Nebraska Farm Business, Inc.
3815 Touzalin Ave., Ste. 105
Lincoln, NE 68507

Don't forget to make your January 15th Tax Estimate for the 2015 tax year!

Book Closing Dates:

Auburn: Michelle & Kayla– Monday, January 25th

Beatrice: Amber– Monday, January 25th
Michelle & Kayla– Friday, January 15th

Burwell: Kayla & Kelsie– Monday, January 11th

Central City: Michelle– Tuesday, January 19th

Fremont: Anthony & Jim-

Hastings: Tina, Michelle, Amber & Kayla– Thursday, January 21st

Hebron: Amber– Tuesday, January 26th

Holdrege: Jim & Kayla-Friday, January 22nd

Imperial: Jim, Michelle & Kayla– Thursday, January 28th & Friday, January 29th

Kearney: Michelle– Friday, January 22nd

Norfolk: Michelle & Amber– Wednesday, January 13th & Thursday, January 14th

North Platte: Jim, Michelle & Kayla– Wednesday, January 27th

St. Edward: Michelle & Kayla– Wednesday, January 20th

Valentine: Kayla & Kelsie-Tuesday, January 12th

PC Mars Clients:

Be sure to check-in with www.pcmars.com as there has been a new Free downloadable Patch issued and will need to be downloaded! Contact the office if you have questions with the download!

Nebraska Farm Business, Inc.

Yielding Success Through Financial Management

December 2015/ January 2016

Inside This Issue:

Don't forget…

1099's & W-2's are due!!!

Please have your completed forms back into our office no later than January 15th! If you have questions please be sure to talk with your consultant!

IF you DID not meet with your consultant and/or receive your pre-filled 1099 form or other year-end forms, please contact our office and we will get them sent out to you!

IRA's & Retirement Funds

A few years ago when you asked a farmer about his retirement plan and you might hear "Retirement???" or that their plan is to rent out their land to fund their later years. The last few years as there was more disposable income from higher grain and recently livestock prices, producers have been more open to putting money in retirement accounts. In a large part, this is due to the tax benefits available with plans, but there has also been more interest because of the advantages of ROTH IRA's.

If you are one of those that have been convinced to diversify your retirement income options and put money in a retirement fund, you have many options.

What you choose can depend on many factors such as 1) how much you want to contribute, 2) what tax bracket you are in, or 3) whether or not you have employee .To contribute to any retirement plan , you must have earned income, such as wages, a positive Schedule F or C.

Generally speaking if you only want to put a few thousand dollars in a retirement plan and you are in the lower tax brackets (10-15%) then contributing to a ROTH IRA makes a lot of sense. You are able to put in $5,500 ($6,500 if age 50 or over) for yourself and your spouse (unless they are active in another retirement plan) as long as you have earned income. You don't receive a tax deduction today for your contribution to a ROTH IRA, but when you take the money out (both principle and interest) it is tax free.

If you are in a higher tax bracket and want the tax deduction, a Traditional IRA may be right for you. You are able to contribute $5,500 ($6,500 if age 50 or older) for yourself and your spouse. Using a deductible IRA is deferring the tax until you remove the income from the IRA. When you take the money out, the principle you put in plus the earnings will be taxable. If you expect to be in a higher tax bracket during retirement, it may not make sense to take advantage of the deduction in the lower bracket today.

If you want to contribute more than $5,500 or $11,000 for both you and your spouse, and you have no employees, a SEP IRA (Continued from Page 1…) (Self Employed Plan) may be the next step. With a SEP you can contrib-

ute up to 25% of compensation or a maximum of $53,000 for 2015. The 25% equation get complicated but it comes out to about 18.5% of your Self Employed Income (Schedule F and Schedule C combined). So if you have over $29,730 of SE income then you can contribute more than simply putting $5,500 into an traditional IRA and get the deduction for it.
The complexity builds if you have qualified employees. If you have an employee who is at least 21 years old and has worked for you at least 3 of the last 5 years, and you have a SEP for yourself you must contribute the same percentage for your employee as you do for yourself, up to the maximums.
Most employers will instead offer a SIMPLE IRA to employees. To quality the employee must have earned at least $5,000 from you in any prior 2 years and is expected to earn that much in the current year. With a SIMPLE, the employee can elect to defer up to $12,000. The employer can choose to match up to 3% of the employee's wages. (The 3% can be reduced to 1% in any 2 out of 5 years) or can choose to contribute 2% of wages whether the employee contributes or not. Under the 3% options, if the employee chooses not to participate, you do not have to contribute anything.
There are also options such as Self Employed 401K's, Regular 401K's and Defined-Benefit plans, which we look at when you want to put more into retirement than the simpler plans allow. These options are managed by professionals and require more administrative work.

Updated TAX LAW for the 2015 Tax Year

The PATH Act was signed on Friday, December 18th….the Tax Law changes have been made for the 2015 Tax Year…

PERMANENT Law Changes:

- **Section 179 Depreciation Deduction:** $500,000 Expensing Limitation, with a $2 million phase-out limit (New or Used Equipment Purchases with life class less that 20 years)
- **Qualified Charitable Distributions:** If over age 70 1/2, you can make a QCD of up to $100,000 directly from an IRA to a charity
- **S-Corporation Recognition Period:** Retaining corporate assets after making the election to be taxed as a S-Corporation instead of a C-Corporation has been reduced to 5 years, in which the Built In Gains tax (B.I.G. Tax) can be avoided
- **Elementary/Secondary Teachers Expense:** The capped $250 above-the-line deduction for eligible expenses is permanent. In 2016, the $250 cap will begin to be indexed for inflation and included professional development expenses

EXTENDED Law Changes:

- **Bonus 50% Depreciation:** 50% first-year write-off extended for 2015, 2016 & 2017; 40% for 2018; 30% for 2019

The Holiday Season is upon us…

Our office will be closed for the Christmas Holiday on Thursday, December 24th and Friday, December 25th. We will also be closed for New Year's on Friday, January 1st, 2016!

Also, just a reminder that from December 28th to December 31st our consultants work Holiday Flex Hours.

Do You Have Everything We Will Need For Your Book Closing Appointment?

Do you have a March 1st Tax Filing Deadline? Be sure to call the office and schedule your book closing appointment with your consultant for sometime in the month of January!

Taxes:**

- Bring any 1099's and/or W-2's that you and/or spouse have received for the tax year
- List of all outstanding transactions that occurred through December 31st
- Copies of your accounting/record keeping, if applicable
- Capital Purchase and trade invoices, if any made throughout the year; Also, if financed thing, bring loan terms with you
- Loan balance/detail information, if applicable
- Any other changes that will affect your tax return;
  - If married during the year we need spouse birthdate and social security number
  - Child(ren) born during the tax year we need birthdate, social security number and name,
  - Move throughout the tax year, we need your new address
  - Divorce/ Legal Separation

Analysis:

- Year-end inventories for crops and livestock
- Pre-paids purchased
- If livestock, need to know the amount of feed fed for the year
- Account balances for: Loans (principal and interest split), checking/savings, retirement and any other account balances
- If you financed any new purchases, we need the loan terms for the purchase

*** Don't forget to mention to your consultant if you have plans for vacation or will be headed some place warm for the winter prior to the due date of your tax return!*