Managing Life and Planning for Retirement — Special Concerns for the Independent Contractor

222

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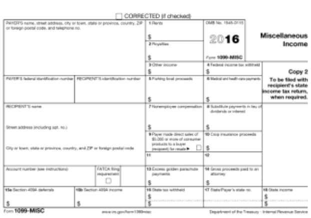
National Notary Association

Bookkeeping

- As an Independent Contractor, it is very important to keep accurate income and expenses.
- A 1099-MISC is Non-Employee Compensation that is subject to Self-Employment Taxes.

Overview of Schedule C 1099-MISC. Income and Expenses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2016

Miscellaneous Income

Copy 2

To be filed with recipient's state income tax return, when required.

Form 1099-MISC

Quarterly Estimated Tax Payments

- As a Self-Employed Contractor, it is vital to make estimated tax payments if you have a profit at the end of each quarter.

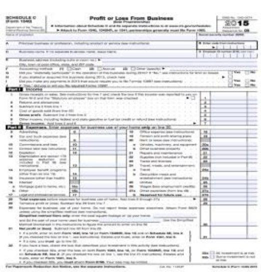
For the period:	Due date:
January 1 – March 31	April 18
April 1 – May 31	June 15
June 1 – August 31	September 15
September 1 – December 31	January 17, next year 2017

- Reference IRS Publication 505

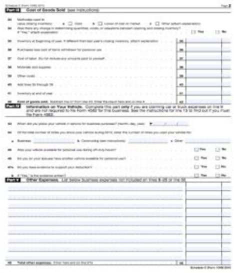
Schedule C

- If you receive a 1099-MISC as an Independent Contractor you will need to include Form Schedule C on your Tax Return.
- Let's take a look at Form Schedule C in depth. Reference IRS Publication 334 Tax Guide For Small Business.

Form Schedule C Page 1



Form Schedule C Page 2



NAICS Code for Notaries

- NAICS Code 541120 Offices of Notaries
- Description
- This industry comprises establishments (except offices of lawyers and attorneys) primarily engaged in drafting, approving, and executing legal documents, such as real estate transactions, wills, and contracts; and in receiving, indexing, and storing such documents.

Description of Expenses Schedule C

- Line 8- Advertising- these expenses are deductible if they are reasonable and related to business activity.
- Some examples are business cards, website, newspaper advertising, online advertising, etc.

Actual Vehicle Expenses

- If you are using the Actual Vehicle Expenses you can depreciate your vehicle over the course of 5 years plus use actual expenses such as:
  - Lease payments, repairs, tires, oil changes and gas.
    - Insurance will be covered in the set rate.
- Parking fees, registration fees, licenses, garage rent and tolls are tax deductible and should be claimed.
  - It's important to note parking tickets are not deductible.

Commission and Fees

- A Form 1099-MISC must be completed if you paid somebody commission and fees of $600 or more.

Line 11 Contract Labor

- If you paid payments for Contractor Labor this would go on Line 11.
- If you paid Contractor Labor to an individual of over $600 a Form 1099-MISC needs to be issued.
  - It is important to issue a Form W-9.

W-9 Form

Car and Truck Expenses Deduction

- Two methods of determining Car and Truck Expenses:
  - Standard Mileage Deduction
  - Actual Costs
- Standard Mileage Deduction is a rate fixed yearly by the IRS for determining vehicle expenses.
  - For 2016 the standard mileage rate is 54 cents per mile.
  - It is crucial to keep actual business mileage.
  - You should keep an accurate business mileage log on a daily basis.

Car and Truck Actual Expenses

- Actual Expenses for a Car and Truck Include:
  - Depreciation, garage rent, gas, insurance, oil changes, tolls, tires, repairs, licenses, and parking fees, to name a few.

Line 13-Depreciation

- For Tax Purposes, there are six categories of non-real-estate assets. Each has a designated number of years over which assets in that category can be depreciated. Here are the most common:
  - **Three-year property** (including tractors, certain manufacturing tools, and some livestock)
  - **Five-year property** (including computers, office equipment, cars, light trucks, and assets used in construction)
  - **Seven-year property** (including office furniture, appliances, and property that hasn't been placed in another category)
- You are allowed to write-off real estate over a longer time period:
  - 27.5 years (residential rental properties)
  - 39 years (commercial buildings)

Accelerated Depreciation

- This method is commonly used by small business.
- It lets you take a larger deduction in the first few years and a smaller write-off later.
- In the tax world, the most common accelerated method is called MACRS (Modified Accelerated Cost Recovery System).
- You don't have to take salvage into account, as you do with straight line, and you generally use what's called the "half-year convention":
  - This means that the deduction that would otherwise be allowed for the first year is halved, regardless of what month you started using the asset in your business.
    - Exception: if you acquired more than 40% of your assets in the last three months of the year, you would use the "mid-quarter convention," meaning that all the assets acquired in each quarter would be depreciated starting at the midpoint of that quarter.

Accelerated Depreciation

- MACRS depreciation starts off at 200% of the straight-line depreciation rate and then switches over to the straight-line method for the remaining depreciable balance at the most opportune time to maximize your write-offs.

Straight-line Depreciation

- Straight-line depreciation method charges cost evenly throughout the useful life of a fixed asset.
- This depreciation method is appropriate where economic benefits from an asset are expected to be realized evenly over its useful life.

Section 179 Depreciation Deduction

- It's a dry name for a deduction (taken from a line in the Internal Revenue Code) but it allows you to deduct the entire cost (subject to certain limitations) of an asset in the year you acquire and start using it for business.
- The maximum Section 179 deduction is $500,000. If your total acquisitions are greater than $2,000,000 the maximum deduction begins to be phased out.

Section 179 Depreciation Deduction

Here are the rules and limitations:

- The asset must be tangible personal property, including software (not real estate).
- It must be used in a trade or business (property used in a rental activity is generally not eligible).
- You must take the deduction in the year you start using the asset.
- The decision to use Section 179 must be made in the year the asset is put to use for business.
- The deduction cannot be more than your earned income (net business income and wages) for the year.

Employee Benefits

- If you have employees and pay a portion of their benefits this can be deducted here.

Line 15 Insurance

- You can deduct Liability Insurance, Worker's Comp Insurance and E&O Insurance here.

Line 15- Self- Employed Health Insurance

- You can deduct your portion of premiums paid here.

Line 16a and 16b-Mortgage Interest

- If Mortgage Interest was paid on real property other than the Taxpayers Main Home and used for Business.

Line 17- Legal and Professional Services

- Expenses paid to Lawyer for Legal Services and expenses paid to Accountant or Tax Professional for Professional Services can be deducted here.

Line 18-Office Expenses

- Office Expenses such as paper, toner, pens, note pads, and bottled water services can be deducted here.

Line 19- Pension and Profit- Sharing Plans

- Contributions made on behalf of a taxpayer's employees to a qualified retirement plan.
- Contribution made to the plan of the taxpayer on his or her behalf should be entered on the Keough, SEP, AND SIMPLE Contributions Worksheet.

Line 20a Rent on Vehicles, Machinery, etc.

- Rent or lease of vehicles or other business equipment.

Line 20b- Rent on Other Business Property

- This could include an office, a warehouse, a building, and other such properties that were rented for business use.

Line 21 Repairs and Maintenance

- Repairs and Maintenance of business property are either deductible expenses or capital expenses.

Line 22 Supplies

- This category generally includes consumable office supplies such as pencils, notebooks, paperclips, etc.

Line 23- Taxes and Licenses

- Sales Tax collected and paid to the State, Excise Taxes, Payroll Taxes, Employer's Portion of FICA and Medicare Taxes, FUTA, State Unemployment, etc.
- Licenses and permits might include business licenses, sales permits, regulatory fees paid to the state or local government.

Line 24a-Travel

- Travel expenses are the ordinary and necessary expenses incurred while traveling away from your tax home to conduct business affairs such as attending the NNA Conference.

Line 24b Meals and Entertainment

- Meals and Entertainment costs that are subject to 50% limit.

Line 25 Utilities

- Only trade or business utility expenses (electricity, gas, water and sewer, telephone, trash, etc.) are deductible.
- If the taxpayer has qualified home office, do not deduct the utility expenses on Schedule C. They are deductible on Form 8829 (Business Use of Home).

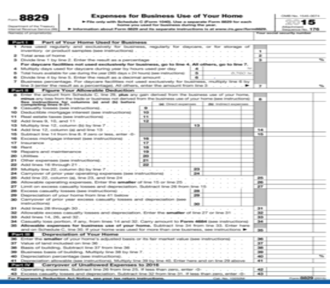
Wages and Salaries

- This would include total wages paid during the year on behalf of the employee.
- Do not include wages paid to the sole proprietor.

Line 27A- Other Expenses

- If you want to itemize other expenses not included in lines 8 through 26 enter them on Part V. The total on line 48 will transfer back to line 27a.

Line 30-Business Use of Home


8829
Expenses for Business Use of Your Home
2015

Home Office

- The Home Office needs to be used 100% for business purposes.
- You need square footage of the home along with the square footage of the office.

Home Office- Simplified Method

- Beginning in tax year 2013 (returns filed in 2014), taxpayers may use a simplified option when figuring the deduction for business use of their home.
- Note: This simplified option does not change the criteria for who may claim a home office deduction. It merely simplifies the calculation and recordkeeping requirements of the allowable deduction.

Home Office- Simplified Method

Highlights of the simplified option:

- Standard deduction of $5 per square foot of home used for business (maximum 300 square feet).
- Allowable home-related itemized deductions claimed in full on Schedule A (For example: Mortgage interest, real estate taxes).
- No home depreciation deduction or later recapture of depreciation for the years the simplified option is used.

Other Deductible Expenses

Other Deductible Business Expenses on Part V include:

- Answering service
- Bank service charges
- Continuing education
- Credit and collection costs
- Credit card fees
- Dues to professional organizations
- Employment agency
- Gifts
- Outside services
- Printing and copies
- Publications and subscriptions to trade magazines
- Small tools
- Start-up costs of $5,000 maximum
- Uniforms and their maintenance
- Telephone

Tax Implications of Health Insurance

2014

- $95 per adult or 1% of income
- $285 per family or 1% of income

2015

- $325 per adult or 2% of income
- $975 per family or 2% of income

2016

- $695 per adult or 2.5% of income
- $2085 per family or 2.5% of income

Federal Marketplace Change in Circumstances

- If you purchase health insurance coverage through the Marketplace and get assistance in paying premiums through advance credit payments made on your behalf, it is important to report life changes to the Marketplace throughout the year.
- Certain changes to your household, income or family size may affect your premium tax credit, tax refund or cause you to owe tax.
  - Reporting these changes promptly will help you get the proper type and amount of financial assistance.

Federal Marketplace Change in Circumstances

Changes that can affect the amount of your actual premium tax credit include:

- Increases or decreases in your household income including lump sum payments like a lump sum payment of Social Security benefits
- Marriage or divorce
- Birth or adoption of a child
- Gaining or losing eligibility for other health care coverage including eligible employer- sponsored coverage or government sponsored coverage such as Medicare
- Gaining, losing or other changes to employment
- Moving to a different address

Health Insurance Exemptions

The following is a partial list of available exemptions:

- Unaffordable coverage – Your available health care coverage is considered unaffordable. Coverage is considered unaffordable if the lowest amount you would have paid for available employer-sponsored coverage or for coverage through the Marketplace is more than eight percent of your household income for the year.
- Short coverage gap – You went without coverage for less than three consecutive months during the year.

Health Insurance Exemptions

The following is a partial list of available exemptions:

- General hardship – You experienced circumstances that prevented you from obtaining coverage under a qualified health plan, including, but not limited to, homelessness, eviction, foreclosure, domestic violence, death of a close family member, and unpaid medical bills.
- Income below the return filing threshold – Your household income or gross income is below your minimum threshold for filing a tax return.

Health Insurance Exemptions

- **Certain noncitizens –**
  - Individuals who are not U.S. citizens or nationals and are not lawfully present in the United States are exempt from the individual shared responsibility provision. For this purpose, an immigrant with Deferred Action for Childhood Arrivals (DACA) status is considered not lawfully present and therefore is eligible for this exemption. An individual may qualify for this exemption even if he or she has a social security number (SSN).
- **Resident of a state that did not expand Medicaid –**
  - Your household income is below 138 percent of the federal poverty line for your family size and at any time in 2014 you reside in a state that does not participate in Medicaid expansion under the Affordable Care Act. Or you are determined ineligible for Medicaid solely because the State in which you live does not participate in Medicaid expansion under the Affordable Care Act.
- **Members of Indian tribes –**
  - You were a member of a federally-recognized Indian tribe, including an Alaska Native Claims Settlement Act Corporation Shareholder, or were otherwise eligible for services through an Indian health care provider or the Indian Health Service.

Claiming and Reconciling the Credit

- When you enroll in coverage through the Marketplace, you can choose to have monthly advance credit payments sent directly to your insurer.
- If you get the benefit of advance credit payments in any amount or if you plan to claim the premium tax credit, you must file a federal income tax return, even if you're usually not required to file.
- Attach Form 8962, Premium Tax Credit, to your return to claim or reconcile the credit.
  - Failing to file your tax return will prevent you from receiving advance credit payments in future years.

Filing a Federal Tax Return to Claim and Reconcile the Credit

- If you received the benefit of advance credit payments:
  - You must file a tax return and use a Form 8962, Premium Tax Credit (PTC) to reconcile the amount of advance credit payments made on your behalf with the amount of your actual premium tax credit.
  - You must file an income tax return for this purpose even if you are otherwise not required to file a return.

Filing a Federal Tax Return to Claim and Reconcile the Credit

You must file a federal income tax return and attach Form 8962, Premium Tax Credit (PTC) to the return if:

- Advance credit payments were paid to your health insurer for you or another individual in your tax family
- Advance credit payments were paid for an individual, including you, for whom you told the Marketplace you would claim a personal exemption and no one, including you, claims a personal exemption for that individual
- You choose to claim the premium tax credit

Premium Tax Credit or Penalty?

- If the premium tax credit computed on your return is more than the advance credit payments made on your behalf during the year:
  - The difference will increase your refund or lower the amount of tax you owe.
  - This will be reported in the 'Payments' section of Form 1040.

Premium Tax Credit or Penalty?

- If the advance credit payments are more than the amount of the premium tax credit you are allowed:
  - You will add all or a portion of the excess advance credit payments made on your behalf to your tax liability by entering it in the 'Tax and Credits' section of your tax return.
  - This will result in either a smaller refund or a larger balance due.

Premium Tax Credit or Penalty?

- If the advance credit payments are more than the amount of the premium tax credit you are allowed:
  - You will add all or a portion of the excess advance credit payments made on your behalf to your tax liability by entering it in the 'Tax and Credits' section of your tax return.
  - This will result in either a smaller refund or a larger balance due.

Calculating Household Income as a Percentage of the Federal Poverty Line

- Divide household income by the federal poverty line. Note that the federal poverty line is based on the size of the family and where the family lives.
  - The result is a ratio of household income to the federal poverty line.
  - Turn this ratio into a percentage.
- This calculation is related to the applicable percentage (Part Three, below). At different percentages of the poverty line, families will have a different applicable percentage.

Calculating Household Income as a Percentage of the Federal Poverty Line

To calculate household income as a percentage of the federal poverty line:

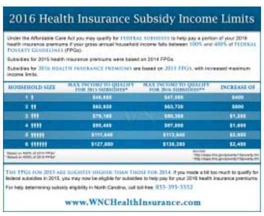
- Using the charts below, find the poverty guideline based on whether the person lives in the 48 Contiguous States or the District of Columbia, or in Alaska, or in Hawaii.
- Then, find the poverty guideline based on the size of the family. This number will be the denominator.
- Divide household income (the numerator) by the relevant poverty guideline (the denominator).
- Then multiply by 100 to turn this ratio into a percentage. Round the number to the nearest whole percentage.

Calculating Household Income as a Percentage of the Federal Poverty Line

The formula:

- Household income as a percentage of the federal poverty line = Household income / Relevant poverty guideline × 100.
- This corresponds to Lines 1 through 5 of Form 8962.

2016 Federal Poverty Level



2016 Health Insurance Subsidy Income Limits

Under the Affordable Care Act you may qualify for FEDERAL SUBSIDIES to help pay a portion of your 2016 health insurance premiums if your gross annual household income falls between 100% and 400% of FEDERAL POVERTY GUIDELINES (FPGs).

Subsidies for 2015 health insurance premiums were based on 2014 FPGs.

Subsidies for 2016 HEALTH INSURANCE PREMIUMS are based on 2015 FPGs, with increased maximum income limits.

HOUSEHOLD SIZE	MAX INCOME TO QUALIFY FOR 2015 SUBSIDIES*	MAX INCOME TO QUALIFY FOR 2016 SUBSIDIES**	INCREASE OF
1	$46,680	$47,080	$400
2	$62,920	$63,720	$800
3	$79,160	$80,360	$1,200
4	$95,400	$97,000	$1,600
5	$111,640	$113,640	$2,000
6	$127,880	$130,280	$2,400

THE FPGS FOR 2015 ARE SLIGHTLY HIGHER THAN THOSE FOR 2014. If you made a bit too much to qualify for federal subsidies in 2015, you may now be eligible for subsidies to help pay for your 2016 health insurance premiums.

For help determining subsidy eligibility in North Carolina, call toll-free 855-395-5552

www.WNCHealthInsurance.com

Health Insurance Marketplace

Federal Marketplace Website

- https://www.healthcare.gov/

Federal Marketplace Health Plans

Marketplace Plans: The Metal Levels

Plan Type	Plan Pays % of Total Covered Expenses (on Avg) = Actuarial Value	Consumer Pays for Deductibles, Co-pays & Coinsurance (on Average)
Platinum	90%	10%
Gold	80%	20%
Silver	70%	30%
Bronze	60%	40%

Higher Premiums & Lower Consumer Cost-Sharing

Lower Premiums & Higher Consumer Cost-Sharing

Max out-of-pocket annual limit of $6,350 individual / $12,700 family (excluding premiums). Lower for households < 200% FPL

100% to 250% FPL also Eligible for Cost-Sharing Subsidies to Reduce Out-of-Pocket Costs. Must enroll in Silver plan for cost-sharing subsidies.

For more details: Kaiser Family Foundation, "Summary of the Affordable Care Act," April 23, 2013 (www.kff.org)
Premium calculator: kff.org/interactive/subsidy-calculator; FPL = Federal Poverty Level
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2016 Federal Poverty Level

Persons in Family/Household

- 1 - $11,880
- 2 - $16,020
- 3 - $20,160
- 4 - $24,300
- 5 - $28,440
- 6 - $32,580

Comparing Plans Marketplace

Bronze	Silver	Gold	Platinum	Catastrophic
60% Medical Costs Paid by Your Plan 40% Medical Costs Paid out of Pocket	70% Medical Costs Paid by Your Plan 30% Medical Costs Paid out of Pocket	80% Medical Costs Paid by Your Plan 20% Medical Costs Paid out of Pocket	90% Medical Costs Paid by Your Plan 10% Medical Costs Paid out of Pocket	Less than 60% Medical Costs Paid by Your Plan Less than 40% Medical Costs Paid out of Pocket
Tax Credit Can Be Applied if You Qualify- Yes Monthly/Yearly Rate-Low	Tax Credit Can Be Applied if You Qualify- Yes Monthly/Yearly Rate- Medium	Tax Credit Can be Applied if You Qualify- Yes	Tax Credit Can be Applied if You Qualify- Yes	Tax Credit Can be Applied if You Qualify- No already priced low
Recommended if you: Rarely see your doctor and rarely take prescription medication.	Recommended if you: Sometimes see your doctor and sometimes take prescription medication.	Recommended if you: Regularly see your doctor and regularly take prescription medication.	Recommended if you: Frequently see your doctor and take multiple prescription medication.	Recommended if you: Meet the plan's eligibility requirements. The plan will protect you from worst-case medical scenarios, like serious accidents and illnesses. You must pay your entire deductible first before the plan pays for these worst-case medical scenarios. However, preventive care and 3 primary care visits per year are deductible-free.

Self Employed Contractor Retirement Plans

- **Solo 401k plans for self-employed individuals**
  - Puts the power of the 401k – with its high contribution limits and flexible investments – into the hands of the self-employed individual.
  - This plan allows business owners to contribute to the plan in the capacity of both employer and employee.
  - Provides owners the ability to maximize their personal retirement contributions and their business deductions.

Solo 401k Plans

Key Plan Benefits

- There are no compliance testing requirements as long as there are no employees other than the business owner.
- A Solo 401k is most suitable for self-employed individuals, independent contractors, and business owners with no additional employees other than a spouse or a child.
- Consider this type of plan if your business has irregular profit patterns. Benefits include:
  - Discretionary funding
  - Higher contribution limits
  - Greater control over withdrawal timing
  - Low administrative expenses. No maintenance or account fees. Regular fees (such as transfer out, partial transfer, wire, overnight and the like) do apply.

Solo 401K Plans

- **Eligibility Requirements for the Plan Sponsor**
  - Eligible businesses include:
  - Sole proprietorships
  - Partnerships
  - Incorporated businesses.

Solo 401K Plans

- **Setup and Funding**
  - A Solo 401k must be established by the end of the employer's tax year and funded by the employer's tax return due date, plus extension.
  - Contributions can vary by year.

Solo 401K Plans

- **Employee Contributions Limits**
  - 2016 tax year: Up to $18,000 in salary deferrals ($24,000 a year for individuals age 50 and over).
- **Employer Contribution Limits**
  - 2016 tax year: 25% of employee's compensation or $53,000 ($59,000 for individuals age 50 and over), whichever is less.

SEP IRA Contributions

- A SEP (Simplified Employee Plan) IRA is a retirement plan for small business owners and self-employed individuals.
- SEP IRAs may not only be attractive to employees, they can also be quick and easy to set up and administer for small business owners.
- Consider a SEP if your business is new or has variable profits.

SEP IRA Key Plan Benefits

- Simple administration
- No employer tax filing
- No specific annual funding requirements
- Less restrictive participation requirements
- Flexible contributions

SEP IRA Eligibility Requirements For Plan Sponsor

- Employees must:
  - Be age 21 or older
  - Have earned at least $550 during the year, and
  - Have worked three out of the five previous years.
- Employers may adopt less restrictive eligibility requirements so as not to exclude themselves from participating in the plan.

SEP IRA Setup and Funding

- A SEP IRA must be established and funded prior to the employer's tax return due date, plus extension.
- Contributions can vary by year.

SEP IRA Contributions

- **Employee Contributions Limits**
  - Employee contributions are not eligible for this plan.
- **Employer Contribution Limits**
  - 2016 tax year: 25% of employee's compensation or $53,000, whichever is less.

SIMPLE IRA Retirement Plans

- **A SIMPLE IRA** is a retirement program that offers an employee a salary-deferral contribution feature along with a matching employer contribution.
- Consider a SIMPLE IRA if:
  - Your small business has steady income and
  - Your employees want to make contributions to a retirement plan.

Simple IRA Retirement Plans Key Plan Benefits

- Simple administration and low administrative costs.
- No maintenance or account fees.
- Regular fees (such as transfer out, partial transfer, wire, overnight and the like) do apply.
- No employer tax filings.
- No IRS contribution testing.
- Employees can make contributions .
- Does not limit eligibility or employee access to funds.

Simple IRA Set Up and Funding

- A SIMPLE IRA must be established prior to October 1.
- The employer contribution (match or non-elective) must be made by the employer's tax return due date, plus extension.
- All contributions are reported in the tax year received on tax form 5498.

Simple IRA Contribution Limits

- **Employee Contributions Limits**
  - 2016 tax year: Up to $12,500 in salary deferrals ($15,500 for individuals age 50 and over).
- **Employer Contribution Limits**
  - 2016 tax year: Match employee contributions up to 3% (can reduce to 1% in any two out of five years) OR contribute 2% up to $5,300.

Profit Sharing Retirement Plan

- **A profit sharing retirement plan** may be a good choice for a small business owner who has variable profits but wants to reward long-term employees by giving them a percentage of the company's profits.
- This type of plan offers the employer flexibility in determining annual contribution amounts.
- The employer decides how much he or she wants to contribute each year and can even skip years if necessary.

Profit Sharing Plans Key Benefits

- Flexible, tax-deferred investment choices
- Tax-deductible employer contributions
- Simplified recordkeeping
- Optional loan provision for employees

Profit Sharing Retirement Plans

- Set-up and Funding
  - Profit sharing plans must be established by the end of the employer's tax year and funded by the employer's tax return due date, plus extension.
  - Contributions can vary by year.

Profit Sharing Retirement Plans

- **Employee Contributions Limits**
  - Employee contributions are not eligible for this plan
- **Employer Contribution Limits**
  - 2016 tax year: 25% of employee's compensation or $53,000 ($59,000 for individuals age 50 and over), whichever is less.

How SEP IRA Contributions Reduce Federal Taxes

- SEP IRAs are funded using pre-tax dollars.
- The question naturally arises, just how much will a SEP contribution reduce taxes?
- More importantly, which taxes do SEP contributions reduce?

- For a self-employed person contributing to his or her own SEP IRA, contributions are deducted as an adjustment to income on Form 1040 line 28.
- SEP contributions reduce a person's adjusted gross income, reduce taxable income, and thereby reduce the federal income tax.
- SEP IRAs do not impact the calculation of the self-employment tax, since the self-employment tax is calculated before SEP contributions are calculated.
- A self-employed person reduces income tax only by contributing to his or her own SEP IRA.

- A self-employed person who contributes to SEP IRAs for his or her employees boosts business expenses.
- This lowers net profit, reducing both the self-employment tax and the income tax.

*my*RA Retirement Plan

- Saving for retirement doesn't have to be hard. If you don't have access to a retirement savings plan at work, or if worries about fees and complex investment options have kept you from saving, *my*RA may be a great way to start.
- *my*RA is a retirement savings account developed by the U.S. Department of the Treasury. It's a simple, safe, and affordable way to start saving.
- Open your *my*RA account today, build up savings, and when you're ready, move on to other investments.

Key Facts about *my*RA

- The U.S. Department of the Treasury's *my*RA (my Retirement Account) was designed to make it easy for people to start saving for retirement.
- *my*RA costs nothing to open and has no fees.

Key Facts about *my*RA

- There are no minimum contribution requirements or complicated investment options with *my*RA.
- *my*RA could be a good option for you if you don't have access to a retirement savings plan at work or haven't found an easy way to save.

Key Facts About *my*RA

- *my*RA is simple – You take control.
- You can set up automatic contributions from your paycheck or your savings or checking account.

Key Facts About *my*RA

- If you change jobs, the account stays with you. It's not tied to a single employer, so you can even contribute to it from multiple jobs.
- You pay no tax and penalty for withdrawing the money you put in, and you can access your contributions any time should you need to.
- You can withdraw interest you've earned without tax and penalty under certain conditions

Key Facts About *my*RA

- No need to worry about your investment
- No risk of losing money
- The investment is backed by the U.S. Treasury.
- The *my*RA investment safely earns interest at the same rate as investments in the Government Securities Fund available to federal employees.
- *my*RA is affordable – Fits your budget with no costs or fees
- It costs nothing to open the account and it has no fees.
- There's no minimum account balance and no minimum contributions.
- You contribute an amount you choose ($2, $20, $200 – whatever fits your budget, up to $5,500 per year for most contributors!).
- You can enjoy the tax advantages this type of investment brings.

How to Fund *my*RA Account

There are several ways to start funding your *my*RA account:

- **From your paycheck.** You can set up automatic direct deposit to your *my*RA with your employer.
- **From a checking or savings account.** You can set up recurring or one-time contributions to your *my*RA from another account, such as your bank or credit union savings or checking account.
- **From your federal tax refund.** When you file your taxes, you can direct all or part of your federal tax refund to your *my*RA.

Retirement Plans Early Withdraw Penalties

- The Tax Costs of Early Withdrawals
- Although the purpose of a retirement fund is to keep money secure until the end of your working life, you can draw out money early if necessary.
  - This should be avoided, however, because you must pay a tax penalty on each early withdrawal from a 401(k) or other qualified retirement fund to the tune of 10 percent. This is in addition to regular income tax on the amount you take out of the account.
- There are exceptions to this early withdrawal rule. Consult IRS publication 590 for more information.

IRA/SEP-IRA/SIMPLE IRA Withdrawal Exemptions

- If you have a Roth IRA, you're in luck – you can withdraw your contributions to a Roth IRA at any time without paying taxes or penalty fees.
- However, if you want to withdraw earnings from a Roth (you've already withdrawn the total contributions amount) or make withdrawals from a traditional type IRA, you'll likely pay a penalty unless you also meet one of the conditions below.
  - IRA Rollover. You won't be liable for taxes or penalties in completing a direct rollover to another IRA – transferring some or all of the money from one IRA account to another without taking possession of the money. As of January 1, 2015, however, the IRS only allows taxpayers to make one rollover per year.
  - Payout and Deposit. A lump sum payout from an IRA that you deposit into another IRA within 60 days won't result in penalties or taxes.
  - Disability. Withdrawals made if you're permanently or totally disabled won't result in penalties.
  - Health Premiums. Paying health insurance premiums with withdrawals during unemployment won't result in penalties.
  - Specified College Expenses. Paying for college expenses for yourself or a dependent (only qualified expenses are eligible) with withdrawals may not result in penalties.
  - New Home Purchase. You won't be penalized if you use up to $10,000 to purchase a home, if you haven't owned a home over the past two years. There is a $10,000 lifetime maximum for this exception.
  - Specified Medical Expenses. Using a distribution to cover medical expenses that exceed 10% of your adjusted gross income (7.5% if you or your spouse were born before January 2, 1951) won't trigger the penalty.
  - IRS Levies. Funds withdrawn to pay levies by the IRS to pay off your tax debts won't be penalized.

Questions

- I will be taking any questions you have concerning Schedule C, Federal Marketplace Health Insurance, and Retirements Plans for the Independent Contractors.
- Thank You For Attending !!!!!