

HUDSON POPE PLLC

CERTIFIED PUBLIC ACCOUNTANT

310 New Street, New Bern, NC 28560

Phone: 252-635-1330; Fax: 252-634-2772

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As we head into the summer months, we are of course continuing to process extended returns and just to remind you, corporate and partnership income tax returns are extended until September 16, 2019 while individual income tax returns have an extension date of October 15, 2019. Extended estate and trust income tax returns have a due date of September 30, 2019. We appreciate our clients providing us with the organized information which allows us to better serve you and complete the returns in a timely manner. Additionally, to remind our clients, our office hours as of May 1st are 8:30 AM until 5:00 PM Monday through Thursday and 8:30 AM until 12:00 noon on Fridays.

Proposed Legislation to Bolster Retirement Savings

Here's something lawmakers can agree on; the need to bolster retirement savings. But they don't quite know how to get there. There are multiple bills now in Congress that are intended to help IRA owners and participants in workplace retirement plans such as 401(k)s. The proposals have some overlapping provisions, along with a number of important differences. Below is a review of the two main proposals. A House version known as the SECURE Act which passed the House Ways & Means Committee in April. And a years-old, recycled Senate package, commonly referred to as RESA. We'll focus on the House bill and point out where the versions differ.

Among the hodgepodge of ideas is giving part-timers more retirement options. 401(k) plans would be required to allow employees logging at

REMINDER:

Individual Estimated Income
Tax Payments are due by
June 17, 2019.

We'd like to take this opportunity to welcome two new employees to our staff. Wendy Reid, office manager and Jennifer Gaskins, staff accountant both joined our firm last fall. Wendy is a former downtown New Bern business shop owner. Jennifer graduated from NCSU with a BS in Accounting and has 20 years of experience in public accounting.

This newsletter will focus on proposed legislation to help bolster retirement savings and tips to protect yourself from identity theft.

least 500 hours annually for three years to make salary reduction contributions. Collectively bargained plans would be exempt. This idea, which is opposed by many businesses, isn't in RESA.

Having 401(k) plans show annuity illustrations in benefit statements at least once each year. Participants would see not only their account balance, but also a lifetime stream of monthly payments based on expected-mortality tables.

Granting small firms, a credit for establishing automatic enrollment 401(k)s or IRAs. It would be up to \$500 annually for three years to defray start-up costs.

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Increasing the age for taking required minimum distributions from 70 ½ to 72. Note this isn't in RESA. But another bill recently introduced in the upper chamber would incrementally hike the age for taking RMD's to 72 in 2023 and to 75 by 2030.

Letting owners of traditional IRAs make contributions past the age of 70 ½.

Allowing early distributions from 401(k)s and IRAs for folks having a baby or adopting a child, without having to pay the 10% fine for pre-age 59 ½ withdrawals. This provision, which is endorsed by Rep. Kevin Brady (R-TX), isn't part of RESA.

Also, requiring many inherited accounts to be cleaned out within 10 years. There'd be exceptions allowing payouts over life expectancy for surviving spouses, kids under age 18, folks who are less than 10 years younger than the account owner and the disabled. RESA also addresses this, but with a couple of important changes. It would impose a five-year

cleanout rule (instead of 10). And it would apply the rule only to the extent that the account inherited by the beneficiary exceeded \$ 400,000.

Language expanding 529 education savings plans is holding up the bill. The SECURE Act would allow 529 plans to cover up to \$ 10,000 of homeschooling costs per year. Public teachers' unions and some of the more progressive House Democrats have weighed in with their objections, which is delaying a full House vote on the bill. This might be only a short-term hiccup. RESA doesn't contain the provision.

Lawmakers really want to pass retirement legislation sometime this year. But whether it's the SECURE Act or some other version is anyone's guess.

Identity Theft Information for Taxpayers

The IRS, the states and the tax industry are committed to protecting you from identity theft. Working together changes have been made to combat identity theft and progress is being made. However, cybercriminals are constantly evolving. Here are some tips to consider to protect yourselves from identity theft.

- Always use security software with firewall and anti-virus protections. Use strong passwords and change them regularly.
- Learn to recognize and avoid phishing emails, threatening calls and texts from thieves posing as legitimate organizations such as your bank, credit card companies and even the IRS. Go directly to their websites instead.
- Be cautious to not click links or download attachments from unknown or suspicious emails.
- Treat your personal information like cash, don't leave it lying around. Remember to protect the identity of your dependents as well.

- Do not routinely carry Social Security cards or documents with your SSN.
- Do not overshare personal information on social media. Information about past addresses, a new car, a new home and your children help identity thieves pose as you.
- Only use encrypted websites when giving personal information via the internet, look for "https" addresses.
- Be mindful to download and install software only from websites you know and trust.
- Always use a pop-up blocker and talk to your family about safe computing.

NOTE: The IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communications, such as text messages and social media channels.