

Bottom Line Advice

from SHS Services, LLC/SHS Payroll LLC

April 2014

Message from the CEO

Spring is finally in the air and the team at SHS Services couldn't be more excited. We are busily ramping up for the next several months. This issue of Bottom Line Advice features information regarding the ins and outs of severance packages, tax tips and important upcoming tax deadlines, and the critical role that bookkeeping plays in every business.

For those loyal clients of SHS Services, we thank you for utilizing our services and genuinely appreciate our relationship with you. If there's ever anything further we can do for you, please let us know. And if you are not currently working with us, please give us a call. We'd love to share how we can help you and your organization with your payroll and bookkeeping needs.

Sincerely,
Steven H. Suissa, President

Upcoming Tax Deadlines:

May 15, 2014

Deadline for non-profit organizations to file information returns (Form 990) for the year 2013, or request an extension (Form 8868)

June 16, 2014

2nd quarter estimated tax payments due for the 2014 tax year. (The normal deadline is June 15th, which falls on a Sunday, so the deadline is pushed to the next business day.)

Need help or advice?

That's what we're here for. Call SHS today and let us eliminate your tax filing/compliance stress.

Why Every Company Needs Bookkeeping

While tax preparation is a key reason to maintain a detailed set of books, there



Dismissed!

What, if anything, do you owe to an employee that you're terminating?

The Ins and Outs of Severance Packages

Some employers assume that they have to offer a severance package -- some combination of money and continuing benefits -- to fired employees. In many cases, however, this assumption is incorrect.

In reality, there are no hard-and-fast rules regarding what constitutes a severance package. Therefore it is up to the business owner to determine what works best for them. Here are some typical benefits to consider:

- **Pay.** Realistically, this is what is most important to your employees. Many employers pay a set amount -- a week or two of salary -- for every year of employment.
- **Insurance benefits.** Some employers offer to pay for continuation of health, life, or disability insurance coverage for a period of time after an employee is fired. Although a federal law called the Consolidated Omnibus Budget Reconciliation Act (COBRA) requires some employers who offer group health insurance to offer their employees the opportunity to continue their coverage, it does not require employers to foot the bill. Many states also have health insurance continuation laws, and a few of them require some employers to pay for a short period of continued coverage.
- **Uncontested unemployment compensation.** Fired employees can claim unemployment benefits if they lost their job for reasons other than serious misconduct. After an employee applies for benefits, the employer has the opportunity to contest the employee's claim. If you don't contest an employee's claim, it is much more likely that the employee will receive benefits.
- **Outplacement services.** An outplacement program is designed to help an employee find a new job. It may offer counseling on career goals and job skills, tips on resume writing, leads for potential jobs, practice interview sessions, and help in negotiating with potential employers.
- **References.** You might agree to come up with a mutually agreeable letter of reference for an employee to use in job hunting.

Certain benefits or items may be of particular importance to a departing employee. If possible, have an honest discussion with your worker to find out what he or she would like in a severance package. You might want to consider allowing the employee to keep advances or money paid for moving expenses, letting an employee keep equipment, such as a cell phone or computer, or releasing an employee from contractual obligations.

are many reasons why it's so important. It's critical to know how much money your business is bringing in as well as how and where the money is being spent. Compare your results to industry standards to determine where you need to improve your business model. You should also compare this year's sales and expenses to the prior year(s) to note your progress in the business world. Reviewing this year's balance sheet accounts (cash, receivables, liabilities, etc.) to prior years will also help establish profit and sales goals.

Another reason to have current financial statements is to satisfy a lender who will certainly require them in order to evaluate your qualification for a business loan.

This means that your business needs to employ software more sophisticated than a simple spreadsheet format in order to obtain current as well as comparative data.

While there are more than 30 million small businesses in the US, 74 percent do NOT employ full-time or part-time accounting help according to a June 2012 article published by AccountingToday.com. Consequently, many small business owners are attempting to figure this out on their own without the necessary background, taking away valuable time from running their business.

Going at it alone might save money at

Tax Tips

We know that tax tips are important to small business owners. The last thing you want to do is have to pay more than your fair share or even worse have to pay a penalty. As usual, there are some key changes the IRS is making in 2014 that employers should know about.

Social Security Wage Baseline. Fortunately, you are limited on the earnings subject to taxation every year for Social Security. The tax rate stayed the same at 6.2% however the earnings base in 2014 is \$117,000, up from \$113,700 in 2013. Simply put, you may be subject to a bit more tax liability for Social Security if your salary allows for it. Remember too, the 6.2 % rate is paid by both employee and employer.

Pension and 401k limits. The contribution limit for your 401k is staying the same in 2014. However, some notable changes include:

1. The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (AGI) between \$60,000 and \$70,000, up from \$59,000 and \$69,000 in 2013.
2. The AGI phase-out range for taxpayers making contributions to a Roth IRA is \$181,000 to \$191,000 for married couples filing jointly, up from \$178,000 to \$188,000 in 2013. For singles and heads of household, the income phase-out range is \$114,000 to \$129,000, up from \$112,000 to \$127,000. For a married individual filing a separate return, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.
3. The AGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$60,000 for married couples filing jointly, up from \$59,000 in 2013; \$45,000 for heads of household, up from \$44,250; and \$30,000 for married individuals filing separately and for singles, up from \$29,500.

SHS Testimonials

"SHS Services has done a great job on our payroll/book keeping. They have also assisted us with advice in a number of other areas. The thing I like is that they're very personal while still maintaining a high level of professionalism. You never have to ask them twice for something as they get it right the first time, which is very refreshing. Great company!"

- **Vincent Burgher**, Wymond Associates, LLC

"SHS Services has provided a reliable, value-oriented service over the past three years to EcoDomo. As a growing business, SHS was able to understand our needs, identify the best local banks for financing, and set-up a reliable and consistent payroll service for our growing staff. It's a pleasure to work with Steve and have him as our stand-by CFO. I wish we had been working with him since the early days of the company."

- **Christian Nadeau**, EcoDomo LLC, Rockville, MD

"SHS does a great job. They are fast, efficient, detail oriented with a lot of personal involvement. Prices are more than fair and very competitive in the marketplace."

first, but if you aren't qualified to do the work, you could end up landing in more trouble. Tasks such as posting payroll properly, tracking credit card usage and reconciling accounts can be tricky. Just knowing which account to post a particular transaction isn't always clear.

Working with a bookkeeping and payroll expert -- whether in-house or outsourced -- is a critical component to any business. Save yourself the time, money, and hassle of going it alone.

**SHS Services
Loves Referrals!**

SHS Services wants to continue to grow and we need your help! Any business with employees is a great referral for us.

Simply send us the names of business associates, family members or friends that could benefit from outsourcing their payroll or bookkeeping needs, and we'll take it from there. If they turn into a SHS Services client, **you will receive One Free Month of Payroll Services.** It's that easy!

Contact Us

SHS Services, LLC
104 S. Washington Street
Rockville, MD 20850

(301) 710-0930 Phone
(301) 859-4114 Fax

email: info@shsservices.com

Email to friend:

We greatly appreciate your referrals. Please forward this to anyone you think would benefit from the abilities of SHS Services/SHS Payroll.

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