

Summer  
2017  
Edition



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

L&M Financial representatives have been providing benefit programs and financial services to individuals, families, and small businesses since 1972, and through their affiliation with Securities America, Inc. since 2007. But we're not simply a team of financial planners managing money. We are trusted advisors, life coaches, and loyal partners. We truly care about our clients' well being. And we strive to build long-term relationships with each and every one of them. In other words, "we show up." By showing up, we help our clients make smart financial decisions – so they can enjoy life and focus on what matters most.

Through our offices in Buffalo, Rochester, and Binghamton, our nearly 100 employees and representatives, and the latest in technology, we offer our clients guidance that is consistent with their goals for the future. For more information, contact us at 716-839-1234 or 800-326-8410, or visit us online at [www.lmfs.net](http://www.lmfs.net).

**Tax Identity Theft: How to Stay Secure**

You've heard of identity theft. But what about tax identity theft?

This type of theft – also called tax refund fraud – occurs when a criminal uses your Social Security number (or your child's) to file a tax return and claim a fraudulent return. They then cash the refund check, leaving you to clean up the mess when you find out your return was rejected by the IRS.

And it's more widespread than you think. Each year, the IRS mails out billions in fraudulent refunds. In fact, the U.S. Treasury Inspector General for Tax Administration estimates that phony refunds could total \$21 billion in 2017. That's up from just \$6.5 billion a few years ago. And that's why the IRS is currently working with state tax authorities and the tax industry to address tax-related identity theft and refund fraud.

**Who's at risk?**

Regardless of whether you file electronically or by mail, you're susceptible. That's because a scammer simply needs your birth date, name, and Social Security number. In some cases, identity thieves will even impersonate the IRS over the phone or through email to get this information. In other cases, they will steal W2s right out of mailboxes or hack into computers.

So if tax fraud happens to you, what should you do? And how can you protect yourself going forward? Here are some tips:

**Tip #1: Understand the warning signs.**

According to the IRS, there are some warning signs that your identity may have been stolen for tax fraud purposes. These include if you're notified that:



- More than one tax return was filed using your SSN.
- You owe additional tax or have had collection actions taken against you for a year you did not file a tax return.
- IRS records indicate you received wages from an employer unknown to you.

**Tip #2: Act quickly.**

If you know or suspect you've been a victim of tax identity fraud, act quickly. Immediately

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



## Glossary

### Additional Child Tax Credit

A refundable credit that can be claimed by taxpayers who are ineligible to claim the full non-refundable child tax credit because it exceeds their total tax liability.

### Adjusted Gross Income

An individual's total gross income minus specific deductions or adjustments.

### Earned Income Tax Credit

A refundable tax credit for low- to moderate-income working individuals and couples, particularly those with children. The amount of an EITC benefit depends on a recipient's income and number of children.

### U.S. Treasury Inspector General for Tax Administration (TIGTA)

An office in the United States Federal government that provides independent oversight of the Department of the Treasury matters involving IRS activities, the IRS Oversight Board, and the IRS Office of Chief Counsel.

### W-2

A form that an employer must send to an employee and the IRS at the end of the year. The W-2 form reports an employee's annual wages and the amount of taxes withheld from his or her paycheck.

## What You Need to Know about Tax Changes for 2017



It's summer. The last thing you want to think about are tax filings and liabilities. But when you focus on your taxes throughout the year – including over the summer – you can stay in the know and hopefully save some green come tax time next year.

With that in mind, here's a look at some recent tax changes released by the IRS for tax year 2017 (which pertain to the taxes you will file in 2018):

### An increase in standard deductions

According to the IRS, the standard deduction for married couples filing jointly rises to \$12,700 for tax year 2017, up \$100 from the prior year. For single taxpayers and married individuals filing separately, the standard deduction rises to \$6,350 in 2017, up from \$6,300 in 2016, and for heads of households, the standard deduction will be \$9,350 for tax year 2017, up from \$9,300 for tax year 2016.

### A change in deductions for itemized medical expenses

If you itemize your medical expenses to deduct them, then beginning in 2017, your medical expenses must top 10% of your Adjusted Gross Income before you can claim itemized medical

expenses. Previously, for those 65 and older, the threshold for itemizing and taking this deduction was 7.5%. Now it's the same for everyone, regardless of their age.

However, there's good news, too. For those who are self-employed, limits are increasing

slightly for tax-deferred Medical Savings Accounts. The maximum deductible amount for out-of-pocket expenses for self-only coverage (\$4,500), the deductible limit on a plan with family coverage (\$6,750), and the minimum deductible amount for annual family coverage (\$4,500) have all increased by \$50. The limit on out-of-pocket medical expenses under family coverage (\$8,250) increases by \$100.

### Increase in estate tax exemption

In 2017, the estate tax exemption increases, as well. For those who pass away in 2017, up to \$5.49 million of their estates will be exempt from Federal taxes. That's a \$40,000 increase from the levels in 2016.

### Timing for refunds

The Protecting Americans from Tax Hikes (PATH) Act of 2015 mandates the IRS cannot send a refund or credit for overpayment until February 15th when the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC) is claimed on a return. This took effect January 1, 2017, so it will impact returns filed in 2018. It could affect your cash flow if you claim this deduction and were expecting an early refund.

## Summer '17 Quiz

Answer all three questions correctly and you'll be entered to win a certified kosher, cinnamon walnut *My Grandma's of New England* coffee cake delivered right to your door. Email your answers to [quiz@lmfs.net](mailto:quiz@lmfs.net) or print them on the enclosed reply card and submit by July 4<sup>th</sup> to be eligible.

1. What is the name of the law our current tax system is based on?
2. During which war was the first federal income tax imposed?
3. What was the highest tax rate ever applied in the U.S.?

### Spring Issue 2017 Quiz Answers:

1. Woodrow Wilson
2. 63
3. \$747 billion

**Winner:** Joseph Kustich  
**Agent:** Julie Murphy



## The Financial funnies

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

At one point the auditor exclaimed, "Mr. Carr, 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 goodness," replied Mr. Carr, with a grin on his face. "I thought you were going to want me to pay with cash."

## Recipe for Success

### Blueberry Cream Muffins



#### Ingredients

4 eggs  
2 cups white sugar  
1 cup vegetable oil  
1 teaspoon vanilla extract  
4 cups all-purpose flour  
1 teaspoon salt  
1 teaspoon baking soda  
2 cups sour cream  
2 cups blueberries

#### Directions

Preheat oven to 400 degrees F (200 degrees C). Grease 24 muffin cups or line with paper muffin liners.

In large bowl, beat eggs, gradually adding sugar while beating. Continue beating while slowly pouring in oil. Stir in vanilla. In a separate bowl, stir together flour, salt and baking soda.

Stir dry ingredients into egg mixture alternately with sour cream. Gently fold in blueberries. Scoop batter into prepared muffin cups.

Bake in preheated oven for 20 minutes.

## Summertime Tax Tips

During the busy summer months, you're focused on backyard barbecues and vacations. But if you want to stay on top of your taxes and reduce your liability when you file in 2018, then now's the time to keep track of those summer-time deductions, as well as taxable income. Here's a look at a few common areas on which to focus:

### If You're Moving

Summer is the most common time to move. And if you're moving for a job, then those expenses may be tax deductible. In fact, if you move over 50 miles in order to take a new job and you continue to work in that area for 39 or more weeks during the next year, some of your moving expenses can be deducted. So make sure you keep track of your costs and also keep all your receipts related to the move.

### If You Have Kids

Your kids are in school all year. Come summer, though, they may wind up in day care or in day-time summer camps. According to the IRS, both could be tax deductible for you. If you work or are looking for work and pay someone to care for your child or send them to a day-time camp, then you can get a tax break under the Dependent and Child Care Credit. The credit can be up to 35% of your qualifying expenses, depending on your income. Overnight camps, however, don't qualify.

### If You're Getting Married

Have you or are you getting married soon? Summer is



certainly the season. When you do, it's important to check your withholdings to ensure you're not paying too much or too little to the IRS. The same holds true if you just had a child, or a change in income level (such as a promotion). Be sure to adjust your withholding status so there aren't any nasty surprises come tax time.

### If You're Hosting a Garage Sale

Did you ever wonder whether you're supposed to report income on a garage sale? You can breathe easy. You don't have to because those items are used and therefore sold for far less than what you bought them for. That means they're sold at a loss. However, if you mark up an item and wind up selling it for more than what you paid, then this must be reported to the IRS as income.

### If You Have a Summer Rental

Do you have a vacation property you rent out during summer? You can do so for up to 15 days per year without having to pay taxes on the income. Also, don't forget to deduct the mortgage interest on that second home come tax time.

## Fall Shred-it Event

Save the date for L&M's next Shred-it and Goodwill event!

**Date and time:** Saturday, September 9, 9 a.m. – Noon

**Place:** L&M back parking lot, 3820 Sheridan Drive, Amherst

**RSVP:** Karen Young, 716-839-1234, or [shredit@lmfs.net](mailto:shredit@lmfs.net)

## 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:

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- Funding for education
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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

Taxes can be tricky, especially with a tax code that is complex and constantly changing. That's why we've put together some resources for you online. For tips and information related to taxes, go to [www.lmfs.net/resources](http://www.lmfs.net/resources) and click on Articles of Interest in the left-side navigation. Look for these headlines:

- When to Toss Tax Records
- 4 Really Smart Things to Do With Your Tax Refunds
- 5 Ways to Lower Your Tax Bill

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## L&M in the Community

L&M team members were busy giving back this past spring. Among the causes we supported were the Leukemia & Lymphoma Society; the Roswell Park Donor Center; the American Cancer Society; Meals on Wheels; and Goodwill Industries.



Clients and friends who brought their "stuff" to L&M on a rainy May 6 donated 2,125 lbs. of household items to Goodwill and left 9,100 lbs. of paper for Shred-it.



Lebro's Restaurant generously donated 50 spaghetti dinners for L&M's fundraiser in May benefiting The Leukemia and Lymphoma Society.



L&M volunteered at Meals On Wheels to prepare 458 meals for same-day delivery. L. to R.: Deidre Batson-Griggs, Lynn Kuligowski (kneeling), Richard Kohl, Barb Young, Jennie Carlson, Leah Palumbo, Wendy Mednick, and Rose Rath.



L&M's Roswell Park platelet drive team included Wendy Mednick, Greg Brown, Richard Kohl, Rose Rath, Gloria Sadowski, and Jacob Cosmas. Roswell Park Donor Center Coordinator Anita Humphreys is at far right.



Shown at the American Cancer Society Relay for Life are (R. to L.) Joseph Lipsitz, Max Lipsitz, Blaire Lipsitz (head coach of the UB woman's volleyball team), and assistant coach Adam McLamb.

## Tax Identity Theft: How to Stay Secure

Continued from Cover

notify the IRS Identity Protection Specialized Unit at 1-800-908-4490 and report the theft. Also, complete the IRS Form 14039: Identity Theft Affidavit.

Once you've reported the situation to the IRS, alert one of the three main credit reporting: Equifax, Experian, or TransUnion. Make sure they put a fraud alert on your credit records. Also, notify all financial institutions with which you do business.

### Tip #3: Safeguard your Social Security number.

Whether your identity has been stolen, or you want to prevent it from happening, it's important to protect your Social Security number. Don't carry your card with you; keep it at home in a

secure place. Also, don't throw away documents with your Social Security number on them and never give it out over the phone. Finally, limit where you provide your Social Security number. For instance, some doctor's offices ask for it on forms, but don't really need it.

### Tip #4: Protect your computer.

It's not recommended to store tax returns and personal information, like your Social Security number, on your computer. However, if you do, make sure your computer has current anti-virus software, with automatic updates turned on, and that you have a router with up-to-date encryption. Also, don't use public Wi-Fi to transmit sensitive files. They can

be easily intercepted.

### Tip #5: Be aware of phishing scams.

Scammers are relentless and shameless. They'll even go as far as impersonating IRS agents to get your personal information. So know the warning signs. For instance, the IRS will never contact you over the phone or via email and ask for personal information, like your Social Security number. They will always send you a notice in the mail. If you think someone is trying to scam you, report them to the IRS.

Follow the above steps and you'll make great strides in reducing your risk of tax identity theft.

Visit the L&M website at:

[www.lmfs.net](http://www.lmfs.net)