

N^{kd} Client News

WINTER 2014

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KRD PROFILE:



For decades, CTL Global (formerly Continental Ltd.) has been a respected and reliable provider of transportation, logistics, and technology solutions, partnering with a variety of clients across the retail, financial, marketing, and consumer goods industries. Despite the firm's success, however, founder and CEO Sharon Dalenberg readily admits that she began the company as "a side project... a business that was easy and inexpensive to start up," while she pursued a calling as a legal advocate for women and minorities. As the company has grown and she has taken an active stewardship, Dalenberg has found ways to combine smart business practice with her values and sense of social justice.



**Sharon Reese
Dalenberg**
President & CEO

In fact, CTL's first major client grew out of Dalenberg's advocacy work, when the company became a courier for a bank she was working with. From this initial partnership, CTL began to provide transportation solutions for other companies, and over time moved into managing logistics for large, Fortune 500 corporations and "big box" retailers.

"We regularly manage small detail projects," Dalenberg explains, "such as demonstration samples that are displayed to consumers. We send out thousands of samples every week, and demonstrators rely on us, because without those samples they won't be paid."

Company Evolution & Customer Philosophy

The evolution and growth of the company has largely been tied to organic connections and building good relationships with CTL's customer base. Although the company has been active for over 30 years, they only began earnest efforts towards marketing and branding within the last few years,

which is a testament to the positive word-of-mouth CTL has garnered among its target markets and CTL's power to retain clients.

Much of this is a result of the way that CTL treats its work as "a partnership," as Dalenberg refers to it. "We don't try to tell them what we want to do. We work with them on strategy and account management, and flex to what the customer needs." Every new client also receives the benefit of a dedicated "on-boarding" team that guides them into their partnership, while the account management and tech specialists provide a comprehensive online platform that gives clients access to track the work being done for them.

Personal Values

Internally, Dalenberg strives to foster a culture of honesty and personal development among the CTL staff. She says, "I ask, 'What do you want to learn?' There are people who sustain, and people who achieve. My managers are achievers."

Dalenberg's personal values have driven the company's direction in other ways as well. With over 35 years as a President, CEO and owner of her own company, complemented by her roots in law and advocacy work, she leads with a wealth of knowledge, enthusiasm and compassion. Along with her passion for people, she is also environmentally conscious. CTL continues to take steps to being a greener company, including absorbing the costs of going greener so that their clients don't have to—"putting our money where our mouth is," as Dalenberg puts it.

Philanthropy is also a core value of both the corporation and its individual officers. Dalenberg is a trustee of colleges and sponsors a number of scholarships, and has instituted a foundation of charitable giving through the company that focuses on education.

CTL & KRD

KRD Partner, David Diamond has worked with CTL for several years, and Dalenberg credits him with providing not only financial guidance and accounting, but also business support and forthrightness.

"I'm not a traditional businessperson," she says. "KRD has helped educate me. I love how candid David is; he's extremely bright and he challenges me at the right moments—he'll ask 'Did you think about that? Be sure, because it will impact something else.' He understands my strategy and helps me find balance." She also speaks highly of KRD's company culture as a match for her own. KRD, she says, values "relationships and trust." ■



Kutchins, Robbins & Diamond, Ltd.

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Health Savings Account – Tax Savings

Over 15 million Americans are covered by HSA-eligible insurance plans, and yet many others are not taking advantage of its tax savings.



Tax Savings. Health Savings Accounts (HSA) are savings accounts similar to an IRA or 401k in their tax-advantaged status. You (or your employer) can contribute money on a pre-tax basis, thus reducing your federal and (some states') taxable income. Additionally, capital gains in the account are sheltered from taxes and withdrawals are tax-free as long as the funds are used for qualified medical expenses. Some employers have chosen a higher deductible insurance policy and opted to deposit the difference of the more expensive plan into the employee's HSA plan and both parties win.

Annual Contribution Limitation. For calendar year 2014, the annual limitation on payroll deductions for an individual with self-only coverage under a high deductible health plan is \$3,300; and the annual limitation on deductions for an individual with family coverage under a high deductible health plan is \$6,550. There is a catch-up contribution of \$1,000 allowed for account holders that are 55 or older and are not enrolled in Medicare.

Qualifying Insurance Plans. Your insurance plan must be a "high-deductible health plan" (HDHP) in order for you to be eligible for a HSA. For calendar year 2014, a HDHP is defined as a health plan with an annual deductible that is not less than \$1,250 for self-only coverage or \$2,500 for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not exceed \$6,350 for self-only coverage or \$12,700 for family coverage. The maximum out-of-pocket is the annual maximum amount of out-of-pocket expenses an HSA-compatible HDHP can require before paying out benefits.

Affordable Care Act Changes to HSA. Be aware that the Affordable Care Act (ACA) has doubled the penalty for withdrawing assets from HSA accounts for non-medical purposes from 10% to 20% of the amount withdrawn. Additionally, the ACA has eliminated over-the-counter medicine as a qualifying expense for HSA funds, however prescription pharmaceuticals are still allowed.

Ask your employer about your eligibility to participate in a HSA and ask your accountant about your tax savings. ■

Home-sale Gain Tax Exclusion – Full or Partial Qualification?

If you're selling your principal residence but you don't qualify for the home-sale gain exclusion, perhaps you're eligible to claim a "partial" home-sale gain exclusion on your return. If you've owned and used a home as your principal residence for at least two out of the previous five years, you can elect to exclude from tax the first \$250,000 of gain realized from selling the home (\$500,000 if you file jointly). This exclusion is not available if you've claimed the exclusion for an earlier sale within the last two years.

However, you may be eligible for partial exclusion because the sale resulted from a change in employment, need for medical care, or other IRS-approved unforeseen circumstances. The IRS has established the following safe-harbors as "unforeseen circumstances":

- **Death**
- **Divorce**
- **Loss of Employment**
- **A job change that reduces your ability to pay for the home**
- **Multiple births from the same pregnancy**
- **Damage from a disaster**
- **Taking of property** (e.g., by condemnation).

The critical factors examined by the IRS are case by case if the above circumstances do not apply. They examine whether the home has become less suitable as a principal residence, if your ability to pay for the home has materially decreased, and if the reason for the sale could have been reasonably anticipated when you acquired the home.

Partial Exclusion Calculation Example:

You and your spouse have owned and lived in your home as a principal residence for nine months (rather than the 2 year required minimum). Due to "unforeseen circumstances" you're forced to sell the home at a \$200,000 gain. You can exclude up to \$187,500 from tax on the home sale ($\$500,000 \times .375$ - 9 months divided by 24 months = .375). The remaining \$12,500 gain (\$500,000 - \$187,500) is taxable as a long-term capital gain. ■



Estates of decedents who die during 2014 have a basic estate tax exemption of \$5,340,000. This is up from \$5,250,000 for estates of decedents who died in 2013.

The annual tax exclusion for gifts remains at \$14,000 for 2014.



Social Security wage base increases to \$117,000 for 2014 (up from \$113,700 in 2013)





KRD is proud to be recognized as one of Chicago's 101 Best & Brightest Companies to Work For!



IRS Releases the DIRTY DOZEN Tax Scams for 2013

Annually, the Internal Revenue Service issues the "Dirty Dozen" list of tax scams, reminding taxpayers to use caution during tax season to protect themselves against a wide range of schemes ranging from identity theft to return preparer fraud.

The Dirty Dozen tax scams for 2013*:

1. Identity Theft
2. Phishing
3. Return Preparer Fraud
4. Hiding Income Offshore
5. "Free Money" from the IRS & Tax Scams Involving Social Security
6. Impersonation of Charitable Organizations
7. False/Inflated Income and Expenses
8. False Form 1099 Refund Claims
9. Frivolous Arguments
10. Falsely Claiming Zero Wages
11. Disguised Corporate Ownership
12. Misuse of Trusts

*For details see:

- **IR-2013-33, IRS Releases the Dirty Dozen Tax Scams for 2013**

Education is the best way to avoid the pitfalls of these "too good to be true" tax scams. For additional information, see:

- **Tax Scams – How to Recognize and Avoid Them**
- Criminal Investigation's **Tax Fraud Alerts**



R&D Tax Credit

Many companies, in several different industries may be eligible for this tax credit but are unaware that their efforts to advance or improve a product or process qualify them for the credit.

Do You Qualify?

10 Important Rules of Networking

1. Bring plenty of business cards
2. Bring an associate so you can introduce each other to the people you meet
3. Network when people are around you – sporting events, clubs, etc.
4. Have your 15 second "Elevator Speech" prepared – make it unique so they want to hear more
5. Give your undivided attention to the person you're talking with
6. Don't let the conversation end without exchanging business cards
7. Ask for introductions and help
8. Participate actively in groups and organizations
9. Call people from time to time *without* a hidden agenda
10. Tell people how you utilized their advice.

Contribution Limits 2014 For 401(k) and other Qualified Plans

401(k) and 403(b) Maximum Annual Elective Deferral Limit	\$17,500
457 Maximum Annual Elective Deferral Limit	\$17,500
401(k), 403(b) or 457 plans Catch-up Contribution Limit for individuals aged 50 or over	\$5,500
SIMPLE Maximum Annual Elective Deferral Limit	\$12,000
SIMPLE 401(k) or SIMPLE IRA Catch-up Contribution Limit for individuals aged 50 or over	\$2,500
Traditional IRA Contribution Limit – the lesser of 100% of compensation or	\$5,500
Traditional IRA Catch-up Contribution Limit for individuals aged 50 or over	\$1,000

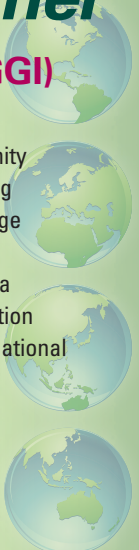
Ask your accountant about the new 2014 Benefit Plan and Compensation Plan limits as well as the new phase-out rules for Traditional IRA and Roth IRAs.

International Corner

Geneva Group International (GGI)

KRD attended the **GGI World Conference** in October.

The organization provides us with an excellent opportunity to network with delegates from all over the world. During the conferences we meet with key decision makers, forge new friendships, and exchange views, knowledge and ideas on subjects relating to businesses worldwide. As a member of GGI, KRD is able to provide valuable information and develop relationships that benefit our clients' international financial needs.



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Calendar of events

HACIA – Hispanic American Construction Industry Association

35th Annual Banquet / February 27, 2014

www.haciaworks.org

Children's Oncology Services, Inc.

Texas Hold 'Em Charity Event

March 6, 2014

www.OneStepCamp.org

TMA Annual Meeting

March 15, 2014

www.tmanet.com

Alexander Graham Bell Montessori School (AGBMS)

Annual Gala / April 27, 2014

www.agbms.org

Goal One

Annual Gala / May 6, 2014

www.onegoalgraduation.org

Rebecca Kutchin's Fund

One Step Programs / June 7, 2014

www.OneStepCamp.org

La Rabida Children's Hospital

Annual Meeting / June 9, 2014

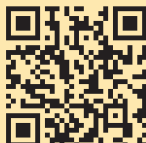
www.larabida.org

Save Abandoned Babies

Annual Fundraiser / June 14, 2014

www.saveabandonedbabies.org

Scan this QR code
with your SmartPhone
to learn more about KRD!



Thank You Again! KRD Toy Drive Team



Packing toys for transport to the children.

Thank you to EVERYONE who donated to the Toy Drive for La Rabida Children's Hospital. We had an exceptionally great year with over **1600 toys collected** and several generous cash donations. We couldn't help the children at the hospital without your generosity. You made a difference in a child's life!

KRD Welcomes...

Howard Bakrins, Senior Tax Manager. Howard recently joined KRD and he has over 18 years of tax experience as a CPA. His expertise lies in middle market corporations and high net worth individuals, dealing with a large range of clients. Corporate executives and wealthy family groups value his experience with income tax planning, establishing charitable foundations, estate and gift tax planning, family limited partnerships and transactional planning and analysis.

We Can Help

We welcome the opportunity to discuss how KRD can help in your tax and financial planning, please call us at 847-240-1040

