report your income and taxes withheld.
- 1099 reports interest and other miscellaneous income.
- 1099-K is for people who accepted credit cards for online selling.
- 1099-HC is for Massachusetts residents and confirms coverage in a health insurance program.

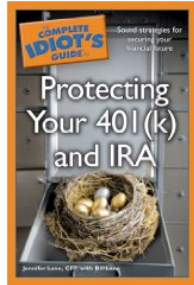


Jennifer's Hint

Your annual contribution limit applies to all your IRA accounts, not each individual account if you have several. The IRS limits only total contributions; you'll be penalized for overcontributing, but you won't be penalized if you can't contribute up to the maximum allowed. If you discover you're overcontributed for the year, you won't be penalized if you withdraw the excess before you file your tax return.

Get more tips in Jennifer's book

- 5498 reports on any IRA contributions and activity.
- For those who are self-employed, gather supporting documents on your income and expenses.



([click here for link](#))

IRA contributions

- You have only one chance every year to contribute to an IRA. Don't miss it! Contributions must be in your account by April 15.
- The maximum contribution you can make for 2013 is \$5,500, with a makeup contribution of an additional \$1,000 for those 50 and older. You must have at least \$5,500/\$6,500 in income to make the full contribution.
- If you are eligible for a Roth IRA, choose that option.
- If you are self-employed, look into creating a **SEP-IRA**, which will allow you put up to 25 percent of your income into a tax-deductible account. As an added bonus you have until you file your return with extensions to make your deposit.

Helpful Websites

[Bankrate.com](#)

[IRS.gov](#)

[IRS withholding calculator](#)



Filing

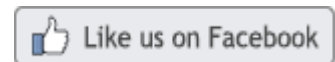
- If you're going to e-file, [order a PIN number](#) on the IRS website.
- The IRS tweets!! You can get great information by following @YourVoiceAtIRS and @IRSnews.
- You can file your federal tax return for free at [www.freefile.irs.gov](#) if your adjusted gross income (AGI - line 37 on the 1040 form) is under \$58,000.
- Anyone can use the fillable forms on the IRS website.

Q&A

Q: I've finished my taxes! It seems as though I go from overpaying one year to underpaying the next. How can I avoid being too far in either position?

-- Susan, Scituate

A: Susan, if you have changed jobs, do independent contractor work, or have more than one source of regular employment income, withholding taxes becomes something you need to be in charge of. Go to the [individual withholding calculator](#) at the [IRS.gov](#) website. Use your 2013 tax return and paychecks from employers to figure out what to withhold for 2014. Remember to recalculate if your situation changes during the year! Good luck.



What's New

- Jennifer contributed to a recent Bankrate.com article on retirement, *More Americans Face Retiring with Debt*. Click [here](#) to read the article.
- **We've moved our Boston office to Three Post Office Square, Suite 602! Phone and email remain the same.**
- Jennifer recently answered NECN viewer questions on Social Security. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit [www.facebook.com/AskJennifer](#) and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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