

Winter  
2019  
Edition



**What You'll Find Inside This Issue:**

**2** 5 Simple Tips For Easing Tax Preparation Stress

Glossary

Winter 2019 Quiz

Financial Funnies

**3** Recipe for Success

Six Smart Money Moves to Consider Making in 2019

**4** L&M in the Community

Resources to Help You

**L&M Profile**



**L&M "We Show Up!"**

L&M specializes in financial planning and investment advice. L&M is a "do-the-right-thing" kind of place, and we always put our clients first. Since our founding in 1972, we have stayed true to our vision: delivering the highest quality advice and service so we will be the last financial advisors our clients will ever need.

From our offices in Amherst, Rochester, and Binghamton, we serve thousands of clients nationwide and oversee \$2 billion on our clients' behalf. We're proud to count thousands of clients and dozens of employees who have been with L&M for decades. Please contact us at 716-839-1234 or visit us online at [www.lmfs.net](http://www.lmfs.net) for more information.

**Introducing L&M Services For Taxation**

**L&M Tax, LLC and Bradley Bach, CPA.**

We're very excited to share that Bradley Bach, CPA has joined L&M's office in Amherst, NY. Brad is the Director of the newly formed L&M Services for Taxation. He is available to prepare tax returns for individuals and businesses. Brad and his wife, Megan, live in Hamburg and are proud parents to their two-year-old son, Miles.

We formed L&M Services for Taxation to deliver top-notch service and advice to our clients. By having L&M Financial and L&M Tax under one roof, our plan is to make the tax filing process as pain-free as possible. Brad will be available year-round to provide advice and guidance.

**If you're interested in working with Brad on your 2018 tax return, call our office or email him at [bbach@lmfstax.net](mailto:bbach@lmfstax.net) to schedule an appointment.**

**Impact of The Tax Cuts and Jobs Act of 2017.**

2018 is the first year of the new tax framework enacted by the Tax Cuts and Jobs Act of 2017 (TCJA). Here are the two most common questions that our clients have asked Brad (and of course, these answers cannot constitute tax advice and should be reviewed with your tax advisor before implementing):

**Q:** *Are charitable contributions still deductible under the new tax system?*

**A:** The standard deduction nearly doubled from 2017 to 2018. As a result, many taxpayers who used to itemize deductions (like state income and property taxes, mortgage interest, charitable contributions, & medical expenses) will now instead take the standard deduction. In practice, this means that charitable contributions that used to be included in itemized deductions



*Bradley Bach, CPA*

will no longer be deductible.

If you're over age 70.5 and subject to Required Minimum Distributions (RMD), consider making your charitable contributions directly from your IRA. Doing so can satisfy RMD requirements and exclude your RMD (or a portion of it) from your taxable income.

*continued on back cover*

For more information about L&M's services or to schedule an annual review, just fill out the enclosed, prepaid reply card.



## Glossary

### 1099

A series of documents the IRS refers to as “information returns.” There are a number of different 1099 forms that report the various types of income you might receive throughout the year other than your employer-based salary. The person or entity that pays you is responsible for filling out the appropriate 1099 tax form and sending it to you by January 31.

### Business Tax ID Number

Also called an Employer Identification Number (EIN), this is a unique nine-digit number used to identify the tax account of a business entity. An EIN works like a Social Security number and is created through the Internal Revenue Service.

### W-4 Form

Also known as the “Employee’s Withholding Allowance Certificate,” this is an IRS form that an employer uses to gather tax withholding information for an employee, so the correct amount of tax is withheld from their paycheck.

### W-2 Form

The form that an employer must send to an employee and the IRS at the end of the year. It reports an employee’s annual wages and the amount of taxes withheld from his or her paycheck.

## 5 Simple Tips for Easing Tax Preparation Stress



If you’re like most taxpayers, filing your taxes is stressful. However, many times, it’s due to being unprepared and left scrambling at the last minute. The good news is that if you invest a little more time upfront, you can take some of the pain out of the process. To help you, here are five easy steps to incorporate into your efforts:

### #1: Make an appointment now.

Appointments fill up fast. So don’t wait until the 11th hour to contact your tax preparer. Instead, call now – in January. Even if you set the appointment for late March or early April, you’ll still have time to prepare and a chance to avoid an anxiety-filled rush.

### #2: Get your information returns together.

At the beginning of the year, you’ll start getting documentation in the mail, such as your W-2, statements on dividends and interest, and those reporting student loan and mortgage interest. These are called informational returns. As they come in, file them in one spot, so they’re easily accessible when it’s time to get ready for your appointment.

### #3: Gather up receipts and records.

If you plan to itemize, you’ll need documentation backing your claims for write-offs. These include receipts for donations to charity, medical costs not covered under insurance or reimbursed by your health plan,

and job-related expenses. In the future, apps, such as Expensify and Shoeboxed can simplify this process.

### #4: Bring along the right personal information.

You likely know your Social Security number. However, if you had a new baby this year, you probably don’t know his or her’s off the top of your head. But you’ll need to give it to your tax preparer. In addition, there are many other documents you’ll need to bring, from your child’s daycare business tax ID number and the amount you paid to records of rental income and expenses. Go to <https://www.irs.gov/individuals/checklist-for-free-tax-return-preparation> for a complete list.

### #5: Keep it organized.

Don’t walk into your tax preparer’s office with a shoebox crammed full of receipts and files. Instead, get organized ahead of time, so you can ensure the process is as efficient for you and your preparer as possible.

Start by sorting your documents by type and then placing them in individual files. That way, as your preparer asks for information, you’ll be able to get the facts and figures they need. Keep in mind, the more organized you are, the less risk there is of missing out on a deduction.

Your tax preparer can and should be able to advise you on strategies for maximizing your return. However, to make the most of their expertise, it’s important for you to be prepared and plan ahead.

## Winter 2019 Quiz

Answer correctly and be entered to win a delicious coffee cake – delivery included. Email your answers to [quiz@lmfs.net](mailto:quiz@lmfs.net) or mail back the enclosed reply card by January 31<sup>st</sup> to be eligible.

1. Which was the first internal tax levied directly on American colonists by the British crown?
2. What amendment to the constitution grants Congress the power to lay and collect income taxes?
3. In 1918, to pay for WW I, what did the government raise the highest tax bracket to?

### Fall Quiz Winner:

#### Client:

Anne Marie Derrett

Agent: Julie Murphy.



## The Financial funnies

A nervous taxpayer was unhappily conversing with the IRS auditor who had come to review his records.

At one point the auditor said, “We feel it is a great privilege to be allowed to live and work in the USA.

As a citizen you have an obligation to pay taxes, and we expect you to eagerly pay them with a smile.”

“Thank God,” exclaimed the taxpayer. “I thought you were going to want cash.”

## Recipe for Success

### Chicken Pot Pie



#### Ingredients

- 1 pound skinless, boneless chicken breast halves, cubed
- 1 cup sliced carrots
- 1 cup frozen green peas
- 1/2 cup sliced celery
- 1/3 cup butter
- 1/3 cup chopped onion
- 1/3 cup all-purpose flour
- 1/2 teaspoon salt
- 1/4 teaspoon black pepper
- 1/4 teaspoon celery seed
- 1 3/4 cups chicken broth
- 2/3 cup milk
- 2 (9 inch) unbaked pie crusts

#### Directions

- Preheat oven to 425° F.
- In a saucepan, combine chicken, carrots, peas, and celery. Add water to cover and boil 15 min. Remove from heat, drain and set aside.
- In the saucepan over med. heat, cook onions in butter until soft and translucent. Stir in flour, salt, pepper, and celery seed. Slowly stir in chicken broth and milk. Simmer over medium-low heat until thick. Remove from heat. Set aside.
- Place the chicken mixture in bottom pie crust. Pour hot liquid mixture over. Cover with top crust, seal edges, and cut away excess dough. Make several small slits in the top for steam to escape.
- Bake 30 - 35 mins, or until pastry is golden brown and filling is bubbly. Cool before serving.

## Six Smart Money Moves To Consider Making in 2019

Feeling the crunch at the end of the year with your finances? You're not alone. Between gifts, parties, and donations, it's an easy season in which to blow your budget. But don't panic. There are some simple moves you can make after the New Year to get back on track and make the most of the money you earn in 2019.

### Evaluate where to cut back.

The start of the New Year is the perfect time to take a step back and review where you're spending money. Make a list of your income and expenses. Identify needs versus wants. Then determine which areas will stay in your budget and which won't make the cut.



### Knock out debt.

There's nothing like an 18% credit card interest rate to sabotage your best budgeting efforts. That's why another smart money move for the year is knocking out high-interest debt. Even if you can only increase your payments by a little extra each month, it will go a long way in cutting down debt faster. One key? Focus on one high-interest account at a time. You'll make the most progress with this approach.

### Lower your bills.

You might not be able to lower your mortgage payment. However,

your monthly cell phone bill could certainly be cut. Other areas to try and renegotiate or look for other service providers include cable, Internet, satellite, gym and other memberships, subscriptions, and your home security system provider.

### Set savings goals.

Once you know how much you can spend during any given month, start working toward meeting a savings goal. Ensure you have at least six months' worth of expenses set aside and create a monthly automatic transfer into a savings account until you do. Once that's done, strive to set aside more in your retirement accounts. You might not be able to fully fund them now, but adding just a little more to each monthly payment – even if it's just \$25 – will accumulate over time.

### Check your credit score.

Your credit score has big implications for your overall financial health, whether you're interested in buying a car or home or taking out a student loan. It tells potential lenders how much of a risk you are, impacting the interest rates you have to pay.

It's therefore important to review yours regularly and ensure there aren't any errors on it. You're entitled to one free copy of your credit report every 12 months from each of the three nationwide credit reporting companies: Experian, Transunion and Equifax.

### Meet with your financial advisor.

Your L&M financial adviser can help you make decisions with your money that will help you reach your financial goals, faster. They can also help with many of the steps above, so that you're in the strongest financial position possible. So make sure you're meeting with him or her regularly, at least once a year.

# L&M by any other name...

Many companies offer insurance, financial planning, or advice on investing in the stock market. But representatives of L&M are experienced not only in these three areas, but in many more as well. L&M Financial representatives have been providing a broad range of financial planning and benefits programs to many people across New York State since 1972.

Available products and services are:

- Financial and estate planning
- Long-term care planning
- Pre- and post-retirement counseling
- Tax-favored investments
- Mutual funds
- Equities
- Life insurance
- Disability insurance
- Group insurance
- Funding for education
- 401(k)
- 403(b) Tax Sheltered Annuities
- 457(a) Deferred Compensation
- Individual Retirement Accounts
- Third party administration/ payroll deduction services

L&M representatives offer workshops, seminars and, of course, individual meetings in an effort to educate you about effective ways to help establish a secure financial future.

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## Resources to Help You

With the passage of the Tax Cuts and Jobs Act (TCJA) last December, many Americans are still wondering what will actually happen when they file their 2018 taxes in 2019.

To help you plan ahead and ensure you're not blindsided, check out this 2018 Tax Reform Calculator at the link listed below. It was created by the Tax Foundation to figure out how the TCJA will affect taxpayers in scenarios similar to your own.

<https://taxfoundation.org/2018-tax-reform-calculator/>

## L&M Financial News is a free service of L&M Financial.

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## L&M volunteers in the community

L&M employees, their families, and friends rounded out the year by supporting various community causes and events.

In September, clients and friends who came to L&M's Goodwill and Shred-it Event donated almost 1,400 lbs. of items to Goodwill and shredded close to four tons of paper. In October, a group of L&M supporters volunteered time at the Ronald McDonald House in Buffalo by preparing meals for residents. And in November, L&M employees helped pack and load boxes of food and turkeys as part of a drive sponsored by North Presbyterian Church and Temple Shir Shalom to feed more than 500 local families for Thanksgiving.



*September Goodwill and Shred-it Event.*

*Richard Kohl, Jacob Cosmas, Debbie Meyer, Cathy LaPenna, Jennie Carlson, Jamie Cuthbert, Leah Palumbo, Joseph Lipsitz, Renee Halifax, and Goodwill employee.*



*October at Ronald McDonald House.*

*L to R: Victor Anastasia, Max Lipsitz, Nancy Holmstrom, Leah Palumbo, Debbie Meyer, Lisa Anastasia.*



*Thanksgiving food drive.*

*L to R: Brad and Megan Bach; Richard Kohl; Debbie Meyer, and Ava, Steve, Jennie, and Stephen Carlson.*

## L&M Services for Taxation for 2018

Continued from Cover

**Q:** *How much money can I give to any one recipient without either of us having to pay tax?*

**A:** The 2019 annual federal gift exclusion amount is \$15,000, which means each taxpayer can gift \$15,000 to every person they know without having to report the gift. In other words, if you gift more than \$15,000 to any one person in 2019, that gift should be reported to the IRS, but it probably won't be taxable. Only ultra-wealth people who gift more than \$11.4 million each (\$22.8 million for married couples), are likely to be taxed on their gifts.

**If you'd like to work with Brad to prepare your taxes, here are some recommendations and information:**

### Costs

Basic individual tax returns (generally if you don't own a business, rental property, farm, or file returns in multiple states) start at \$225 for clients of L&M Financial, and \$325 for non-clients. Additional costs will apply for more complex returns. Dependent/child returns start at \$100. Business returns will be quoted on a case-by-case basis.

### Completion of your 2018 Tax Return

As always, please don't hesitate to call your L&M financial advisor or Brad directly with any questions. You can reach Brad at 716-839-1234 x 287 or by email at [bbach@lmfstax.net](mailto:bbach@lmfstax.net). If you're interested in working with Brad to prepare your 2018 taxes, here's what we recommend:

- Please drop off your 2018 tax-prep documents and your 2017 federal and state returns at L&M (Amherst, Vestal, or Rochester locations).
- Our tax team will reach out to you with any questions, and we will keep you and your L&M advisor up to speed throughout the process.
- We'll call to let you know when your tax returns are ready for pick-up. Unless you'd rather not, we recommend you plan to sit with Brad to review your completed returns.
- Pick up your return, sign the appropriate e-file forms, pay your bill (checks payable to: L&M Tax, LLC) and we'll e-file your return.

Tax services are offered through L&M Tax, LLC, Bradley Bach, CPA. L&M Tax, L&M Group, and Securities America are separate entities.