



## From the Desk of John F. Morrissey

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As we approach the end of 2015 it is once again time to start thinking about income taxes. Yes, I know it seems like we just got done, well we did and here it is again.

As I have stated in the past, “we need to plan on how much tax we are willing to pay,” and you know that will only happen with proper planning. The first step in that planning is “how much income do I need to maintain my chosen lifestyle and

what are the tax consequences to that decision?” We are ready to help you in the planning process by working on “tax projections” with you. Please give us call with any questions or concerns you have.

You will notice we have a few new faces in our organization this year. Each of these new staff members have been chosen because of their years of experience and technical knowledge of income tax preparation. The commitment is the same as always at John Morrissey Accountants, and that is “service the client with professionalism.”

While you take time to read this newsletter you will realize that it is a result of teamwork within our organization that we are able to provide you, our clients, with valuable information regarding many aspects of your business life. Please, if you see something that is of interest to you, contact the writer of the article to find out more about the topic or just to say “thank you” for bringing this to my attention.”

Once again I want to say “Thank You” for your confidence in John Morrissey Accountants. Please keep in mind that we exist for you, the client.

Have a Merry Christmas and we will see you in the New Year and I am sure it will be a happy one.

## Focus On The Community

[www.rockfordsymphony.com](http://www.rockfordsymphony.com)



If you have not had the opportunity to experience the musical journey of the holiday season with the Rockford Symphony Orchestra, our 81st is the season to share with your family and friends!



The holiday season begins with the “Nutcracker Ballet,” a live presentation by the Rockford Dance Company and the Rockford Symphony Orchestra performing Tchaikovsky’s treasured ballet at the beautiful Coronado Performing Arts Center.

Follow Clara’s adventures as she battles the giant Rat King and transforms her Nutcracker doll into a Prince. Together, they visit a magical land of dancing snowflakes, a Sugar Plum Fairy, and a celebration that takes her around the world in a single night. Enjoy this timeless tradition at the evening or matinee performance with the entire family.

Holiday Pops is Rockford’s largest holiday musical tradition. The Mendelssohn Performing Arts Center’s Mendelssohn Chorale joins the RSO for two performances to bring you the most enjoyed music of the season, from popular to traditional and sentimental to serious. Always a favorite, the audience is asked to join the RSO for the Christmas sing-a-long finale!

We are pleased to offer even more family-friendly programming after the New Year.

On April 2, plan to attend “The Magical Music of Walt Disney,” a concert of symphonic arrangements from the archives at The Walt Disney Studio and provided by Disney Music Publishing. Music from early classics to recent releases will take audiences on a musical journey to far off places where the stories, tales, and myths of many cultures have originated. The program incorporates musical performances from

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## Leave it to the Pros!

By Fran Morrissey

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Every once in a while John will come home and share a story of a new client needing our immediate help. The person has filed their tax return and now is receiving correspondence from the IRS. This is something that frightens most people.

The IRS is a giant monster of an organization which is drowning in its own mission. The agents and the employees cannot keep up with the work being given to them. Their technology is way behind the times. Talking to an agent is nearly impossible and finding a timely solution is a huge challenge.

Fortunately, John Morrissey Accountants, Inc. has a good relationship with the IRS – the best that it can be in this day and age. We must follow specific guidelines in preparing taxes, filing taxes and following up on questions or concerns. That does not mean that we can quickly solve issues or readily communicate with someone who can truly help resolve an issue. But, we do have a better chance of it than you do.

The point is – leave tax return preparation and communication with the IRS **to the professionals!** JMA has experienced tax preparers who can help answer your questions and if there happens to be a need to communicate with the IRS, they can at least let you know what to expect and can handle the communication with them.

Also remember the importance of tax planning. It can save you money!! The IRS would like the money but let's not give them more than what is required. ♣



## The Benefits of Volunteering

By Mary Beth Clausen

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*“It is one of the most beautiful compensations of this life that no man can sincerely try to help another without helping himself.” —Ralph Waldo Emerson*

Our lives are so very busy, most of us feel we do not have enough time to do all the things we have to do, not to mention all the things we want to do? Have you ever heard yourself say “I’ll get to that as soon as everything slows down?” In reality, I don’t believe things will ever slow down, do you?

With such busy lives, it can be nearly impossible to find the time to volunteer, so we need to just take the time to do so. Volunteering has meaningful, positive impact on our community and those who share our community with us. Fundamentally, volunteering is about giving your time and skills freely. It is a conscious decision we make to help someone, or do something that will truly make a difference, however big or small.

One of my earliest memories is going with my grandma while she cleaned the church. She was working, while I was just playing with some other kids. Many other similar memories follow because I grew up in a family that helped others, in many different ways. We helped other families, participated in community events, cooked for school functions etc. I didn’t necessarily realize at my young age that it was called “volunteering”; it was just part of what we did. It is no surprise that volunteering has been an important part of my adult life, and thus my children grew up learning by example as I did. My many volunteer experiences, from my teen years until now have enriched my life in ways I cannot even begin to detail, but I know the benefits are many!

If you are not an active volunteer, I hope to encourage you and your family members to get involved! Here are just a few benefits you may receive.

1. The feeling of accomplishment and pride when incorporating service into our lives. We know we have made a difference, however big or small. It simply feels good!
2. Studies have shown that volunteering helps people feel more connected to their community, therefore warding off loneliness and depression.
3. Volunteering can enhance career skills. Serving on a committee or a board will improve or develop important teamwork or leadership skills. While helping to plan or implement a fundraiser could improve goal setting, planning or budgeting skills.
4. Volunteering allows students to get involved with new things and develop technical, social, and academic skills that couldn’t be learned in a classroom environment.
5. What better way to expand your horizons? Whether you’re helping out at your local library or reading to underprivileged kids, volunteering allows you to experience different environments and situations.
6. Engaging in an activity with others who share your interest or passion can create new friendships and widen your social circle.
7. Spending more time doing what you love. Remember, volunteering is a conscious decision, be sure to choose something you enjoy!

Volunteers create better environments for others; they create healthier communities, and they brighten lives. The opportunities to volunteer in Rockford are nearly endless; you just need to find the right match. Take some time to identify the things you are passionate about, and the time you are willing to give. A great website to help identify what sounds good to you is [Volunteermatch.org](http://Volunteermatch.org). There is a very long list of categories to view including Arts & Culture, Children & Youth, Education & literacy, Community, Environment, Health & Medicine, Politics, People with Disabilities,

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## Personal Financial Statements

By John J. Morrissey

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All of us are familiar with the core idea behind our annual tax return: Tell the IRS about our income during the year and about the things we can deduct from that income in order to arrive at some amount of taxable income. Then make a calculation of the tax, and make sure the money is all sent in on time. In one respect, it is a pretty simple formula. In another, of course, doing that tax return correctly is tied to an understanding of thousands of pages of tax code and related case law, regulations, and previous practice. The point, however, is that we all have a pretty clear familiarity with the process.

Less familiar to some of us is the idea of a *personal financial statement*. In its simplest form, this is no more complicated than a listing of what we own and what we owe. But much like wading into the tax code, there can be a number of complexities in this as well.

Of course, we are compelled each year to complete a tax return. Why also might someone invest in a personal financial statement? I think it comes up more frequently than most of us think about it. Here are some of the most common uses:

- **Personal borrowing.** In one form or another, every bank will want a version of a personal financial statement whenever money is borrowed. It may be a simplified form for purposes of a straight-forward auto loan, or a slightly more complex look when seeking a home mortgage or home equity line.
- **Business borrowing.** If you are also a principal owner in a business that needs financing, (or maybe even some investment real estate that requires a mortgage note), a bank will almost always seek a pretty complete picture of your assets and liabilities.
- **Personal Financial Planning.** An accurate current financial picture is a critical piece of every financial plan. Any financial planner or advisor should seek out a personal financial statement as a starting point.
- **Retirement Planning.** The cornerstone of any good retirement planning is also the personal financial statement. Understanding one's net worth is helpful, but the qualitative factors ties to various assets and liabilities should also be taken into account.
- **Estate Planning and estate management.** Personally, I maintain a reasonably thorough personal financial statement just as a guide to help my spouse (or maybe my children someday) understand the various assets and liabilities that make up our financial picture. At some point, my personal financial statement becomes a guide to the financial things that have to be sorted out on my demise.

At its simplest, this is a statement of what we own (assets) and what we owe (liabilities).

You can get started easily enough on your own. Start with a listing of all bank accounts, CDs, IRA's, retirement accounts, investment accounts, etc. List your home, automobile(s), collections, or other items of value. List business values (that can be a tricky one to put a number on). Consider whether anyone owes you money. Next, list the amounts that you may owe to banks or finance companies. This includes mortgages, auto loans, credit card balances. Be sure to also include income taxes or real estate taxes owed and not yet paid.

Lastly, consider some of the more esoteric assets like future pension benefits, the cash value of life insurance (not the face value which only your heirs will get a chance to spend), and the possibility of any inherited assets. All of these can become an important part of planning for your future financial well-being.

From there, a good accountant might be a help to expand on these ideas to generate a much more meaningful look at one's current financial status. Considerations about current income, current spending, and which assets can/will eventually turn to cash (and when) are very significant to assuring future cash flow, either in the wealth-building years, or in retirement, when we are typically spending down what has been

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## How Changes to Overtime Regulations Will Affect Your Organization

By Sam Castree

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The United States Department of Labor issued proposed regulations making a simple but significant change to how you may pay your employees. By proposing a higher minimum salary for "exempt" status, the DOL may transform many of your current employees from "exempt" to "non-exempt."

**Who Are Exempt Employees?** Exempt employees are exempt from the minimum wage and/or overtime requirements of the Fair Labor Standards Act (FLSA). While there are numerous exemptions, the most familiar are the so-called "white collar" exemptions – executive, professional and administrative. In short, if an employee performs certain exempt duties and is paid a certain minimum guaranteed salary, then the employee is exempt from the FLSA's (and many state law's) minimum wage and overtime requirements. The current minimum salary is \$455 per week, or \$23,660 annually.

**What Changes?** While the proposed regulations do not change the current duties test, they do more than double the minimum salary to \$921 per week, or \$47,892 per year. Because the regulations also propose indexing the minimum salary for automatic increases, it is expected that the final regulations will peg the minimum salary at \$970 per week (\$50,440 annualized).

**What Are the Implications?** What will this one change mean for your organization? If you have otherwise exempt employees who are now paid less than about \$50,000 per year, you may have important issues to consider:

- Will I increase, or can I even afford to increase, an employee's salary to meet the new threshold?
- If I instead convert an employee to hourly status, what should the new rate of pay be?
- How do I budget for possible increases in overtime?

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“Be thankful for what you have; you’ll end up having more.  
If you concentrate on what you don’t have, you will never, ever have enough.” ~ Oprah Winfrey ~

## THE MORRISSEY REPORT

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*To share ideas or suggestions,  
please contact John Morrissey.*

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### Focus On The Community ... *continued from page 1*

Disney’s animated films including Frozen, The Lion King, Beauty and the Beast, Mary Poppins, and more!

Wrapping up our season will be the delightful and inspirational Emily Bear performing with the RSO. This local piano prodigy is also a prolific composer. Emily will perform her award winning piece, “Les Voyage” to a hometown audience on April 30, 2016.

We would love to have you in the audience of the Coronado for one of our upcoming concerts! Our full schedule can be found on our website, [www.rockfordsymphony.com](http://www.rockfordsymphony.com). For tickets call 815-965-0049 or stop by our box office on the second floor of the Riverfront Museum Park.

Music is best when it’s LIVE! ♣

### Volunteering ... *continued from page 2*

Seniors, Veterans and many more. Of course there are several local agencies that would be happy to assist you as well. Take the time to volunteer, you will not be disappointed! ♣

*“I alone cannot change the world, but I can cast a stone across the waters to create many ripples.”*

—Mother Teresa

### Overtime Regulations ... *continued from page 3*

- What is the impact on my compensation system or pay scales?
- How do I get formerly exempt employees to change their work habits and start recording their hours worked? Any other employee relations issues?

**Plan Now.** As of the writing of this article, we anticipate proposed changes will become final perhaps as early as the end of the year, but more likely early 2016. Now is the time to plan for this significant development.

Review your payroll and determine which exempt employees are making less than \$50,000 and how you will address the implications of the new minimum salary. ♣

### Financial Statements ... *continued from page 3*

earned and saved over the years.

John Morrissey Accountants believes that much value can be gleaned from a well-prepared and maintained personal financial statement. If you would like some assistance, we’d be glad to hear from you. ♣