



DRAWING PARALLELS

FINDING A CONNECTION BETWEEN PLINKING AND MY CAREER

“My plinking hobby helps me stay in tune with my professional work as well as provides me with a healthy escape while enjoying something I love.”

**JAN
2022**

January is National Hobby Month, and in more ways than one, a favorite hobby of mine relates to my passion and craft: fighting and negotiating with the IRS on your behalf to obtain the most favorable outcome. Let me explain.

For about 10 years now, I’ve enjoyed plinking, an addicting activity of sport shooting at metal targets. The thrill of challenging myself to hit certain targets from different distances, in varying weather conditions or in a variety of areas, captivates me. When I hit a metal target, hearing the familiar “plink” when the projectile makes contact is the response I need to know that I hit my mark.

When dealing with the IRS, that instant gratification is lost because there is not a clear, instantaneous, and reassuring “plink” to confirm our success. Instead, we must wait for the IRS to come back with a rebuttal, then the back-and-forth negotiations begin. It takes much longer to hit our mark instead of receiving an automatic response when plinking.

When working toward a resolution with the IRS, the only directing factor toward success is our experience. Whereas, with plinking, I know where I hit the target and whether or not I was too far left, too far right, or right on point to direct my shot the next time around. And, just like with negotiating with the IRS, repetition comes into play with shooting,

but every once in a while, a different scenario takes place. Maybe I find myself in different lighting, weather conditions, or terrain that impacts my course of action. Dealing with many different scenarios with the IRS opens the doors up to navigating new waters, but you learn from it.

When preparing for plinking, there is much to be done to secure the area to make sure it is safe, just like a great deal of preparation goes into initiating an IRS case. Once I’ve wrapped up shooting for the day, I can’t just wipe my hands and walk away. I must ensure that everything is cleaned up and safely stored. When it comes to finishing a case out with the IRS, there is much to be done in the aftermath to safely close everything out.

When trusting a tax resolution expert to take on your case, it is important to find someone with a lot of experience who has been through multiple different distinguishing issues and scenarios so they can be quick and nimble to respond.

My plinking hobby helps me stay in tune with my professional work as well as provides me with a healthy escape while enjoying something I love. It gives me something to look forward to and get excited about while honing in on my skills. It’s a physical and mental escape that never gets old!

What hobbies do you enjoy? Happy Hobby Month!

-Ben Golden

Bringing Back a Lost Art

Your Guide to Writing a Thank-You Note

A 2019 survey by Ask Your Target Market showed 80% of respondents appreciate receiving thank-you notes — but only 22% of respondents report regularly sending them. That's a pretty big discrepancy.

During the holiday season, you probably received several gifts and may have been hosted at a family member's house, so now is the perfect time to revive the dying art of the thank-you note. If it's been a while since you last wrote one, fear not. Here's everything you need to know to get started.

Know When a Note Is Needed. You should strongly consider sending a thank-you note any time you receive a gift, but they are particularly expected after big events like weddings or showers. It's also good form to send a note whenever someone has done you a big favor or hosted you at their house. Professionally, thank-you notes should always be sent after job interviews. Notes should be sent as soon as possible, ideally within one month of the gift or event.

Use Paper. It may seem old-fashioned, but that's exactly what makes it special. In fact, the Ask Your Target Market survey found that 72% of respondents thought handwritten notes were more meaningful than electronic ones. Even if your handwriting is messy, your recipients will appreciate the personal touch. Exceptions apply for thank-you notes sent after job interviews — due to time sensitivity, these are best sent via email.

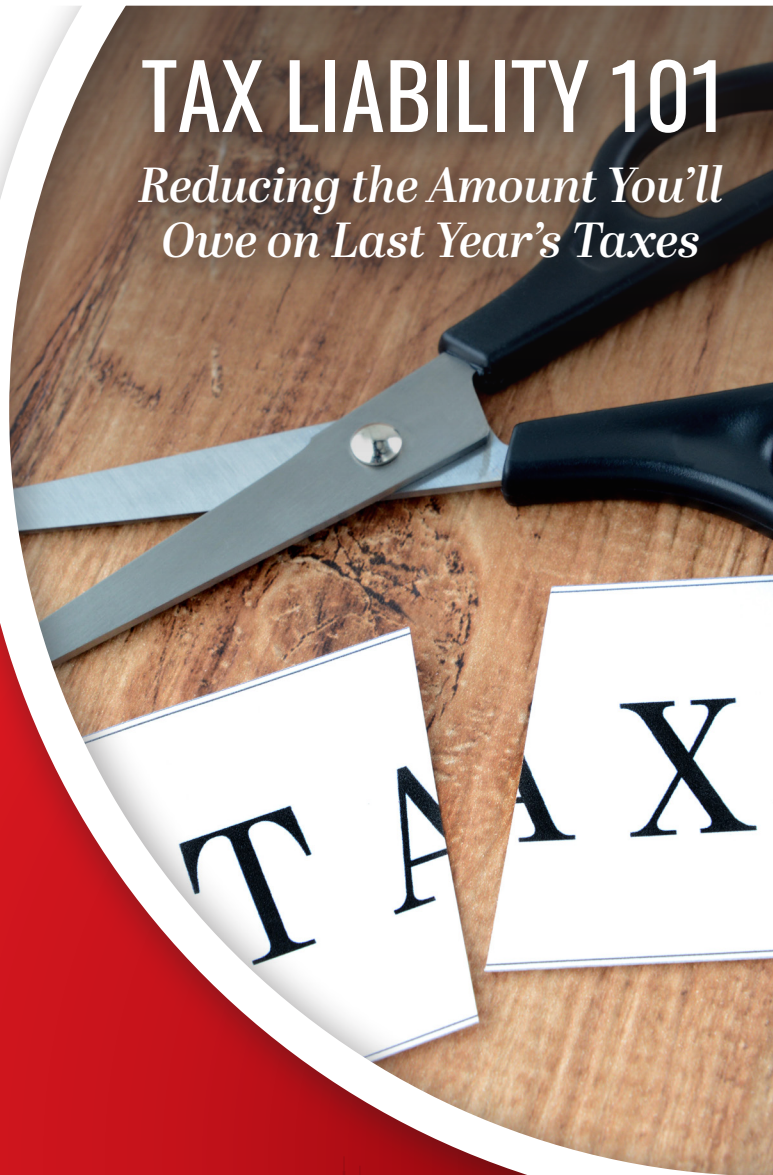
Be Specific. Especially when you've got a large stack to get through, it's pretty tempting to write the same note over and over again, changing only the salutation. Don't give in! While it's fine to have a template, recipients will recognize when the note you sent them is generic. Be sure to mention exactly what you're thankful for (not just "the gift") or how you plan to use the gift.

Now, you're ready to let people know how much you appreciate them in a way that's both simple and classic. Your family, friends, and colleagues will be impressed, and who knows, you just might start a trend.



TAX LIABILITY 101

*Reducing the Amount You'll
Owe on Last Year's Taxes*



Chicken and Leek Filo Pie



INGREDIENTS

- 3 oz unsalted butter, divided
- 2 large leeks, finely sliced
- 2 large carrots, finely chopped
- 1 tbsp flour
- 14 oz chicken stock, warmed
- 2 tsp Dijon mustard
- 3 tbsp heavy cream
- 12 oz cooked chicken, cut into chunks
- 2 tbsp chopped fresh parsley
- 12 sheets frozen filo pastry, thawed

Did you know that many lifestyle changes, such as having a baby, changing jobs, getting promoted, or tying the knot, change your tax liability? Reviewing your withholdings on your paycheck may help you lower your liability from the previous year.

Any time your income increases, your tax liability goes up along with it. In fact, any type of household income change has an effect on your tax liability. So, if your spouse gets a new job or promotion, changes must be made. Even if you get married and both you and your spouse are employed, check your tax withholdings!

Also, if you have a baby (or adopt one), your tax liability is going to change. For 2021, the Child Tax Credit has changed to aid those growing families or families with children who may be struggling during the pandemic. If you have undergone any changes that will require an adjustment to your W-4, you must fill out a form either on paper or online at any time during the year.

But there are other ways to lower your tax liability from the previous year, too! By contributing to a retirement account (either a 401(k) or an IRA account), you can lower your taxable income, thus lowering your tax liability. Even though all contributions to your workplace 401(k)s must be made by the year's end, you can still contribute to your traditional IRAs all the way through the deadline for filing your taxes on April 15.

Don't let your tax liability come as a surprise after you file your taxes! Be sure to update your credentials regularly to know what to expect during this year's upcoming tax season!

DIRECTIONS

1. Preheat oven to 350 F.
2. In a pan over low heat, melt 1 oz butter.
3. Add leeks and carrots and cook for 15 minutes, until softened but not colored.
4. Stir in flour and cook for 1 minute.
5. Gradually add chicken stock, stirring until sauce is smooth, then let simmer for 10 minutes.
6. Stir in mustard and heavy cream, then add cooked chicken and parsley. Transfer to a large ovenproof dish.
7. In a pan, melt remaining butter.
8. Put a single filo sheet on a board and brush with melted butter. Scrunch up pastry sheet and place on top of chicken mixture. Continue until pie is covered.
9. Bake for 20–25 minutes, until the filo is golden and chicken mixture is bubbling.

Inspired by GoodHousekeeping.com

JANUARY WIN OF THE MONTH

Business vs. Hobby Audit

CASE SNAPSHOT

Client: A woman who worked as a W-2 employee

Type of IRS Issue: IRS disallowed expenses related to client's two businesses

Tax Year in Question: 2017–2018

IRS Claimed Liability: Inability to claim business loss during startup

Savings: \$6,000 PLUS the declaration that both businesses could operate and report taxes as a business, not a hobby!

A woman who worked as a W-2 employee had been selling health supplement products for several years while reporting losses on her Schedule C for several years. During 2018, she started up an additional health-related business and reported an operating loss the first year. These losses flagged her return, and subsequently, she was audited.

The client came to IRS Trouble Solvers during the early stages of the audit. We assisted the client with gathering and formatting the documentation necessary to support our position and represented her in front of the IRS. During the audit, the auditor determined that the activities were "hobbies" and disallowed all losses on the startup business, as it had not yet produced any income. When it came to her other health supplement business, the IRS only allowed deductions to the extent that there was income.

IRS Trouble Solvers appealed the audit results by using the eight factors the IRS considers when determining whether the activity is a business or a hobby. After successfully supporting our argument with documentation and records, the audit was overturned and the appeals officer agreed to allow both businesses to continue to be treated as a Schedule C business. While they did reduce some of the operating losses, we were able to claim some penalty abatement as well as some adjustments in the tax owed. Now, our client is able to continue with both of her businesses, is treated as a Schedule C business, and is enjoying a savings of over \$6,000.



IRS Trouble Solvers™

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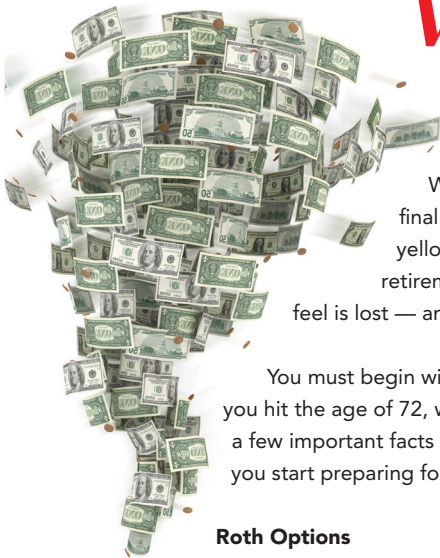
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INSIDE THIS ISSUE

- 1 National Hobby Month
- 2 The Lost Art of the Thank-You Note
Tax Liability 101
Chicken and Leek Filo Pie
- 3 January Win of the Month
- 4 Contributions, Value Plans,
and Withdrawals, Oh My!



We're Not at Work Anymore, Toto

3 FACTS MOST PEOPLE DON'T KNOW ABOUT 401(K)S

When the tornado of a busy career finally slows down, and you're on the yellow brick road heading toward retirement, the last thing you want to feel is lost — and that's where 401(k)s come in.

You must begin withdrawing from your 401(k) when you hit the age of 72, with some exceptions. Here are a few important facts about 401(k)s to keep in mind as you start preparing for your retirement.

Roth Options

Like traditional 401(k)s, Roth 401(k)s also take contributions. But Roth contributions are made with after-tax dollars instead of pre-tax dollars. Since you are using after-tax dollars for your contribution, you can withdraw money in retirement tax-free. Unfortunately, only half of employers offer Roth 401(k)s. Even if you opt in for the Roth 401(k), your company match will be made pre-tax. If your employer doesn't offer 401(k) plans, you can open a Roth IRA on your own.

Stable Value Funds

When you are close to retiring, you may want your retirement money to be in a safe investment option. Many 401(k)s offer stable value plans you can choose from. Stable value plans are beneficial because they pay higher interest rates than bank savings. They won't fluctuate like stocks, and they shouldn't go down in value if interest rates rise. How much you keep in a safe investment depends on how close you are to retirement and how much you will withdraw.

Ages 55-59 Penalty Exemption

Most people think there will be a 10% early withdrawal penalty tax if you withdraw from your retirement account before the age of 59. But there are some exceptions to the rule. Provisions in 401(k) plans exist for those who leave their employer after they reach the age of 55 but before the age of 59. This allows you to take withdrawals that are exempt from penalty taxes.

Keep these facts in mind as you prepare for retirement, and if you are beginning your career at a new business, see what types of 401(k) plans your company or preferred investment fund offer.