HIGHLIGHTS OF THE CHANGES AFFECTING 2015

Congress, as is becoming the norm, manages to deal with tax issues at the last minute, leaving in doubt which provisions will be extended, and which will be allowed to expire. As this brochure went to press, Congress still had not even addressed the extenders for 2014, much less begun to consider 2015 tax issues.

ID Theft – One of the major issues impacting all taxpayers is the constant threat of ID theft. ID thieves are smart and creative, and it requires constant diligence to avoid their trickery and the nightmare that follows. Here are some guidelines to help keep your ID secure:

1. ID thieves love a combination of your name, SSN, and birth date. Don't provide your SSN unless you are absolutely sure it will be safe and there is a legitimate need for it. Avoid providing your birth date to unknown sources.

2. DO NOT respond to e-mail messages from the IRS. The IRS NEVER makes initial contact with a taxpayer via e-mail. And whatever you do, never open an attachment that comes with such an e-mail.

3. Be suspicious of e-mails from any unknown source asking for personal information. ID thieves will disguise their e-mails to look like a legitimate source and entice you to go to a disguised website and enter personal information. Many bogus e-mails will suggest you are owed money and they need your personal or financial information to process a funds transfer. If it seems to be too good to be true, it is! Don't be a victim.

Other Relevant Tax Issues:

On-Line Gambling Accounts – In a recent tax court case involving an on-line gambler, the court sided with the IRS and found that the on-line gambler who set up gambling accounts out-of-the-country with on-line casinos was required to file a Foreign Bank Account Report (FBAR) if the aggregate value of those accounts exceeded $10,000 at any time during the calendar year. The penalties for failure to file an FBAR are draconian.

Virtual Currency (Bitcoin) – In recent years, virtual currency has gained some popularity as a substitute for real currency such as the U.S. Dollar. Bitcoin is a popular form of virtual currency. It can be used to pay for goods and services or held for investment. The character of the gain or loss involving transactions in virtual currency generally depends on whether the virtual currency is a capital asset in the hands of the taxpayer. A taxpayer generally realizes capital gain or loss on the sale or exchange of virtual currency that is held as a capital asset. For example, stocks, bonds, and other investment property are

generally capital assets. A taxpayer generally realizes ordinary gain or loss on the sale or exchange of virtual currency that he or she does not hold as a capital asset.

Once-Per-Year IRA Rollover Limitation – In a recent tax court decision, the court applied a more limiting view to the one-per-year IRA rollover limitation, saying that it applies on an aggregate basis to all of a taxpayer's IRAs. This is a far more restrictive interpretation than the IRS has taken in its instructions and publications. This essentially limits IRA rollovers to only one every 12 months. The IRS will not begin to apply this more restrictive rule until 2015.

Home Energy Property Credit – Although the qualified energy efficiency improvements and expenditures credit to a taxpayer's principal residence expired after 2013, many taxpayers are overlooking the 30% tax credit for installing energy generating systems on their residences. These systems include solar, wind, geothermal and fuel cell. This is a non-refundable, limited carryover, credit (can only offset income tax) available through 2016.

Direct deposit – In an effort to combat fraud and identity theft, new IRS procedures will limit the number of refunds that can be electronically deposited into a single financial account or pre-paid debit card to three.

IRS Initiates 1099-K Matching Program – The IRS has developed a program to match reported income on filed business returns to the income reported on the 1099-Ks.

Large Employer Excise Tax Implementation – Large employers (100 or more full-time employees) will be subject to substantial penalties for not providing a minimum essential health care plan for its employees. This requirement is being phased in over two years, and the employer will not be subject to a penalty so long as it offers coverage to at least 70% of its full-time employees in 2015, and 95% of its full-time employees in 2016. Implementation for mid-sized companies (50-99 full-time employees) has generally been delayed until 2016. Employers with less than 50 full time employees are not subject to this requirement.

$1 LUMP SUM AT VARIOUS RATES
(Future Value of $1, Compounded Annually)

Interest Rate	5th Year	10th Year	15th Year	20th Year	25th Year	30th Year
2%	1.104	1.219	1.346	1.486	1.641	1.811
4	1.217	1.480	1.801	2.191	2.666	3.243
6	1.338	1.791	2.397	3.207	4.292	5.743
8	1.469	2.159	3.172	4.661	6.848	10.063
10	1.611	2.594	4.177	6.727	10.835	17.449

Example: *If you invest $10,000 at an interest rate of 6%, at the end of 30 years you will have $57,430 ($10,000 multiplied by 5.743).*

$1 PER YEAR AT VARIOUS RATES
(Future Value, Compounded Annually)

Interest Rate	5th Year	10th Year	15th Year	20th Year	25th Year	30th Year
2%	5.310	11.17	17.64	24.78	32.67	41.38
4	5.416	12.006	20.024	29.778	41.646	56.085
6	5.637	13.181	23.276	36.786	54.865	79.058
8	5.867	14.487	27.152	45.762	73.106	113.283
10	6.105	15.937	31.772	57.275	98.347	164.494

Example: *If you put $1,000 at the end of each year in an investment paying 6% a year compounded annually, at the end of the 30th year, you will have $79,058 saved ($1,000 x 79.058).*

LIFE EXPECTANCY*

Current Age	Remaining Years	Current Age	Remaining Years
25	57.0	55	28.6
30	52.2	60	24.2
35	47.3	65	20.0
40	42.5	70	16.0
45	37.7	75	12.5
50	33.1	80	9.5

Assume a planned retirement age of 60. Based on average statistics, you will need to accumulate retirement assets by age 60 to last for 24.2 yrs.
** Life expectancy rates based on the IRS Unisex Single Life Tables.*

TAXABLE-EQUIVALENT YIELD OF MUNICIPAL BONDS BASED ON VARIOUS FEDERAL INCOME TAX BRACKETS

	Tax-Free Yield								
	2.0%	**2.5%**	**3.0%**	**3.5%**	**4.0%**	**4.5%**	**5.0%**	**5.5%**	**6.0%**
Tax Bracket	Equivalent Taxable Yield								
10%	2.2	2.8	3.3	3.9	4.4	5.0	5.6	6.1	6.7
15	2.4	2.9	3.5	4.1	4.7	5.3	5.9	6.5	7.1
25	2.7	3.3	4.0	4.7	5.3	6.0	6.7	7.3	8.0
28	2.8	3.5	4.2	4.9	5.6	6.2	6.9	7.6	8.3
33	3.0	3.7	4.5	5.2	6.0	6.7	7.5	8.2	9.0
35	3.1	3.8	4.6	5.4	6.2	6.9	7.7	8.5	9.2
39.6	3.3	4.1	5.0	5.8	6.6	7.5	8.3	9.1	9.9

Example: *A taxpayer in the 25% tax bracket would have to purchase a taxable investment yielding more than 5.3% to outperform a 4.0% tax-free investment.*

DISCLAIMER

2015 Pocket Tax Guide

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EXEMPTIONS & STANDARD DEDUCTIONS

Personal & Dependent Exemption: **$4,000**

Standard Deduction:

Joint, SS	*MS*	*Single*	*Head of Household*
$12,600	$6,300	$6,300	$9,250

An additional standard deduction of $1,250 is allowed for each married elderly (age 65 and over) or blind individual. If elderly and blind, the additional standard deduction is $2,500. Single individuals (elderly or blind) are allowed an additional standard deduction of $1,550. The otherwise allowable exemption amounts are reduced by 2% for each $2,500, or part of $2,500 ($1,250 for married filing separately), that the taxpayer's AGI exceeds the threshold amount. Itemized deductions are reduced by 3% of the amount by which the taxpayer's adjusted gross income (AGI) exceeds the threshold amount, with the reduction not to exceed 80% of the otherwise allowable itemized deductions. The threshold amounts are: Single-$258,250 Head of Household-$284,050 Married Filing Jointly-$309,900, and Married Filing Separate $154,950

SOCIAL SECURITY (OASDI), MEDICARE & SELF-EMPLOYMENT TAXES

	*Social Security OASDI**	*Medicare****	*Total*
Employee	6.20%	1.45%	7.65%
Self-Employed**	12.40%	2.90%	15.30%

Wage Base for Soc. Sec. & Self-Employment Tax (2015): $118,500

Wage Base for Medicare Hospital Insurance – no limit

**Old age, survivor and disability insurance portion of social security tax.*

***Self-employed individuals are allowed to take an income tax deduction for 50% of the self-employment tax.*

****Add 0.9% to rate when income exceeds of $200,000 ($250,000 for married joint taxpayers, $125,000 if MFS filer)*

SOCIAL SECURITY BENEFITS

Earnings Test – SS benefits of an individual who is under the full retirement age(66) are reduced when earnings from working exceed: $ 15,720/yr

Maximum Retirement Benefit – The maximum retirement benefit for workers retiring in 2015 at age 66 (full retirement age): $2,663/mo.

Taxation Thresholds – A certain % of an individual's SS benefits are taxed when his or her provisional income* exceeds certain threshold amounts:

	Up to 50% Taxed	*Up to 85% Taxed*
Married Joint	$32,000 - $44,000	Over $44,000
Others**	$25,000 - $34,000	Over $34,000

**Provisional income generally includes adjusted gross income plus nontaxable interest plus one-half of social security benefits. **If married filing separately and lived with spouse at any time during the year, 85% of SS benefits are taxed.*

CAPITAL GAINS

Special rates (capital gain rates) apply to gains attributable to sale of capital assets held for more than a year.

Capital Gain Rates:

To the extent a taxpayer's marginal rate is 15% or less: 0%

To the extent a taxpayer's marginal rate is 25% but less than 39.6%: 15%

To the extent a taxpayer's marginal rate is 39.6% or greater: 20%

Excluded from the 0%, 15% and 20% Rates:

Gain attributable to real property depreciation: 25% Max

Gain attributable to collectibles & qualified small business stock: 28% Max

Maximum Annual Net Loss Deduction: $3,000 ($1,500 MFS filers)

Netting Short-Term (ST) and Long-Term (LT) Gains & Losses:

ST gains and losses are netted as are LT gains and losses. Then the two are netted together, with the result being either a net ST or LT gain or loss. Taxpayers, when possible, can achieve a better overall tax benefit by offsetting short-term capital gains with long-term capital losses, thus offsetting higher-taxed profits with lower-taxed losses.

LONG-TERM CARE INSURANCE DEDUCTIONS

The maximum amounts of long-term care premiums that are deductible are based on age and for 2015 are:

40 or Less	41 to 50	51-60	61-70	71 & Older
$380	$710	$1,430	$3,800	$4,750

KIDDIE TAX

Congress created the "Kiddie Tax" to stop parents from moving investments into their child's name to take advantage of the child's lower tax rates. The Kiddie Tax effectively taxes the investment income of children under age 19 and full time students under age 24 in excess of $2,100 at the parent's top marginal rate.

Kiddie Tax Standard Deduction – is the Larger of A or B below:

A. The child's earned income plus $350, but not to exceed $6,300.

B. $1,050

TRADITIONAL IRA – MAX DEDUCTION & LIMITS

Maximum Contribution & Deduction for 2015: **$5,500 ($6,500 if age 50 & older)** (1) The deduction is ratably phased out for higher income individuals who actively participate in an employer-sponsored plan and/or whose spouse is an active plan participant. The following are the phase-out ranges based on Modified AGI:

Single (active)	$ 61,000 – $ 71,000
Married (only spouse is active)	$183,000 – $193,000
Married (both spouses active)	$ 98,000 – $118,000
Married Separate	$ 0 – $10,000

Contributions must be made by the due date of the tax return, NOT including extensions. Contributions are NOT allowed upon reaching age 70.5 (however contributions to SEP IRAs are allowed after age 70.5).

ROTH IRA – MAX DEDUCTION & LIMITS

Maximum Contribution for 2015: **$5,500 ($6,500 if age 50 & older)** (1)

There is no tax deduction for contributions to a Roth IRA, there is no tax on qualified distributions, and the accounts benefit from tax-free accumulation. The contributions are ratably phased out for higher income individuals. The following are the phase-out ranges based on Modified AGI:

Married	$183,000 – $193,000
Married Separate	$ 0 – $10,000
Others	$ 116,000 – $131,000

Contributions must be made by the due date of the tax return, NOT including extensions. Contributions ARE allowed after age 70.5.

**(1) The $5,500 and $6,500 limits apply to the combined Traditional and Roth IRA contributions of the individual for the year.*

RETIREMENT PLANS – CONTRIBUTION LIMITS

SE Defined Contribution Plans: Lesser of 25%(1) of compensation or $53,000.

SEP Plans: Lesser of 25%(1) of compensation or $53,000.

401(k) and 403(b) Plans Elective Deferrals: $18,000 ($24,000 age 50+) (2) (3)

SIMPLE Plans Elective Contributions: $12,500 ($15,500 age 50 and over) (3)

Defined Benefit Plans: : Max annual benefit: $210,000

Highly Compensated Employee Status Threshold: $120,000 (4)

Key Employee Status Threshold: $170,000

(1) Effectively 20% of net self-employment income.

(2) The annual contribution to all of an employee's retirement accounts, including elective deferrals, employee contributions, employer matching, discretionary contributions and forfeiture allocations cannot exceed the lesser of 100% of compensation or $53,000.

(3) Maximum compensation that can be considered in determining employer and employee contributions (employer matching contribution for SIMPLE Plans) is $265,000 ($120,000 for highly compensated employees).

(4) Includes 5% owners and at employer's election 20% of the top paid employees.

SAVING FOR EDUCATION

National Average Annual College Costs (2013-14 period)

	(Tuition $ Fees)	(With Room & Board)
Public 4-yr In-state Institutions	$ 8,893	$18,391
Public Out of State	$22,203	$31,701
Non-Profit Colleges	$30,094	$40,917

Source: Collegeboard.org Note: College costs are increasing annually at a rate of 4.5% for private and 8.3% for public institutions.

Three tax plans are provided to save funds for a child's education. Contributions to them are NOT tax deductible. The tax benefit is the account earnings that accrue tax deferred are free from tax if used for qualified education expenses.

Coverdell Account – The annual contribution limit for 2015 is $2,000 per student. Funds can be used not only for higher education (but also for Kindergarten and above. Contributions must be made by the April due date for filing the return. The Contribution limit is ratably reduced to zero for Joint filers with MAGI between $190K and $220K and $95K and $110K for others.

Sec 529 Plan – The total contribution per student is only limited by the projected cost of the student's planned education. The donor's annual contribution is generally predicated on donor's gift tax issues. Generally each donor can contribute up to the annual gift tax exclusion ($14,000 in 2015) per year without gift tax implications. In addition the exemption amount for the next four years (total $70,000 in 2015) can be contributed at one time (generally in the earlier years to benefit from increased earnings). Funds can be used for post-secondary education only.

Savings Bonds – A taxpayer who pays qualified higher education expenses with redemption proceeds from Series EE or I Bonds issued after 1989 may be able to exclude the bonds' income. To qualify the bonds must have been purchased when the individual was at least age 24 and redeemed at the time of the education expense for the taxpayer, spouse, or dependent. The income exclusion phases out for joint filers with a MAGI between $115,750 and $145,750 ($77,200 and $92,200 for others).

STANDARD MILEAGE DEDUCTIONS

The amounts shown are the $/mile for 2014 *(2015 rates not available at publication date, but should be close to the same).*

Business	*Charitable*	*Medical & Moving*
$0.575	$0.14	$0.23

PER DIEM RATES*

	High-Cost Locality	*Low-Cost Locality*
Meals and incidental expenses (M & IE)	$ 65	$ 52
Lodging and M & IE	$ 259	$ 172

**Reflects rates in effect since 10/1/2014, using the simplified method of determination.*

BUSINESS ASSET EXPENSING

Each year, an amount of the cost of certain eligible personal property purchased during the year and used in the active conduct of a trade or business can be expensed. For 2015, the maximum that can be expensed is $25,000*.

Caution: Congress was considering increasing this amount at publication date.

**The limit is reduced when more than $200,000 of qualifying property is placed into service.*

INCOME TAX RATES – CORPORATIONS

Taxable Income

Over	*But Not Over*	*Pay*	*% on + Excess*	*Of The Amount Over*
$ 0	$ 50,000	0	15	0
50,000	75,000	7,500	25	50,000
75,000	100,000	13,750	34	75,000
100,000	335,000	22,250	39	100,000
335,000	10,000,000	113,900	34	335,000
10,000,000	15,000,000	3,400,000	35	10,000,000
15,000,000	18,333,333	5,150,000	38	15,000,000
18,333,333		6,416,667	35	18,333,333

TRUST & ESTATE INCOME TAX RATES

Taxable Income

Over	*But Not Over*	*Pay*	*Plus*	*Of the Amount Over*
-0-	$2,500	-0-	15%	-0-
$2,500	$5,900	$375.00	25%	$2,500
$5,900	$9,050	$1,225.00	28%	$5,900
$9,050	$12,300	$2,107.00	33%	$9,050
$12,300		$3,179.50	39.6%	$12,300

UNIFIED ESTATE & GIFT TAX SCHEDULE

Year	Estate Tax Exemption (Millions $)	Estate Tax Top Tax Rate	Gift Tax Exemption (Millions $)	Gift Tax Top Tax Rate
2012	5.12	35%	5.12	35%
2013	5.25	40%	5.25	40%
2014	5.34	40%	5.34	40%
2015	5.43	40%	5.43	40%

2015 Annual Gift Tax Exclusion *$14,000*

Each individual is allowed an annual gift tax exclusion of $14,000 per donee for 2015, with no limit to the number of donees. These gifts are not deductible by the giver nor are they taxable to the donee. Gifts in excess of the exclusion must be reported on a gift tax return. Gifts in excess of the exclusion are taxable but are offset with the Unified Estate and Gift Tax Credit until that credit is used up. Any amounts used to offset the gift tax will reduce the amount of credit available for the giver's estate tax.

2015 INCOME TAX RATE SCHEDULE – INDIVIDUALS

MARRIED TAXPAYERS* – *Joint/Surviving Spouse (SS)*

Over	But Not Over	Pay	Plus	Of the Amount Over
-0-	$18,450	-0-	10%	-0-
$18,450	$74,900	$1,845.00	15%	$18,450
$74,900	$151,200	$10,312.50	25%	$74,900
$151,200	$230,450	$29,387.50	28%	$151,200
$230,450	$411,500	$51,577.50	33%	$230,450
$411,500	$464,850	$111,324.00	35%	$411,500
$464,850		$129,996.50	39.6%	$464,850

* Married separate (MS) use 1/2 of the joint dollar amounts.

SINGLE TAXPAYERS

Taxable Income

Over	But Not Over	Pay	Plus	Of the Amount Over
-0-	$9,225	-0-	10%	-0-
$9,225	$37,450	$922.50	15%	$9,225
$37,450	$90,750	$5,156.25	25%	$37,450
$90,750	$189,300	$18,481.25	28%	$90,750
$189,300	$411,500	$46,075.25	33%	$189,300
$411,500	$413,200	$119,401.25	35%	$411,500
$413,200		$119,996.25	39.6%	$413,200

HEAD OF HOUSEHOLD

Taxable Income

Over	But Not Over	Pay	Plus	Of the Amount Over
-0-	$13,150	-0-	10%	-0-
$13,150	$50,200	$1,315.00	15%	$13,150
$50,200	$129,600	$6,872.50	25%	$50,200
$129,600	$209,850	$26,722.50	28%	$129,600
$209,850	$411,500	$49,192.50	33%	$209,850
$411,500	$439,000	$115,737.00	35%	$411,500
$439,000		$125,362.00	39.6%	$439,000

ALTERNATIVE MINIMUM TAX (AMT) - INDIVIDUALS

Tax Rate 26% of AMT income to.........$185,400*

28% of AMT income over......$185,400*

$92,700 for married taxpayers filing separately

Filing Status	*Exemption Amount* (Reduced as AMT income exceeds phase-out base.)	*Phase-Out Threshold*	*Full Phase-Out*
Joint Return	$83,400	$158,900	$492,500
Single and HH	$53,600	$119,200	$333,600
Married Separate	$41,700	$ 79,450	$246,250

ESTIMATED TAX PAYMENTS

To avoid possible underpayment penalties, taxpayer is required to deposit by withholding or estimated tax payments an amount equal to the lesser of:

1. 90% of current year tax liability, OR

2. One of the following amounts:

a. If the taxpayer's prior year AGI exceeds $150,000*, 110% of the prior year's tax liability.

b. Otherwise, 100% of the prior year's tax liability.

**$75,000 for taxpayers filing married separate.*

2015 TAX CALENDAR

January 15	4th Quarter 2014 Estimate Due
April 15	2014 1040 or Extension Due
April 15	1st Quarter 2015 Estimate Due
June 15	2nd Quarter 2015 Estimate Due
June 30	FBAR Form Due
July 31	Pension Plan (Form 5500) Returns Due (calendar yr plans)
September 15	3rd Quarter 2015 Estimate Due
October 15	2014 1040 Extension Returns Due