



# Tax Alerts

## Holiday Schedule

The office will be closed on the following days in observance of the upcoming holidays:

Tuesday, December 24<sup>th</sup>  
Wednesday, December 25<sup>th</sup>  
Wednesday, January 1<sup>st</sup>

We will have limited office hours on Monday, December 23<sup>rd</sup> and Thursday, December 26<sup>th</sup> through Tuesday, December 31<sup>st</sup>. However, we will be available by appointment for your convenience. Regular office hours will resume on Thursday, January 2<sup>nd</sup>. We hope you have a wonderful holiday season! ♦



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## IRS Warns of Possible Relief and Charitable Organization Scams

During the Christmas season and following major disasters, like the recent typhoon in the Philippines, it is common for scam artists to impersonate charities to get money or private information. Schemes may involve contact by telephone, social media, email or in-person solicitations. Bogus websites may solicit funds for disaster victims. These sites are set up to mimic the sites of, or use names similar to, legitimate charities, or claim to be affiliated with legitimate charities in order to persuade members of the public to send money or provide personal financial information that can be used to steal identities or financial resources. Additionally, scammers often send email to steer the recipient to these bogus websites.

The IRS advises people wishing to make charitable donations to follow these tips:

- Donate to recognized charities. Be wary of charities with names that are similar to familiar or nationally known organizations. Some phony charities use names or websites that sound or look like those of respected, legitimate organizations. The IRS website has a search feature, “Exempt Organizations Select Check”, through which people may find legitimate, qualified charities. Legitimate charities may also be found on the Federal Emergency Management Agency (FEMA) website at [fema.gov](http://fema.gov).
- Don’t give out personal financial information — such as Social Security numbers or credit card and bank account numbers and passwords — to anyone who solicits a contribution from you. Scam artists may use this information to steal your identity and money.
- Don’t give or send cash. For security and tax record purposes, contribute by check or credit card or another way that provides documentation of the gift.

Taxpayers suspecting disaster-related frauds should visit [IRS.gov](http://IRS.gov) and search for the keywords “Report Phishing.” More information about tax scams and schemes may be found at [IRS.gov](http://IRS.gov) using the keywords “scams and schemes.” ♦

## **“Use it or Lose it” Rule Modified for Health Flexible Spending Arrangements**

In October the U.S. Treasury announced it would be relaxing a rule that requires Flexible Spending Account (FSA) holders to use the funds in their accounts by year-end or forfeit any outstanding balance. Employers will now be able to allow participants to carry over up to \$500 into the next year.

There are two types of Flexible Spending Accounts—dependent care or medical care. A medical FSA can be used to pay co-pays, deductibles, prescriptions, and other health care costs. Current rules for health FSAs allow a participant to defer up to \$2,500 from their wages on a pretax basis for health related expenses. Since FSA contributions are not taxed, participants may realize significant savings. The average worker will save 30% or more. The downside is that the funds in the account must be used within the plan-year or be forfeited back to the plan, also known as the “use it or lose it” rule. However, employers may offer a grace period of up to two and a half months to use the money.

The relaxation of the “use it or lose it” rule comes in response to individual and employer complaints that it is hard to predict future medical needs so therefore some people will not participate for fear of forfeiting money they weren’t able to use. Alternatively, the rule encourages unnecessary spending on medical services at the end of the year. The Treasury feels that the change will make FSAs more consumer friendly and flexible as the majority of forfeitures are less than \$500.

Employers that already offer a two and a half month grace period can choose to allow the rollover, but cannot offer both a carryover and grace period. ♦

## **Top Retirement Mistakes to Avoid**

Mistake #4: Choosing the Wrong Pension Option

There are four Defined Benefit payout options on pensions:

- Life Only
- 50% Survivor Benefit
- 100% Survivor Benefit
- Lump Sum

Each of these options vary greatly in their outcome when you retire. There are also several options to consider before filing for Social Security that can affect your payout.

Solution: Carefully analyze the most productive pension and social security options within the context of your overall retirement plan.

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## **QuickBooks Corner-**

### **Adding Filters Before Generating Reports**

When you generate a report in QuickBooks the report uses the default view. How often do you change the information and then generate the report again? In QuickBooks, you can have the Modify Report screen come up prior to generating the report. Choose Edit, then Preferences from the menu and then select the Reports & Graph option. On the My Preferences tab, check the checkbox titled prompt me to modify report options before opening a report. This will tell QuickBooks to open the Modify Report screen before generating a report, allowing you to put in your specific report criteria the first time the report is generated.♦