

## Adjusting Your Payroll Withholding

*Is this a good strategy for you?*

Re-evaluating your payroll withholding each year when we do your taxes is a good practice that you should consider adopting. If you typically owe a large amount or have a large refund when filing your taxes, adjusting your withholdings is especially important. Or you may have changes coming in 2013 to your income or deductions.

Let us help you determine how much income and deductions you expect to have for the year and consequently how much tax you may owe. You may need to make changes to your withholding if you no longer will be able to claim a dependent or your child is turning 17. (At 17 you lose the Child Tax Credit but can still claim the child.) Also, if you are Getting Married or Divorced, Selling a Rental, Retiring, Spouse Going to Work, a New Job, Receiving Extra Income, Starting a New Business, Cashing Bonds, Receiving Pension—IRA, or **if you will be losing Earned Income Credit.**

We can help you fill out a new Form W-4, *Employee's Withholding Allowance Certificate*, in which you will claim the number of allowances that correspond with the proper amount of withholding. Afterwards, you'll need to give the W-4 to your payroll department. The Form W-4 can be filed at anytime but works best when done early in the year.

**Killingbeck Inc.**  
1501 E Markland,  
Kokomo, IN 46901



Kokomo's Killingbeck Family  
Dave, Doug, Bill, Amy, Don

**Killingbeck Insurance & Tax Preparation** 765-452-8000 Jan. – Feb. 2013

## Protect Yourself NEWSLETTER

auto | home | tax preparation | life | business

**Saving You Money — Protecting You Better**

- **The New Tax Law!**
- **Is Adjusting Your Payroll Withholding a Good Strategy?**
- **Not So Trivia Contest & Client of the Month**
- **When You Receive an IRS Notice**
- **Don's Corner- IRS says it takes 14 Hours.**
- **How Social Security Affects Your Taxes**
- **Win, 7 Ways to Win!**

*What's Inside:*

**IT'S A FACT:** Over 80% of the stuff we throw away to get buried in garbage dumps, instead of recycling, can actually be recycled.



**Don Killingbeck**  
Trusted Advisor

### Don's Corner — IRS Says it Takes 14 Hrs.

I want to say *thank you* to all of you who sent notes or gave warm greetings from my surgery (prostrate removed). I am doing well and they give me 97% chance cancer won't return. Good news!

During my medical leave I worked at home studying and preparing for income tax season. So far, I have put in over 300 hours getting ready. It is a big job!

The tax laws are so complicated that IRS says to get your tax return right it takes 14 hours of study! My summary of tax law is 100 pages!

Each year we see new clients who have missed big savings on their return making their refunds smaller than they deserve. The reason for smaller refunds is these clients did the return themselves or went to tax preparers who didn't keep up with the complex tax laws.

The interesting thing is most of them thought their tax return was right because the IRS didn't tell them there was an error. They didn't know the IRS won't tell them of missed deductions. One wrong answer in tax software and they cost themselves a bigger refund.

So please, tell your friends how Killingbeck can get them Larger Refunds at Lower Costs. And tell them to mention your name for Referral Rewards.

**WIN! WIN! WIN!**

## Not-So-Trivial Pursuit

This month's Trivia Contest offers you a chance to win a Bag of Gold (10 Presidential Dollar Coins). Test your knowledge! You could be the winner.

Write down your name and answer, and then email [don@killingbeckinsurance.com](mailto:don@killingbeckinsurance.com) or fax 765-452-2995 or mail to PO Box 2946, Kokomo, IN 46904.

This month's question is: Name at least 3 of the 5 vice presidents who subsequently became president in their own right – that is through nomination or election rather than a death. Good luck!

**Last Month's Winner:** Congratulations! We received 12 right answers and the winner of the tie breaker drawing was **Gevene Gates!** Good Job to all!

**Last month's question:** *November 11<sup>th</sup> is Veterans Day. How many veterans are interred in the tomb of the unknown soldier?* Answer: There are 3 veterans in the Tomb. One from WW1, one from WW2, one from the Korean war. There was one from Vietnam but he was identified & his remains sent to his family.

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You Can Trust Us to  
Do the Job for You!

## Referral Rewards

*Lend A Hand - Refer A Friend*

### Two Referral Programs, Ways to Win!

You are the very best income tax and insurance clients we could have—thank you for your business and trust!

We want to make you aware we have two different referral programs where you can win.

So, if you know of somebody on either income taxes or insurance who'd like to increase their "Bang for their Buck", have them get with us. **Be sure they mention your name.**

#### On Insurance Referrals

**\$10 "Gift of Your Choice"**  
**\$50 Drawing every 2 months**  
**New i-Pad or \$500 Drawing**

#### On Tax Referrals

**\$20 First Referral, \$50 two Referrals, \$100 3 Referrals!**  
**New i-Pad or \$500 Drawing**

### Many Thanks for Your Referrals!

For complete details and rules on our referral program, please see the Referral Rewards Flier in our office.

# The Killingbeck Family - Insurance & Tax Preparation

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## New Tax Law Summary

On January 2, 2013, President Obama signed into law the *American Taxpayer Relief Act of 2012*, which makes permanent the temporary rates on taxable income at or below \$400,000 for individual filers and \$450,000 for married individuals filing jointly. The noteworthy provisions are outlined in this summary.



Dave Killingbeck

**Tax Rates** The 10%, 15%, 25%, 28%, 33% and 35% tax brackets are made permanent; high-income taxpayers will be taxed at 39.6% rate after 2012.

**Dividends & Long-term Capital Gains** The 0% and 15% rates are made permanent. A 20% rate becomes effective in 2013 for high income taxpayers.

**Marriage Penalty Relief** is now permanent. The tax rates and standard deduction for married couples is permanently extended to twice that of a single filer.

**Teachers** The \$250 deduction for classroom expenses of elementary and secondary school teachers is reinstated for 2012 and 2013.

**Principal Residence Indebtedness** The exclusion for cancelled qualified mortgage debt (up to \$2 million) is extended through 12/31/2013.

**Mortgage Insurance Premiums** are deductible as mortgage interest through 12/31/13.

**State and Local Sales Tax** The election to claim an itemized deduction for state sales tax instead of state income tax is extended through 12/31/13.

**Qualified Tuition & American Opportunity Credit** The deduction and credit for qualified tuition and related expenses is extended through 12/31/17 for the Credit and 12/31/13 for the Deduction.

**Student Loan Interest** \$2,500 deduction for student loan interest has been made permanent.

**Coverdell ESA** \$2,000 contribution limit is permanent.

**Personal Exemption & Itemized Phase-out** In 2013, exemptions and itemized deductions phase-out applies when AGI exceeds \$250,000 single, \$275,000 head of household & \$300,000 joint.

**IRA Distributions to Charity** The rule allows tax-free distributions (for taxpayers over age 70½) of up to \$100,000 if donated to charity through 2013.

**Child Tax Credit** The \$1,000 per child tax credit & refundable portion of the credit is made permanent.

**Dependent Care Credit** enhancements under the 2001 *Economic Growth Act* are now permanent.

**Adoption Credit** The credit have been made permanent. The credit for 2012 is \$12,650 per child.

**Earned Income Tax Credit** was made permanent.

**Home Energy Credit** of 10% for installing certain energy efficient property in their principal residence is extended through 12/31/13. Lifetime limits apply.



Don Killingbeck



Doug Killingbeck



Amy Bangs



Laura Bianco

## When You Receive an IRS Notice

*Talk to us right away as the IRS notices often are confusing and can have errors on them.*

Every year the IRS sends millions of letters and notices to taxpayers. If one shows up in your mailbox, don't panic! The IRS may simply be requesting payment of taxes, notifying you of a change to your account, or requesting additional information. Regardless, any notice you receive will normally cover a very specific issue about your account or tax return.

If you receive a notice about a correction to your tax return, you should review the correspondence and compare it with the information on your return. Call us, your tax professional, right away so we can advise you! In most cases, the IRS will require a response within 30 or 60 days, and we need time to review the notice and determine the appropriate response. Be sure to keep copies with your tax records of any correspondence between you, your advisor and the IRS.

## How Social Security Affects Taxes

*Certain tax issues may affect your social security*

Many individuals start thinking about retirement at age 63 and wonder how social security will work once they are no longer working.

Some people have to pay federal income taxes on their social security benefits. This usually happens only if they have other substantial income such as pensions, wages, self-employment, interest, dividends and other taxable income that must be reported on their tax return in addition to their benefits. Based on IRS rules, no one pays federal income tax on more than 85 percent of their social security benefits.

Each January retirees will receive a Form SSA-1099, *Social Security Benefit Statement*, showing the amount of benefits they received in the previous year. If they do have to pay taxes on their social security benefits, they can make quarterly estimated tax payments to the IRS or choose to have federal taxes withheld from their benefits. **We can help you determine how Social Security will impact your tax situation.**

## Are You Client of the Month?

Even if your name doesn't appear below this month, please accept our heartfelt thanks for your support. We truly appreciate it!

**For outstanding work telling others about our agency, this month we honor: John & Janice Alexander as our Clients of the Month!** John & Janice received the \$50 Reward.

Runner ups in the Just Keep Talking Rewards each received a \$10 gift of their choice: James Archer, Dennis Cullison, Michelle Clark, Jerry Talbert, Wanda Miller, Steven Walls, Addie Gee, Carly Laubenstein, Lucinda Spencer, and Stephen Sallee.

**All have earned a chance to win The new iPad or \$500!** Drawing is 12/1/2013. Thank you all for your continued business!

## Tell Others About Us and Win a Prize

Help Your Friends & Family Save Up to 79% on Their Income Tax or Insurance & Reward Yourself.

It's as Easy as 1,2,3

1. Tell a friend, co-worker, or relative about us.

2. **Tell them to mention your name when they contact us.**



3. **For each referral you receive:**

a "Gift Card" for every referral.\*

a chance to win \$50\*

\*See front for details on rewards.

1 chance to win the new iPad Or \$500!



For complete rules and details see rewards flier in our office.

OR \$500