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## **Insurance enrollment begins this month**

Beginning this month, you can sign up for a new 2016 health insurance policy on the health insurance Marketplace. You can also change or renew the policy you purchased during the last enrollment period. Even if your current policy has an automatic renewal feature, you'll want to verify that you are still eligible for the federal premium tax credit.

What if you didn't sign up last winter and didn't have health insurance coverage in 2015? You may owe a penalty on your 2015 federal income tax return. The penalty for 2015 is the greater of \$325 per adult and \$162.50 per child under 18 (up to a maximum per-family penalty of \$975) or 2% of your modified adjusted gross income (with a maximum of the national average premium for a Bronze plan).

## **Take your required 2015 distribution**

If you're over 70½ and are required to take distributions from your IRA or other retirement account, remember that you must take your 2015 RMD (required minimum distribution) by December 31. Otherwise you may face a penalty of 50% of the amount not taken. If the 2015 distribution is your first RMD, you have the option of waiting until April 1, 2016, to begin withdrawals.

## **Charity scams: IRS issues another warning**

The IRS has once again issued an alert for scams relating to fake charities. This time the fraudsters are looking to profit from the severe flooding in South Carolina that led to the declaration of a federal disaster area.

If you're planning to donate, watch for these signs that a fundraiser isn't on the up-and-up:

- **The fly-by-night charity.** Every legitimate charitable association started sometime, and some are still being formed. But natural disasters seem to spawn an inordinate share of bogus charities that capitalize on human suffering. Beware. Donate to charities that you trust, which means those with a proven track record. If you're unsure, check out the organization with the Better Business Bureau, Charity Navigator, Guidestar, or similar watchdog groups.
- **The evasive fundraiser.** A legitimate caller should be upfront about the charity, the percentage of funds allocated to administration and marketing, and what target groups will be aided by your donation. Don't be afraid to ask direct questions and expect direct answers. If the fundraiser hedges responses or knows little about the supposed cause to which you're contributing, consider sending your dollars elsewhere. Beware of vague claims like "educating the public" or "promoting awareness."

- **The urgent on-line request.** Widespread use of social media has provided fraudsters a golden opportunity to take the money and run. Websites made to mimic legitimate charities have conned many otherwise prudent contributors. Emails brimming with desperate pleas for money may originate from the backroom computer of some scam artist. Never divulge your financial information via email and don't assume that social media messages about a particular charity are legitimate. Call the charity directly and find out if it's registered in your state (if required). Ask for written information. When in doubt, check it out.

Many charitable organizations are seeking your aid to address genuine hardships. Avoid the schemes of unethical hucksters and your donations will provide help where it's needed most.

## **Consider the value of time in business decisions**

The "time value of money" is a critical concept in handling personal finances. The same basic premise can be applied in making decisions for your business.

Here's how it works: Typically, the money you currently have in your hands is worth more than it would be years from now. That's because you're able to spend or invest the funds now instead of waiting to receive them. In other words, there's an "opportunity cost" attached to any delay.

For example, let's say you're entitled to a \$100 payment. If you receive the \$100 now and you're able to invest it at a 5% annual interest rate, you'll have \$105 after one year. Assuming you don't need the money for expenses, it will be worth \$110.25 after two years, and so on. This amount is known as the "future value" of the money.

Similarly, you can compute the "present value" of money. Suppose you won't receive the \$100 payment until one year from now. The value of the money must be discounted due to the opportunity cost. Using the same 5% interest rate, the present value of the \$100 you'll receive a year from now is \$95.24 (\$100 value divided by 1.05).

It's easy to see how this concept can affect your business. Accelerating payments from customers will enable you to better meet your current obligations and provide reserves for investment. On the other hand, delays hamper cash flow and reduce the opportunity for investment. Computing the time value of money may also encourage you to lease, rather than buy, assets.

The time value of money is an important factor in business decisions. For help running the numbers and analyzing the results, give us a call.

## **Update your beneficiary designations**

Are your beneficiary designations up to date? Do you know which accounts have beneficiaries, and whom you've designated? It's easy to lose track. But it's important to keep them current. Here's why.

When you designate a beneficiary for an account, that person inherits the assets in the account, regardless of what your will says. That's why updating your will periodically might not be enough. Typically, you'll have beneficiaries for each of your IRAs, your 401(k) or other retirement plans, annuities, and insurance policies.

Your designations could be out of date because of life changes. For example, since you made your initial choices, you might have married, had children, or divorced. Some of the beneficiaries you chose could have died, divorced, or married.

Changing tax laws also affect beneficiary designations. Choosing the wrong beneficiary, or failing to name a contingent beneficiary, can affect the long-term value of your IRA assets after you die.

Make reviewing and updating beneficiary designations part of your year-end financial review. Give us a call if you need help.