



Newsletter

SEPTEMBER 2019

Freddi Eberhart & Associates Inc. would like to thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time. Also, thank you for recommending us to your family, friends, and associates. We truly appreciate your referrals.

This Month:

September 16

- 3rd quarter estimated tax due
- Filing deadline for 2018 S corp and partnership returns that received extension

October 1

- SIMPLE IRA plan establishment due

Welcome, fall! Pumpkin spice lattes aren't the only thing you should be focusing on this season. Keep your tax plan in mind as you get closer to the end of the year. In this issue you'll find articles to help you do so, including tips on what to do if you get an IRS letter in the mail. There's also advice for business owners about selecting the right employee health insurance, plus a list of ways to help older adults avoid scams. And a few key reasons why you should never skip the fine print when agreeing to terms and conditions.

Call if you would like to discuss how this information relates to you. If you know someone who can benefit from this newsletter, feel free to send it to them

The IRS Is Not Always Right

A letter in the mailbox with the IRS as the return address is sure to raise your blood pressure. Here are some tips for handling the situation if this happens to you:

- **Stay calm.** Try not to overreact to the correspondence. They are often in error. This is easier said than done, but remember the IRS sends out millions of notices each year. The vast majority of them correct simple oversights or common filing errors.
- **Open the envelope.** You would be surprised at how often people are so stressed by receiving a letter from the IRS that they cannot bear to open the envelope. If you fall into this category, try to remember that the first step in making the problem go away is to simply open the correspondence.

~ Continued on Page 2 ~



Newsletter

SEPTEMBER 2019 — PAGE 2

The IRS Is Not Always Right (Cont'd)

- **Carefully review the letter.** Understand exactly what the IRS thinks needs to be changed and determine whether or not you agree with its findings. Unfortunately, the IRS rarely sends correspondence to correct an oversight in your favor, but its assessment of your situation is often wrong.
- **Respond timely.** The correspondence should be very clear about what action the IRS believes you should take and within what timeframe. Delays in responses could generate penalties and additional interest payments.
- **Get help.** You are not alone. Getting assistance from someone who deals with this all the time makes going through the process much smoother.
- **Correct the IRS error.** Once the problem is understood, a clearly written response with copies of documentation will cure most of these IRS correspondence errors. Often the error is due to the inability of the IRS computers to conduct a simple reporting match. Pointing the information out on your tax return might be all it takes to solve the problem.
- **Use certified mail.** Any responses to the IRS should be sent via certified mail. This will provide proof of your timely correspondence. Lost mail can lead to delays, penalties and additional interest on your tax bill.
- **Don't assume it will go away.** Until a definitive confirmation that the problem has been resolved is received, you need to assume the IRS still thinks you owe the money. If no correspondence confirming the correction is received, a written follow-up will be required.

Select the Right Health Insurance for Your Business

If you have employees, you know how important health insurance is for your benefits package. It also takes a big bite out of your budget. Selecting the right insurance for your company is extremely important for employee retention and maintaining your bottom line. Here are tips to help you find the best health insurance for your business:

~ Continued on Page 3 ~



Newsletter

SEPTEMBER 2019 —PAGE 3

Select the Right Health Insurance for Your Business (Cont'd)

1. **Know the size of the network.** A popular way to lower insurance costs is opting for a smaller network of health care providers. Known as narrow provider networks, coverage is limited to a much smaller group of clinics and hospitals than traditional plans. But while the cost savings are nice, employee satisfaction is likely to decline as some of them will have to change doctors to stay in network. When researching insurance options, be sure to compare the network size to industry averages.
2. **Watch for coverage limits.** Lifetime and annual dollar limits for essential health benefits were banned in 2014, but limits still appear in other ways. Dental services, for example, are exempt from the dollar limits and often have annual and lifetime coverage limits. Another way insurance providers hedge their risk is by limiting the number of a certain type of visits, like for chiropractic care or physical therapy.
3. **Don't forget prescription coverage.** Many health insurance programs don't include full coverage for prescription drugs, so you may need to add supplemental insurance. Pay special attention to the coverage differences between brand name and generic drugs. Also review any deductibles and other limits. Another type of coverage available is a prescription discount program. Discount plans simply charge you a subscription cost that allows you to use a contracted discount.
4. **Understand what isn't covered.** When trying to sell you on their plan, insurance providers do a good job showing you what they cover. What can be harder to figure out is what they don't cover. Some of the types of services that may not be covered are vision care, nursing home care, cosmetic surgery, alternative therapies like massage therapy or acupuncture, and weight-loss procedures.
5. **Be prepared to provide employee data.** The process of obtaining a quote for health insurance can be an overwhelming task. Health insurance companies will want, at a minimum, a list of employees with some pertinent details like age, sex, coverage details (self, spouse and other dependents), and home zip code. They will want the forms filled out by all employees, even those that are opting out of insurance coverage. If you are working with a benefits broker, they can help you prepare what will be needed in advance to speed up the process.

Shopping for health insurance for your business is complicated. Taking the appropriate time to understand each coverage option and the associated costs will benefit both your business and your employees' wellbeing.

~ Continued on Page 4 ~



Newsletter

SEPTEMBER 2019 — PAGE 4

Help Older Adults Stand Up Against Scams

The Consumer Financial Protection Bureau recently reported in financial exploitation cases that older adults lost an average of \$34,200. Unfortunately, these funds are often never recovered. You can ensure this doesn't happen by learning more about scams and how to protect yourself. Here are some tips:

- **Recognize the scams.** The best way to protect yourself from a scam is to understand what they look and sound like. Here are a few key elements to look for when identifying a scam: **Did you know?** IRS impersonation scams are the No. 1 scam targeting older adults, according to the Treasury Inspector General for Tax Administration, with more than 2.4 million Americans targeted.
 - You are promised a great offer or benefits
 - You are forced to make quick decisions
 - You are pressured to provide financial and/or personal information
 - You are threatened
- **Know why you are a target.** You and other older adults may be targeted because you own a home, and have retirement savings and exceptional credit — a treasure trove for con artists to pillage. Scammers take advantage of trusting older adults because they're less likely to say no and sometimes have cognitive issues that affect decision-making skills. In other cases, family members and non-related caregivers may have easier access to their funds, making them more susceptible to theft.
- **Keep your personal and financial information safe.** Keep your bank information, Social Security card and other finances stored somewhere secure in your home. Think twice about what you are sharing on Facebook, and don't give out your Social Security or account numbers without vetting the person or company asking you for it. Con artists find useful information on social media sites about your family members and then pretend to be a relative who asks for money, or they could directly ask you for sensitive information over the phone or via email.

~ Continued on Page 5 ~



Newsletter

SEPTEMBER 2019 — PAGE 5

Help Older Adults Stand Up Against Scams (Cont'd)

- **Hang up if you feel uncomfortable.** Don't worry about being impolite if someone on the phone is pressuring you into sharing sensitive information. Hang up. If the call comes from a company you trust, you can call back and ask for the department that handles your account to determine if the call is for a legitimate reason.
- **Turn down unsolicited offers.** If you receive a call or an in-person visit from someone you don't know selling you a product or service you didn't request, turn it down or tell them you'll decide at a later time. If the service or product interests you, conduct independent research on three suppliers. Proactively contact all three and determine the best offer. Include a trusted family member in the decision-making process. Doing this can effectively eliminate most scams.
- **Use direct deposit.** You can avoid having your checks stolen when you arrange for your checks to be directly deposited into your bank account. Ask your bank to show you how.
- **Speak up if you think you're a scam victim.** There's no need to feel embarrassed or ashamed if you think you've been scammed. Instead, let people know right away.
 - Call your bank and/or credit card companies.
 - Reset your account passwords.
 - Call the police to report stolen property.
 - Submit a consumer complaint using the FTC consumer Complaint Assistant.
 - Report the scam by calling the United States Senate Special Committee on Aging Fraud Hotline at 1-855-303-9470.
 - If you suspect elder abuse is also involved, contact adult protective services.

~ Continued on Page 6 ~



Newsletter

SEPTEMBER 2019 — PAGE 6

Why you need to Read the Fine Print

According to a recent Deloitte survey, 91 percent of people agree to terms and conditions without reading the legal agreement. While reading through the legally complex language may be slow and painful, it's more important than you think. Here are three reasons why reading entire legal agreements make sense:

1. **You miss a major technicality.** Many agreements have an exit penalty that requires you to pay for a period of time after you terminate an agreement. Others automatically renew your agreement for a year with exit penalties unless you tell them in writing you do not wish to renew prior to a key date. In a recent example of missing a legal technicality, eight teachers claimed the Department of Education (DOE) mishandled a debt forgiveness program that promised to reduce student loans after 10 years of public service. In most of the cases, the teacher's application was denied because, according to the DOE, they were in the wrong type of loan or payment program.
2. **You give something away.** With extensive agreement documents (PayPal's user agreement is over 50 pages long!), it's easy for a company to add language that grants itself rights to something that's yours. Here are some examples:
 - a. **Your identity.** Companies like Facebook grant itself rights to use your likeness and personal information for targeted advertising unless you catch the clause and take action.
 - b. **Your work.** If you create a presentation using some online tools, the agreement might allow the site to use the presentation without your permission.
 - c. **Your location.** Most navigation software tracks your location even when not using their application. The same is true with most newer vehicles. The only way to catch these tracking rights is to read the clause in the agreement.
3. **You're not comfortable with the risks.** Data breaches are occurring more often and are hard to prevent. To reduce their exposure to litigation, businesses are continuing to add language to agreements to protect themselves. Your job, as the consumer, is to know these risks when signing up for a new service. The more personal information you provide, the more important it is to understand your legal recourse if the supplier of your service is hacked.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article,