

# DISCLOSURE

A QUARTERLY NEWSLETTER OF PICCERELLI, GILSTEIN & CO., LLP

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## Promoted to Senior Manager

The Firm recently promoted three outstanding individuals to the position of Senior Manager. Congratulations to Laura DaFonseca, Bonnie Sirois and Donna Slater on their promotions. P&G appreciates and values the contributions that they have made to the success of the Firm.



### Laura DaFonseca, CPA

Laura specializes in corporate, partnership and individual taxation, including issues related to non-profit entities. Laura joined the Firm in 2004. She holds a Bachelor of Science degree in Accounting from the University of Massachusetts - Dartmouth and a Master of Science in Taxation from Bryant University. Laura, her husband and three children live in Swansea, MA. Email: laurad@pgco.com



### Bonnie Sirois, CPA

Bonnie joined the Firm in 1999 and is a member of the Firm's Accounting and Auditing Department focusing on the accounting, reporting and income tax needs of closely held businesses and employee benefit plans. She has a Bachelor of Science degree in Accounting from the University of Massachusetts - Dartmouth and a Master of Science in Taxation, with distinction, from Bentley College. Bonnie and her daughter reside in

Fairhaven, MA. Email: bonnies@pgco.com



### Donna Slater, CPA

A magna cum laude graduate of the University of Massachusetts - Dartmouth with a Bachelor of Science degree in Accounting, Donna joined the Firm in 1993. Donna is a member of the Accounting and Auditing Department and litigation support team. She specializes in fraud investigations and prevention and manages a variety of audit and tax clients concentrating in closely held business and employee benefit plans. Donna,

her husband and children reside in Swansea, MA. Email: donnas@pgco.com

## Long-Term Care Insurance: What You Need to Know

The average cost of a private room in a nursing home is about \$200 a day, or roughly \$75,000 a year, according to a survey by the MetLife Mature Market Institute. And by 2020, 12 million older Americans will need long-term care, including nursing home stays, according to the U.S. Department of Health and Human Services.

How can families handle this expense? Health insurance pays the cost of the care you might need to recuperate from an illness or

injury. A long-term care insurance policy, on the other hand, covers the many needs of those who are determined to be chronically ill. This may include nursing home stays as well as adult day care costs and assistance at home for those who can't care for themselves.

### The Best Candidates

Long-term care policies are best for people who aren't wealthy enough to be able to pay for a lengthy nursing home stay or in-home care out of pocket, but who do have enough assets to disqualify them from government assistance. Long-term care insurance will help prevent depleting savings - and wiping out children's inheritance - for those who are disabled or face a

(see *Insurance*, p. 4)

## What's the Point?

By Bill Piccerelli

Almost everyone these days has a membership in some sort of reward point program (i.e. American Express Membership Rewards, Hilton Honors Program, Marriott Rewards, airline frequent flier programs, etc.). It is extremely difficult to figure out which is the best program. While I am not professing to have the final answer, I believe that my recent experience provides some additional insight that might benefit others.



The first point I will make is that these observations are based on my experiences and not on any extensive research into the various programs. Having said that, some background on the situation may help.

Some time ago, I was convinced that having a credit card affiliated with a specific airline (i.e. Citibank Aadvantage, Citibank US Air) was not the way to go. While you are able to accumulate miles (one mile for each dollar charged on your card), those miles are locked into the particular airline. I was certain that the American Express Card with the Membership Rewards program was the better choice. You can accumulate Membership Rewards points (one point for each dollar charged) and those points can be used for travel, hotels, product redemption from an extensive catalog, etc. Since a number of merchants do not accept the Amex card, I kept a Citibank US Air Visa card as backup.

Having a real desire to someday take my family to Italy, I earnestly began to accumulate Membership Rewards points toward the big trip. Well, the day finally arrived. (see *Points*, p. 4)



# Comings & Goings

By John Mathias



The winter is a time for welcoming. We welcome a new year, we welcome a warm fire and an even warmer drink. And here at P&G we welcome new members to our staff. This winter we welcomed both **Kim Benevides** and **Tracy Wood** to our accounting staff. Kim and Tracy both received their accounting degrees from the University of Massachusetts in Dartmouth. P&G has always offered an intern program during "busy season." The intern program allows college juniors and seniors the opportunity to experience their chosen profession while they are still pursuing their degrees. The experience is invaluable to these students, many of whom become permanent members of P&G's accounting staff upon graduation. The interns for the 2008 busy season are **Norm Sargent** and **Kara Sullivan**. They are both seniors at Roger Williams University.

Every year the Firm kicks off the tax season with a dinner dance. This year's event was held at the Metacomet Country Club. One of the high points of the event was the recognition given to employees who had reached milestones with

P&G. Those honored included **James Haggerty**, the Firm's Director of MIS, **Irene Fasano**, Director of Marketing and Public Relations, and **Carol Poliziani**, Paraprofessional. James and Irene have been with P&G for 10 and 25 years, respectively. Carol, on the other hand, reached the 30-year mark.

Congratulations to **Michael Colucci** and his wife, Hollie, on the birth of their daughter, Sophia Rose.

When P&G people speak, most everyone listens. **Pat Thompson** recently presented the topic, *Specialized Divorce Tax Issues*, in a teleconference setting to the American Bar Association. Pat presented a *Tax Update* to the Financial Planning Association, the Society of Financial Service Professionals, and NAIFA-RI. **Dave Dargy** spoke about Tax Saving Strategies for Real Estate Investors to the Learning Connection community. Dave also presented the same topic to the Fall River Board of Realtors.

We can't wait to get back in touch with you in the spring. The flowers will be growing as will the length of the days. See you then!

## Pat Thompson Appointed to National Committee

The American Institute of Certified Public Accountants (AICPA) has honored Pat Thompson with an appointment to the Tax Legislation and Policy Committee. This committee identifies significant tax policy issues affecting members of the Tax Section and the entire profession.



The Committee guides and advises the Tax Division's interactions with Congress and the IRS. The Committee also advocates and works to enact important, high priority AICPA positions and oversees submissions of tax simplification recommendations. Pat is the only Rhode Islander serving on the committee.

## Lending a Hand

During the past holiday season P&G sponsored a food drive to benefit the RI Community Food Bank and a toy drive to bring holiday joy to the Children's Shelter of Blackstone Valley. Thanks to all who made these drives successful. *Shown: Members of the Administrative Team Lori Pimentel (left) and Nicole Kanderski*



## New Online Tool Helps Employees Calculate OT Pay

The U.S. Labor Department recently debuted a useful tool that employees (and you) can use to calculate an employee's overtime pay. The web-based Fair Labor Standards Act Overtime Calculator Advisor ([www.dol.gov/elaws/otcalculator.htm](http://www.dol.gov/elaws/otcalculator.htm)) asks a set of questions about pay periods, hours worked, hourly pay scales and additional compensation.

## Celebrating 30 Years

Carol Poliziani's contributions to the Firm over the past 30 years have been immense. In 1978, Carol, a native of Buffalo, NY, decided to move south to a warmer climate and eventually settled in the Southern Massachusetts-Rhode Island area. It's a good thing that Carol was an accountant and not a meteorologist! In Rhode Island we like to attach the name, Carol, to any high energy force.



There was Hurricane Carol in 1954. Our own Hurricane Carol has been blowing through general ledgers and tax returns since 1978. Chuck Berry must have been thinking of our Carol when he wrote the lyrics to his hit song, Carol. He wrote, "I got my eyes on you baby, cause you dance so good." Well Chuck was right because Carol does dance "so good." (Chuck, however, was never that good in English grammar.) She has been a member of a dance group in Massachusetts for many years and has won several dance competition awards. When Carol arrived at P&G, the record of the year was Hotel California by the Eagles. As the memorable words from the hit stated, "You can checkout any time you like, but you can never leave!" Maybe Carol would like to checkout, but we would never let her leave. Her joie de vivre is an inspiration to us all and she is just too important to P&G.



## Events Requiring an Estate Plan Update

Generally speaking, your estate plan should be reviewed every two years to determine whether it needs to be changed or updated. Additionally, if any of the following events occur, you'll probably need to update your estate plan (i.e., your will, health care documents, powers of attorney, life insurance coverage, and post-mortem letters).

- Divorce
- Marriage or remarriage
- Birth/adoption of child
- Death of spouse or child
- Retirement
- Enactment of new tax laws
- Sale of residence or purchase of new residence

Should any of these events occur, we suggest that you consult with the professional who pre-

pared your estate plan. Here are some of the steps you may need to take:

1. Change an executor,
2. Revise a will to account for an increase in assets,
3. Reassess your life insurance needs,
4. Add or change a power of attorney,
5. Change legal documents to comply with state laws if you move to a different state,
6. Change wills or trust instruments to account for changes in beneficiaries, or
7. Change your post-mortem letter to reflect new assets, changes in executors, or other changes.

Because of recent changes to the estate tax laws, many estate plans may need to be revised.

The IRS has developed a new form for employees who have been misclassified as independent contractors by an employer. Form 8919, Uncollected Social Security and Medicare Tax on Wages, will now be used to figure and report the employee's share of uncollected social security and Medicare taxes due on their compensation. Generally, a worker who receives a Form 1099 for services provided as an independent contractor must report the income on Schedule C and pay

self-employment tax on the net profit, using Schedule SE. However, sometimes the worker is incorrectly treated as an independent contractor when they are actually an employee. When this happens, Form 8919 will be used beginning for tax year 2007 by workers who performed services for an employer but the employer did not withhold the worker's share of social security and Medicare taxes. In addition, the worker must meet one of several criteria indicating

they were an employee while performing the services. The criteria include:

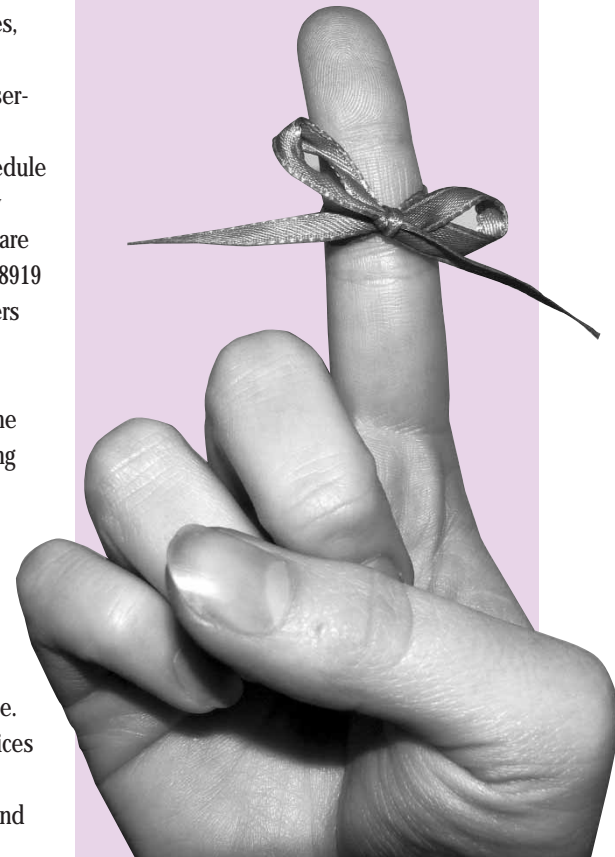
- The worker has filed Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding, and received a determination letter from the IRS stating they are an employee of the firm.
- The worker has been designated as a Sec. 530 employee by their employer or by the IRS prior to January 1, 1997.
- The worker has received other correspondence from the IRS that states they are an employee.
- The worker was previously treated as an employee by the firm and they are performing services in a similar capacity and under similar direction and control.
- The worker's co-workers are performing similar services under similar direction and control and are treated as employees.

### Small Talk: IRS Issues New Form for Misclassified Employees

## Please Don't Forget:

By Sharon Kennedy

- Notify us of gifts made exceeding \$12,000 for determination of whether a gift tax return is required.
- Eliminate data and restore software to factory condition for computers that are donated or disposed.
- Back up year-end computer files as well as keep a paper copy or PDF file of the annual general ledger, cash receipts journal and cash disbursements journal.
- Notify us if you need your tax return by a specific date.
- Permanently retain canceled checks for important payments (i.e. taxes, purchases of property, special contracts, etc.) with the papers pertaining to the underlying transaction.



## Points (continued from page 1)

My wife had relatively little difficulty booking airline flights to Rome considering the way those things go. That was a great start to the big trip, and I should have become suspicious. Next came booking hotel rooms. Several months ago, I received a tip from a friend about the Starwoods Preferred Guest Program (spg.com).

After investigation, I found that the Starwoods program was a great deal. You can obtain an American Express Starwoods card (identical to the American Express card) and accumulate points toward hotel stays. After checking out the Starwoods Hotels in Rome, I felt that I had another home run. Starwoods had great hotels in Rome and the number of points required was very reasonable.

I obtained a Starwoods American Express credit card and began accumulating Starwoods points (one point for each dollar charged, the same as Amex Membership Rewards). Having done some finite calculations, I figured between

my Starwood points and being able to transfer Amex points into Starwoods, I had enough points for the hotel stay. Wrong.

When I went to book the Starwood hotel rooms and transfer my Amex points into Starwoods points, I learned that it is Amex policy to transfer 1,000 Starwood points for each 3,000 of Amex points. My calculations were blown out the window. I needed **THREE TIMES** as many points than I had counted on. After all of my careful calculations, it turned out that my Rome plans were shattered.

After digging deeper, I found that Amex had a very favorable point exchange with Hilton Hotels. I then proceeded to join the Hilton Honors program and we have ended up booking at a magnificent Hilton Hotel in Rome, although the location is not quite as desirable as the Starwoods hotels would have been.

This experience, along with years of dealing with various reward programs, has caused me to reflect, and I have come up with my recommendations of the way to proceed. You can take them

for what they are worth:

I strongly recommend the American Express card associated with Starwoods Preferred Guest program. The program awards one point for each dollar charged with free hotel stays starting at 3,000 points. In addition:

- There are no black out dates.
- The points can be used for airline, rental car and merchandise purchases.
- There are numerous other benefits with this very flexible program.

As a backup to the Amex card, for those merchants who do not accept American Express, I suggest a Capital One or similar card offering programs without restrictions.

You should become a member of every hotel reward program that is available. Unlike credit card reward programs, generally, there are no fees associated with the hotel reward programs. You will find many hidden benefits from the hotel reward programs. The point is, with careful planning and paying a little attention, you can maximize your point value.

## Insurance (continued from page 1)

debilitating lengthy illness. Having a long-term care policy may also provide greater control over the care that is received.

### Qualifying to Collect

To receive payments on a policy, it's not simply sufficient for a loved one to decide that the policyholder is no longer able to care for themselves. Instead, the person covered must be unable to perform at least two of the regular activities of daily living set forth in many policies. These activities typically include bathing, dressing, eating and getting around the house alone, among others.

### Be Aware of the Options

There is not just one type of long-term care

policy. There are many choices within each policy, including what's covered under what circumstances, and each one will affect the cost of premiums. For example, some policies reimburse for a variety of types of care, while others might cover only nursing homes, assisted living arrangements or in-home care. The policy premium will vary, too, based on what maximum daily or monthly benefit coverage amount you want to receive. Another variable is the policy benefit period, or how long the insurer will pay for your care. You'll have to consider, as well, the elimination period which is the amount of time you'll have to wait until your payments begin.

Your age will also affect premium cost. Payments will likely be lower for those in their

50s, for example, than for those in their 60s, but they are likely to rise as you get older.

### Don't Overlook Retirement Savings

While long-term care policies can provide an excellent safety net, they are just one of many issues to consider in retirement. It's also important to remember to adequately fund your 401(k) or other retirement account. You may never need to spend money on long-term care, but you will almost certainly quit working someday and want some sort of financial cushion during retirement. So, in general, it is recommended that you accumulate sufficient retirement savings before you start setting aside dollars for long-term care.

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