

Information for Growth

A Retirement Reality Check

If you can count the number of years until retirement on your fingers then please heed this friendly warning: Unless you're already making the most of your current retirement planning strategies, then it may be difficult to lay the groundwork for a financially secure future.



Don't just take my word for it, though. Look at the numbers: The median income in households of Americans who are at least 65 years old is under \$25,000, whereas the median household income for Americans under 65 is more than double that amount.*

Is your portfolio on a course that's destined to lead to a retirement income shortfall? Consider these strategies that can help improve your long-term outlook.

During Your Working Years?

Determine an appropriate time frame for applying for Social Security benefits. If you plan to apply before your so-called "full retirement age," then you can expect to receive lower monthly benefits.

Delaying your application could increase your benefits. Detailed information about your specific situation is available in the Social Security Statement mailed to you each year about three months before your birthday. Contact Social Security at least three months before retirement to apply for benefits.

When You Reach Retirement?

Make arrangements for your retirement account distribution strategies. If you participate in a workplace retirement plan, contact your employer's human resources office to learn what withdrawal options are available to you. Once you have that information handy, you'll need to decide whether to begin withdrawing money from your taxable accounts first or from tax-deferred accounts first.

Keep in mind that the IRS requires most retirement savers to begin taking withdrawals known as required minimum distributions (RMDs) from employer-sponsored retirement accounts and traditional IRAs after reaching age 70-1/2.

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Two-Month Payroll Tax Cut Extension May Cause Confusion, Added Work for Businesses in Late February

While Congress and the president approved an extension of the payroll tax cut in late December, the legislation was only a temporary, two-month measure. Unless Congress takes further action, the full rate of 6.2 percent of wages will go back into effect on March 1.

While there is a good chance the tax cut could be extended even further, the debate in Washington continues to be intense on this subject. The House-Senate conference committee to draft a payroll tax-cut package held its first meeting on January 24.

The panel will work on a package to extend the payroll tax cut, extend unemployment insurance benefits and prevent a deep cut in Medicare reimbursements for doctors. All three of these programs had been given the same two-month extension through February 29.

Both President Obama and congressional leaders have indicated that they want to pass a one-year extension of these programs, but there are many policy details to resolve and funding the package will likely be complex and politically difficult.

Business owners will need to keep track of these changes since either an extension or expiration will still require additional paper work and diligence to remain in compliance.

For example, if the extension is not approved or approved after February 29 and made

retroactive, many businesses will face a situation in which employees may face different tax rates in the same pay period. Owners should communicate frequently with their payroll or software providers, especially as the deadline approaches, so they can be prepared to implement any changes.

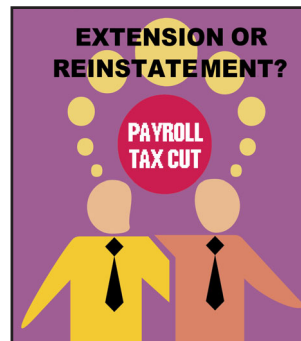
Furthermore, business owners must make sure that they make adjustments to their

employees' pay to reflect any excess in Social Security tax withholdings no later than March 31.

Since the adjustments need to be made by employers or payroll providers, no changes are needed to be made by the employees themselves. Employers should make sure that their employees are aware that this change will not have any adverse effect on future

Social Security benefits.

On the other hand, the law includes a "recapture" provision, which applies to those employees who receive more than \$18,350 in wages during the two-month period. The provision imposes an additional income tax on these higher-income employees in an amount equal to 2 percent of the amount of wages they receive during the two months in excess of \$18,350. If a deal is struck to extend the tax cut for the full year, this recapture would not apply.



Accounting and Audit Systems Meet Quality Control Standards

The firm's system of quality control for accounting and auditing meets the required professional standards of the American Institute of CPAs (AICPA), according to a review that was recently completed by an outside accounting firm.


Orizon CPAs of Omaha, Nebraska, expressed its opinion in a November 11, 2011, letter (posted on the firm's website, www.whalencpa.com). Its review for the year, ending September 30, 2011, was conducted in accordance with the standards established by the Peer Review Board of the AICPA.

In performing its review, Orizon required representations from the firm, interviewed firm

personnel and tested compliance with the firm's quality control policies and procedures.

"The AICPA peer review is a meaningful process for the firm and our clients," explained Partner Lisa

Shuneson, who oversees the firm's audit and accounting services. "It assures our clients that Whalen

& Company's policies and procedures meet the highest professional standards for quality control." 



A Retirement Reality Check—continued

If you don't take your RMDs, you could be forced to pay substantial tax penalties. RMD rules recently became less complex, but it's still important that you understand them and implement an appropriate distribution strategy.

All Retirement Investors?

Review your post-retirement medical insurance needs. For example, you might want to think about purchasing coverage to supplement Medicare benefits.

If you have made all eligible contributions to other qualified plans, then you may also want to consider funding an annuity now in order to receive a guaranteed income stream later in life.**

Your retirement security is very important. A smart first step to keeping your retirement strategies on track is to contact a qualified financial professional.

* Source: AARP, August 2005.

** Fixed annuities are long-term, tax-deferred investment vehicles designed for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Withdrawals made prior to age 59-1/2 are subject to 10% IRS penalty tax and surrender charges apply. Guarantees are based on the claims paying ability of the issuing insurance company.

Wm. Eric Bishoff, in his 19th year in the financial services industry, serves as the branch manager of The Bishoff Financial Group. Whalen & Company works with The Bishoff Financial Group as an alliance partner for financial services. Securities offered through LPL Financial, Member FINRA/SIPC.

Reporting of Health Care Costs Delayed

The Affordable Care Act passed in 2010 required that employers begin reporting the cost of coverage under an employer-sponsored group health plan.

The reporting requirement on employees' W-2s was originally set to begin on January 1, 2011.

The good news is that more time has been granted. The reporting for 2011 was made voluntary for employers. In 2012 all employers with 250 or more employees will be subject to this requirement. The reporting for those with fewer employees is optional.

Client & Firm Happenings

Staff Accountant **Joe Curtin, CPA**, (center) was featured on the cover of a publication of the Ohio Society of CPAs (OSCPA) promoting volunteer opportunities for members of the organization. Joe has been volunteering in Columbus Schools, teaching financial skills to students in grades two through five. Games and other interactive activities make the experience fun for the students and for Joe, too. "Kids enjoy the lessons because they make a connection for them between the classroom and everyday life," he explains. "It is very rewarding to help them prepare for their future." 🌟



Two of the firm's clients have made the Columbus Fast 50 list, sponsored by the Columbus Business First newspaper. **Portfolio Creative** ranked 49th on the list for 2011. It marks the third time the company has earned the award. Portfolio Creative is the nation's fastest-growing creative staffing and

recruiting firm, connecting clients with creative talent in all areas of design, marketing, communications and advertising. It also provides executive recruiting, payroll and direct-hire services.

Also making the list was **Cyber Technology**, ranking 41st with its flagship brand Insurance Agents.com. Begun in 2004, the company's goal has been to deliver high-quality insurance leads to its customers. Cyber Technology is also a repeat winner. 🌟



Shawn Zeiter, CPA, has joined the firm as a senior auditor. His duties will include audits of financial statements,

preparation of financial statements and preparation of tax returns and tax planning. He has experience in working with for-profit and not-for-

profit organizations, and his clients have included large and small senior-care facilities, hospitals and mid-sized service and manufacturing companies. Shawn has a bachelor's degree from Miami University where he majored in accounting and management information systems. He has six years of experience in the accounting field and is a member of the Ohio Society of Certified Public Accountants. 🌟

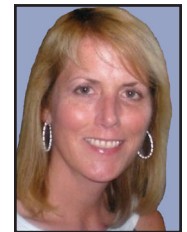
Also new to the firm are two seasonal staff members. **Nabi**



Zimmerman, CPA, is a tax specialist, preparing tax returns for business and individual clients. She has master's

and bachelor's degrees in accounting from the University of Florida and has experience as a tax manager and senior accountant.

Performing tax-return processing is **Sandy Zapior**. 🌟



Five members of the firm are celebrating anniversaries in February. They are: **Karen Barr, CPA**, tax specialist, 10th; **Chris Enright, CPA**, tax specialist; fourth; **Lisa Kuhn**, lead senior accountant, sixth; **Susan Ryzko**, tax processor, 25th; and **Donna Steiner**, office manager, eighth. 🌟

Deadlines Set for Tax Information

In order to ensure timely completion of business and individual tax returns, the firm asks that all corporate tax information be received in our office no later than Friday, February 24. In addition, all individual and partnership tax information should be received by Thursday, March 15.

Any information received after these deadlines will likely be placed on extension for preparation to occur subsequent to the original filing due dates of March 15 (corporate) and April 17 (individual and partnership).

Ohio Commissioner Calls for Municipal Tax Reform

Ohio Tax Commissioner Joe Testa told attendees at the January tax conference of the Ohio Society of Certified Public Accountants (OSCPA) that his office is focused on simplifying revenue collection at the state and local levels.

His goal is to make taxation more business friendly and less burdensome to state and municipal governments.

Testa said he has the Kasich



administration's support in reducing the "crushing mountain" of tax regulations that businesses must cope with across various

Ohio municipalities. The current system is estimated to cost local taxpayers \$80 million a year. He said the Ohio Department of Taxation is ready to help with streamlined operations.

OSCPA has pushed for a uniform definition of income, withholding, penalties and interest, as well as some form of centralized collection of those taxes in an effort to simplify what is a very complex level of taxation.