

krd Client News

SUMMER 2013

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KRD PROFILE:

MAKE *the difference*

Workforce Solutions Experts

As American companies have grown increasingly reliant on computer technology and networking services, so too has the need for talented IT professionals. **MAKE Corporation's** President and CEO Karen Wilson — an experienced programmer herself — foresaw this need over a decade ago when she joined the company as a partner. Under Wilson's vision and leadership, **MAKE Corporation** has become a trusted and highly successful provider of workforce solutions, specializing in the realm of IT staffing. **MAKE** has also established itself as a vital thought leader for the staffing services industry, demonstrating new ideas and innovative strategies for serving clients, while committing itself to a company culture of respect, integrity, and giving back to the community.



Karen Wilson
President & CEO

"Staffing and consulting services are about people," Wilson says. "Our services are about providing people to other people; consultants to client's teams. I think it's critical that we build strong communications and respect into our services."

Wilson's Unique Vision

Wilson noted significant shifts in the way businesses were looking to engage contractors — clients were looking for a more centralized and streamlined process, one in which they were able to provide very specific criteria for hiring and then have that need met by the staffing company. Wilson pushed to adapt to the new paradigm early on... a decision that ultimately gave **MAKE** a competitive advantage and fostered their expansion into multiple national markets.

Efficient and Practical Systems

Wilson made it a goal of hers to develop more efficient and practical systems for recruiting. "I saw the path to success built upon establishing a strong recruiting engine," she says. "If we have strong recruiting we can meet the varied needs of our clients." She points out that while many businesses are using leading-edge technology, others are still laboring with older systems, and others might be using a combination of the two. "For us to be of value," she says, "we must be able to identify talent with any of these skills." The company prides itself both on setting a high standard for qualifying an IT professional or other consultant, and being conscientious of all legal compliance issues. They also make a point of treating their contractors with the value they deserve. "The consultants are our customers too," says Wilson. "[They] have choices and are in high demand. We believe in treating everyone with dignity and respect."

The Importance of Giving Back

This overall tenet of showing respect to each client and contractor **MAKE** works with forms the backbone of Wilson's business philosophy. "Charitable giving is a *huge* part of **MAKE Corporation**," she says. "It is my personal mission to prove that we can run a successful staffing business that is built with strong ethics and use the proceeds from the business as a means for giving back." Staff members, contractors, and even some clients have held cook-offs for charity, run in fundraising races, and other activities under the guidance and organization of **MAKE**. Among the charities that receive the benefits of this goodwill are Ronald McDonald House Charities, Starlight Starbright, Feed My Starving Children and the Special Olympics.

KRD – Provides Peace of Mind

Kutchins Robbins & Diamond has worked with **MAKE Corporation** for as long as Wilson has served in a company leadership role, including the complex transition of ownership when Wilson purchased the company a few years ago. **KRD's** chief services to **MAKE** are to provide tax preparation — both corporate and personal — as well as annual reviews and monthly accounting. "These services give me peace of mind so that I can focus on running the business and expanding our charitable efforts.

"The service we have received from **KRD** has always been extremely professional," Wilson says. She includes particular praise for **KRD** Partner David Wasielewski, who has been the primary accountant for **MAKE**. "He always conducted himself as the consummate professional and I never once had concern that he did not keep his eye on what was best for the business." ■



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As a Business Owner, Have You Compared SEP IRAs with SIMPLE IRAs?

Simplified Employee Pensions (SEP)

Contributions must be made for all employees age 21 or older who have worked for your company full-time three out of the previous five years and earned more than \$550 in each year unless the company opts to lessen the age or timeframe of employment. Only employers can contribute to this type of IRA (*employees may not contribute to the plan*).

Set Up: SEPs can be set up and funded after the end of the tax year if you submit the paperwork by the tax return due date (*plus extensions*).

Employer 2013 Deductible Contribution Limits: As long as you (*the owner*) contribute the same percentage of each employee's compensation as the percentage of contribution compared to your compensation, you may contribute as little or as much (*up to the annual maximum*) as you wish per year. The employer contributions are tax deductible on your company's federal tax return. For 2013 the maximum deductible contribution per participant is the lesser of **A)** 25% of their compensation or **B)** \$51,000 (*20% of the maximum allowed in 2013 of \$255,000*) – *see chart below*.

Vesting: Contributions are vested immediately. i.e. the funds contributed by the employer in each employee's account is considered the employee's money should they decide to leave the company.

Distribution Timing: Distributions work like most other retirement accounts. Required minimum distributions (*RMDs*) start after age 70-1/2 (*for most*).

Distribution Penalty: Withdrawals before age 59-1/2 are subject to a 10% penalty tax on top of the regular income tax (*unless you meet one of the tax law exceptions*).



Savings Incentive Match Plan for Employees (SIMPLE IRA plan)

Although a SIMPLE IRA plan does not have the start-up and operating costs of a conventional retirement plan, it is only available to an employer that has 100 or fewer employees who earned \$5,000 or more in compensation during the preceding calendar years and the company does not have any other retirement plan. Employees who earned \$5,000 or more for any two preceding years at your company (*and reasonably expects to receive at least that amount in the current year*) are eligible to participate. The IRS mandates that an employer make annual contributions to a SIMPLE IRA plan, however an employee may contribute if they wish.

Set Up: SIMPLEs can be set up at any time during the current year before October 1st.

Employer 2013 Deductible Contribution Limits: Employees can elect to contribute up to \$12,000 into their own account (*\$14,500 for age 50 or older*). The employee's contribution is pre-tax for their personal tax returns. For **Employer Matching Contributions**, an employer generally must provide matching elective contributions of up to 3% of an eligible employee's compensation (*but no less than 1% in no more than two out of five years*). Alternatively, an employer may choose the plan option to make **Nonelective Contributions** of 2% of each eligible employee's compensation (*up to the \$255,000 maximum compensation limit for 2013*) regardless of whether the employee contributes to their own account. The employer's contributions are tax deductible.

Vesting: Employees are vested immediately.

Distribution Timing: (*same as SEPs*).

Distribution Penalty: The 10% early withdrawal penalty increases to 25% if the individual receives a distribution in the first two years of participation in the plan.

SEP Owners Elected Contribution Percent %	Owner's Annual Compensation	Owner's Contribution	Employee's Annual Compensation	Employer's Required Contribution to Employee's Account
25%	\$100,000	\$25,000	\$40,000	\$10,000
10%	\$100,000	\$10,000	\$40,000	\$4,000
20%	\$300,000	\$51,000 <i>(max allowed in 2013)</i>	\$40,000	\$8,000 <i>(20% of \$40K)</i>
0%	\$300,000	\$0	\$40,000	\$0

IRAs





Long-Term Care – Are You Ready?

Although the cost of long-term care insurance premiums continues to increase, are you prepared to be without insurance? A study by the U.S. Department of Health and Human Services shows that nearly 70% of individuals 65 and over will need some type of long-term care. Anyone reaching age 65 has a 40% chance of entering a nursing home with a 20% chance of staying there at least five years. The incidence of Alzheimer's increases with age, nearly 50% of people 85 and older are likely to suffer from the disease.

Statistics also show that in-home and nursing facility long-term care costs will continue to rise, currently the average is \$80,000 and as high as \$100,000 a year. The aging baby boomer generation has smaller families than previous generations making it less likely that family members will be available to provide care; and government is being forced to reduce care benefits.

Will Medicare be Enough to Pay Your Bills?

Medicare only covers long-term needs under limited circumstances and for a short period of time. Medicare covers up to 100 days of long-term care (20 days covered in full and only a portion is covered the 80 days following) and only if you were in the hospital for three consecutive days prior to needing the long-term care services.

Are You Thinking Medicaid Will Be Your Backup?

Long-term care benefits Medicaid is available to low-income individuals that can prove they have a financial need. Qualifying for Medicaid, a rather complicated process itself, not only requires that an individual exhausts most of his or her financial assets, the covered type of care is limited.

Giftting assets to others

Giftting assets to others five or fewer years before applying for Medicaid is not a viable option to qualify for Medicaid because there is a penalty period that applies where an individual is ineligible for government aid.

The length of the penalty period is determined by dividing the gifted assets by the monthly cost of nursing home care in your state. e.g. You gift \$100,000 to your child; nursing care costs are \$5,000/mo. The penalty period is 20 months (\$100,000/\$5,000).

This same five-year provision applies to assets stashed in revocable trusts. And transferring your assets in your spouse's name will not solve the issue either. Bottom line the law is designed to deter asset transfers.

The cost of long-term insurance goes up with age. The types of long-term insurance (*traditional, traditional with riders and hybrids*) have become more sophisticated and offer new options that may be more beneficial to you. Contact **KRD** to help determine the best solution for you and your family. ■

International Corner

Geneva Group International (GGI) Ranks 6th in the World

Kutchins, Robbins & Diamond utilizes the GGI's knowledge and expertise shared by individuals and presented at conferences to help improve our international clients' businesses.

Accountancy Magazine, the official journal of the Institute of Chartered Accountants in England and Wales, highly regarded for its good quality and varied editorial coverage, as well as delivery of up-to-date technical accounting, auditing regulatory and tax guidance; published their annual survey of the **top 25 international networks and associations**.

GGI was, once again, ranked 6th in the world. The Geneva Group International is the biggest global multidisciplinary network with 460 offices in 79 countries, 1,795 partners, and a total professional staff of 14,612 that takes care of the accounting, legal, taxation and consulting matters of its growing international clientele. ■



2013

Half the Year is Over

Although it seems that summer is just now in full swing, December will be here before you know it. Consider a mid-year tax conversation with your accountant to maximize tax advantages before year end.

KRD Welcomes...

Wajahat Macci, CPA. "Macci" joins the KRD Tax Department where his responsibilities will include preparing tax returns, researching tax issues, and providing domestic and international tax services. His prior experience in public accounting makes for a smooth transition with KRD's many services. Macci speaks, reads, and writes fluently in Urdu.



KRD is excited to be recognized as one of the Best Places to Work in Illinois

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Calendar of Events

**National Association for Business Resources
Best and Brightest Symposium & Awards Gala**

August 5, 2013

www.101BestandBrightest.com

**Children's Oncology Services, Inc. (COSI)
Evening at Ravinia**

August 15, 2013

www.onestepcamp.org

CPA Day of Service

September 20, 2013

www.icpas.org

KRD Annual Toy Drive Official Kickoff

October 2013

**Kendall College Charitable Trust (KCCT)
Blanket Canvas Dining Series**

October 4, 2013

www.kendallfoundation.org

**Online Lenders Alliance (OLA)
Leadership Conference**

October 16–18, 2013

www.onlinelendersalliance.org

Geneva Group International World Conference

October 31–Nov 3, 2013

www.ggi.com

COSI 35th Anniversary Dinner & Dance

November 7, 2013

www.onestepcamp.org

Friends of LaRabida Awards Dinner

November 8, 2013

www.larabida.org

**Illinois Venture Capital Association (IVCA)
12th Annual IVCA Awards Dinner**

December 9, 2013

www.illinoisvc.org

Dealing with Upset Customers is a Part of Doing Business



Simple Tips to Work with an Upset Customer

LISTEN

Listen carefully to his or her concerns. Don't offer a solution until you've encouraged him / her to tell you what happened from their point of view.

UNDERSTAND

Once they have had the opportunity to describe their situation, they will be more likely to listen to what you have to say. Afterward make sure to ask some clarifying questions so you know what you really need to address. This is your opportunity to let them know that you understand the problem, and that your intent is to solve the problem to their satisfaction. And remember, don't get defensive. The customer wants resolution, not excuses.

Customers can get upset as a result of failed expectations, which are often the result of miscommunication. A clear explanation from you about your process often goes a long way for someone who perhaps has some misconceived ideas about your service.

Tips:

- 1 Your aim should always be customer satisfaction, whatever the situation — don't get hung up on a single defensive point by repeating it several times; it'll only increase the irritation. Getting angry is a common trait of human nature. Relax and calm yourself so that you can express your responses in a subtle way without showing any angry emotions towards your customer.
- 2 Address each point calmly and work through them. If you try to respond forcefully when your customer is angry, then the situation will certainly get out of control and you are unlikely to mitigate the situation. ■

We Can Help

*We welcome the opportunity to discuss
how KRD can help in your tax and
financial planning, please call us at 847-240-1040*

