

NORTH LAKE TAHOE FINANCIAL SERVICES, LLC

Owen A. Hill, CFP®, EA, NAPFA Registered Fee-Only Financial Advisor

Certified Financial Planner™/ Enrolled to Practice before the IRS/ Registered Investment Advisor, California & Nevada

“Providing Client Financial Security since 1998”

Newsletter

Issue 30 Ph: 775-831-8511

Mailing Address: P.O. Box 4777, Incline Village, Nevada 89450

Winter 2014/2015

International Toll Free Fax: 844-273-8412

Physical Address: Lakeside Medical & Professional Center, Ste. 301

Email address: owen@tahoefinancial.com

Web Page: www.tahoefinancial.com

North Lake Tahoe Financial Services offers:

Fee-Only Financial Planning \$225/Hr:

Cash Flow - Creating a budget that works for you.

Education - Saving and paying for college efficiently.

Estate Transfer- Giving to heirs efficiently.

Insurance- Insurance advice- NO SALES.

Investments - Designing the right investment plan for your situation. Impartial advice. No security sales.

Income Tax - Tax credits, deductions and other savings, and funding college, retirement and other goals.

Retirement - Financial independence. A comprehensive retirement plan requires providing your financial & other information which is then reviewed and entered into sophisticated software that calculates an outcome that provides you with lifetime financial security.

Annual to Quarterly Investment Review \$225/\$75 Hr.

A review of your securities and other investments, and an examination of your current diversification and risk tolerance. Investment management with Vanguard Funds.

Income Tax Return Preparation \$225/Hr.

All Personal Tax Return Preparation (Including complex Multi-State, Merchant Mariner & Traveling Healthcare Professional tax returns). Estates, Trusts & Business.

Licensed to practice before the IRS in all 50 states.

Accounting \$75/Hr. QuickBooks Professional Advisor.

Small Businesses, Estates, Trusts and Personal. Daily Money Management (bill paying and credit card/bank account reconciliation). Personal errands at same rate.

Mail review and forwarding services can be arranged.

Hours are by appointment. Telephone and email messages are replied to within 24 hours.

Call for a Free Initial Consultation

INSIDE THIS ISSUE

1 Services

1 Investing with NLT Financial Services and the Vanguard Family of Funds

2 Affordable Care Act Tax Consequences

2 Tax Planning

Investing with North Lake Tahoe Financial Services, LLC and Vanguard

I attended the September Morningstar Annual ETF Conference in Chicago. One of the primary speakers was Eugene Fama, a 2013 Noble Laureate in Economic Science. He reaffirmed my belief that each year only a small number of investment managers (about 3% according to Mr. Fama) actually do better than the market average. The rest do not.

The Vanguard Group's family of Mutual Funds and Exchange Traded Funds (ETFs), is well known for its dedication to keeping costs to investors low. Vanguard, although not set up as a broker-dealer, (you would open your own personal account with Vanguard), offers a wide variety of investment choices. It also has a variety of very good webinars and tools for clients- and for advisors- to use in achieving good long term investment returns.

I provide assistance in either of two ways based on market & fund research, proper level of diversification, where the specific client's are in their lives, their investment goals and risk tolerance by (1) assisting the client with account opening and investment changes in my office, or (2) by having the authority to switch investments inside of client accounts. Neither method allows us to remove client funds from their accounts. My Fee is \$225 per hour for advice, planning and investment review, and \$75 per hour for account setup/changes, rather than the typical, and baffling, several percentage points of portfolio value that many money managers charge per year- often in ways that are not very obvious to their clients. I recommend a written retirement plan initially and concentrate on providing a better long-term return for those who are currently not doing very well with their investments due to poor and costly asset management. Long-term diversified investing, with low investment expense, has been successful for most people since before the Great Depression.

Affordable Care Act Likely to Require Additional IRS Forms Beginning With Tax Year 2014 Filings

The IRS and the various income tax software companies have yet to finish formatting the Tax Year 2014 income tax forms and making them work with the tax software. I have been able to assess the software at this point (mid-November). It appears as though there will be little change for some tax payers, but especially those who bought, or should have bought, insurance through the Affordable Care Act Exchange system will be dealing with tax credits, exchange subsidies or penalties. Most Taxpayers should expect to receive from an Employer or Insurance Company at least one of the following: The 1095-A, B or C.

Typically those covered by Medicare, Medicaid or other government programs, and those who bought directly from an insurance company will be receiving a Form 1095-B from the company, and perhaps a 1095-C from their employer as well.

If you bought on an exchange you will receive a 1095-A.

The information from these forms should flow to the new Form 8962, which should then flow to the 1040 in the form of additional, or less tax liability.

The format is similar to that of the State of Massachusetts's form for their version of the Federal law. It has now been working well for several years for that State.

If you did not have compliant-level health insurance, or had large enough gaps in coverage and do not qualify for an exemption, you may owe a shared-responsibility payment penalty. This amount will be calculated by the software. It seems that a Form 8965 will be used for this calculation.

There will be seminars available for preparing these forms and I will be sure to attend.

Income Tax Planning

Year-End Planning Ideas

(SUBJECT TO CHANGES IN FEDERAL TAX LAW)

Personal:

- 1 You may be able to deduct \$5,500 (\$6,500 for those over 50) for an IRA contribution for 2014 (by April 15th).
- 2 You may benefit from converting your traditional IRA to a Roth IRA in 2014.
- 3 'Bunch' itemized deductions into another year if they don't exceed the itemized deduction.
- 4 Travel for medical and charitable purposes may be deductible.
- 5 Professional tax & investment planning can be a deductible expense.
- 6 Look into qualified energy saving ideas for your home and auto for tax credits.
- 7 New Medicare taxes: Those joint filers with Modified Adjusted Gross Income over \$250,000 (\$200,000 for Singles) are subject to a 3.8% Net Investment Income Tax and wage earners at that level may owe an extra 0.9%.

Business:

- 1 Items bought for personal use, but used in the business may be deductible when converted.
- 2 There are significant Tax Credits for employee health insurance.
- 3 Shop by December 31st to deduct for 2014.
- 4 A Simplified Employee Pension (SEP) plan is easy to set up and great for business owners. Twenty percent up to \$52,000 (2014), and \$53,000 for 2015 of net income can be contributed each year. The Owner may have to contribute the same percentage to some employees.
- 5 There are no Federal employment taxes due when employing your children under 18 in your non-incorporated business. Unemployment-21.
- 6 Now is a good time for many people to start a small business of their own!

Personal Notes: Thank you for the continuing referrals - our primary and favorite source of new clients.

Published for clients of North Lake Tahoe Financial Services, LLC. Recommendations are not appropriate for everyone and should not be relied on to avoid IRS penalties. Prior to making investment decisions, individuals should consult their investment and tax advisors. Clients should ask for Part II of my NASD Form ADV before accepting, or paying for, financial advice. No client information is shared with 3rd parties without client consent.

Happy Holidays- Have a Happy and a Prosperous 2015!