



News You Can Use

Brought to you by Clairmont, Paciello & Co., PC

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Understanding Estimated Tax Payments and Penalty

Even when you submit your tax return by the due date and remit any tax owed, the IRS may still penalize you for paying late. Taxpayers are required to pay income tax throughout the year. This is accomplished by having tax withheld from paychecks or sending four estimated tax payments.

The withholding can occur at any time during the year, but the estimated payments of tax should be approximately equal. Paying little estimated tax early in the year and more later will result in an underpayment penalty. Fortunately, the IRS offers a safe harbor method for escaping this misfortune.

A penalty is not assessed when four equal estimated tax payments are short of your ultimate tax owed by less than 10% or \$1,000. Moreover, penalty is averted when the four equal tax installments total 100% of your tax liability for the preceding year. This target is 110% if your adjusted gross income for the year is more than \$150,000.

When most of your income comes at a certain time of year rather than about equally throughout the year, as your accountant we can use the annualized installment method to avoid a penalty.

This permits you to pay estimated tax based on when you have income. Or, if your income fluctuates widely from year to year, we can use the regular installment method.

This technique determines tax based on income expected this year rather than using the safe harbor amount of last year's tax. For either alternative, contemporaneous records are needed for timely calculation of tax during each income period.

Don't Underestimate Your Retirement Healthcare Expenses

Retirement and healthcare are inextricably linked. The golden years, which used to require only a comfortable pension, now necessitate some serious healthcare planning. Medicare requires premiums and copayments. It also may not cover all the services you need. Additionally, Medicare may be depleted or at least be in a period of financial hardship before you really need it.

Medicaid, meanwhile, pays for medical assistance for certain individuals and families with low incomes and assets, but it will cover some long-term care costs. Plus, to be eligible, you have to exhaust virtually all of your personal resources. As a result, failing to factor health costs into your retirement plan can be financially devastating. It's a good idea to do some advance planning.

How much will you need? According to the Employee Benefit Research Institute (EBRI), a 65-year-old man needs roughly \$73,000 in savings and a 65-year-old woman needs roughly \$95,000 in savings for a 50% chance of having enough to cover medical insurance premiums and prescription drugs in retirement.

Health savings accounts (HSAs) may be an option. They allow individuals who purchase high-deductible health insurance to save money annually on a tax-free basis (\$3,650 in 2022, and \$1,000 extra if you are age 55 or older). And they are great if you start young. If you start with \$3,650, contribute the same every year for 10 years and generate a 6% annual return, you will have \$57,533 after 10 years, \$98,802 after 15 years and \$154,029 after 20 years. Worried about how you'll pay for your healthcare needs in retirement? Call or email us. We're here to help.



About us



Refresh Your "About" Page with These 7 Tips

The "about us" page is the first thing potential clients will look at when considering you for a collaboration or partnership. As your business is constantly growing and changing, so should your website content. Even if you know your company inside and out, refreshing your "about" page can be a bit challenging. Here are some useful pieces of advice to make the experience a bit less painful.

Stick to facts

While this may sound obvious, many businesses try too hard to hype themselves up and focus on style over substance. Think of this like the resume for your website. You want to show off, but not too much. Make a list of your top achievements and stick to them when thinking about what to include.

Inspire trust

It's harder to form a business relationship with a face-to-face meeting than ever before. So much of our interactions are online, and the "about" page is one of the first things a potential client will see, so make sure it's authentic. Give them the information they need, such as your location, to make a good decision!

Who are you talking to?

If you want to gain a specific kind of client, think about them while you're writing your "about" page. Are you speaking to men or women? Are you speaking to people in your field or out of it? Think about the tone of voice you want to portray and stick to it.

Put your best foot forward

Lead with the key information. Your "about" page is a bit like an online elevator pitch. Consider what you want prospective customers to know first and work backwards from there.

Be specific

Don't randomly claim you can do things you can't. Be specific about what you have done and continue to do well. Offering actual examples helps inspire trust.

Thank you for your referrals!!!

We love giving recognition to our new friends and our wonderful existing clients who are kind enough to refer their friends and relatives to us! We are all helping each other, which is the whole point.

In the few months we were fortunate to welcome 208 new tax clients and 51 new business clients. They became members of our firm's accounting and financial planning family. We'd like to welcome them and thank all the people who have referred business to us.

As you may know, marketing for new clients costs a great deal of money, time and energy. We, like any business, need to get new clients to stay in business. Over the years, we have found that marketing takes away from the time we would rather be spending with you. We have learned that by encouraging you to refer your friends and relatives to us works for all of us. We help you, and you help us. Thank you.

GOSSIP



All of us would like to thank you for a very successful tax season!



We are updating our client portal. There will be a down time when you will be unable to access the portal. Please keep an eye out for this exciting new update!



Share the experience!

If you would like any of your friends, co-workers, relatives, business acquaintances, etc., to receive a FREE subscription to this newsletter, call or email Lisa. Why not share it with people you know, with no hassle for you!

Please add a FREE subscription to our newsletter. I understand you will send them a note explaining you suggested they get this FREE subscription, and that all they have to do is contact us if they wish to cancel or email Lisa with their address lisa@epcfinancial.com

COMMUNITY SHRED DAY

Saturday June 18, 2022

9:00 AM to 12:00 PM

Location: Valley Forge Presbyterian Church Parking Lot
behind church (off Independence Rd)

King of Prussia PA 19406

Free Shred Day!

It's time to clean out those files!

Clairmont, Paciello & Co., PC is having a document shredding event to protect your personal information and prevent identity theft!

Any questions please call Lisa at 610-265-4122 or email

Lisa@cpcfinancial.com.

***** This event is for individuals.**

The documents will be shred onsite.

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Quick Quiz

For an answer, email me at Lisa@cpcfinancial.com
or call 610-265-4122.

It takes around 70,000 crocus flowers to make one pound of saffron. True or false?

Why You Should Supplement Employer-Sponsored Life Insurance

Many of us receive our life insurance through our employers, and for good reason. Buying life insurance this way is often cheaper than buying it on the open market (and is sometimes free). But there may be reasons to buy life insurance on the open market. Here are three.

Your employer may not offer enough life insurance. If your death hurts your loved ones financially as well as emotionally, we recommend you obtain coverage. How much? Five to 10 times your annual salary is a good guide. And be sure you include any "extra" income in your calculations, such as bonuses and freelance work.

Your coverage could disappear. When you get a new employer, you typically lose your life insurance coverage as well. Your new job, if you have one, may or may not offer coverage. This lack of portability is particularly problematic as we age and we're less likely to be healthy enough to qualify for an individual life insurance policy at an affordable price.

You don't get to choose the insurance provider. It's possible that the insurance carrier your company has chosen is rated lower than you'd like and the insurance you paid for won't be there when you need it. Your carrier's AM Best rating will tell you whether the company is financially stable or not.

While it's certainly wise to take advantage of free or inexpensive life insurance offered by your employer, you may want to supplement that insurance with insurance from other sources. Just be sure you purchase enough supplemental insurance to ensure that you're covered if the worst happens and you lose your employer-sponsored insurance at a bad time, such as when your health is declining.

We can help you navigate your life insurance options and choose what is right for you given your individual financial circumstances and goals. Call or email us today.