

N^{kd} Client News

SPRING 2014

In This Issue...

- Business Vehicles
- Your Inheritance, Your Children and Your New Spouse
- Motivate Your Employees
- Captive Insurance
- And More...



KRD PROFILE:

Suparossa Restaurant Group



For **Sam Cirrincione**, the term “family restaurant” is much more than an enticement to patrons; it’s a personal value and a statement of business philosophy. His parents emigrated from Italy in the 1960s and founded Suparossa, a much beloved Chicago institution that has grown beyond its original location into the area suburbs, and now also includes successful fine dining establishments, sports bars, and banquet halls. As the president of the Suparossa corporate entity as well as a manager of a restaurant, Cirrincione—alongside his brothers and sisters—remains an active steward of his parents’ dream.



Sam Cirrincione
President

“We’re all involved, which is kind of unique,” says Cirrincione. “We’ve worked together my whole life. We lived next door to the restaurant, so all of us pitched in. **We work together...we’re a team** and we all help each other, but we have our own responsibilities.”

Cirrincione admits that he hadn’t always expected to take over the family business, but after he’d finished school and worked elsewhere for awhile, he found himself drawn back to the restaurant and the prospect of carrying on his family’s traditions of excellent cuisine and customer service. “It’s in my heart,” he says. “I love serving people. I love when customers are happy. I enjoy creating something new, whether it’s a dish or a business.

If I look back, 20 to 30 years from now, I’m going to be proud that we were true to the food, and that we worked hard to take care of the customers.” Although Cirrincione never went through formal culinary training, he observes that he learned cooking in “the old way,” as an apprentice under chefs in a professional kitchen.

There are plans for further growth on the horizon—Cirrincione’s goal is to try and open one new restaurant per year, taking into account the challenges of construction cost and finding the right location. However, this goal is about more than expansion for its own sake. The family has always taken great pains to grow their business in smart, deliberate ways, choosing to create new brands like Legno, Real Time Sports, and Cucina Biagio in order to diversify the experiences and food offerings for their customers. The company has also been fortunate to have several talented Italian chefs on staff for a number of years, and he hopes to channel their creative energy into new business endeavors. Currently each restaurant is managed by its owner, and Cirrincione encourages a more personal touch when it comes to management style.

“I spend 95 percent of my time on the floor,” he notes. **“I talk to every customer. The back office [work] I do before we open. My parents knew every customer, and you have to hold onto that. If you continue to do that, then you will grow your business.”**

KRD partner Gene Barinholtz has worked with Cirrincione for the past year, and Cirrincione’s appreciation is expressed with the highest possible compliment: “Gene is like part of our family,” he says. “He’s just as important as anybody who works for us. He’s invested in the business. I call him regularly, and I feel comfortable and confident that I can get through to him at any time.”

KRD wishes the Cirrincione family nothing but continued success, and we will work to provide the same level of personal attention that they provide to their restaurant customers. ■



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Business Vehicles

– Depreciation Limits & A Tax Loophole for Business Vehicles

Depreciation Limits on Vehicles

The IRS recently released the 2014 depreciation dollar limits for business vehicles that are placed in service in the year 2014.



There are two categories of vehicles, the first is passenger autos and the second is light trucks and vans. Generally both of these categories are subject to the “luxury car” rules limiting deduction to a specific amount as shown in the table below. This table applies to vehicles first placed into service in 2014.

Vehicle Category	2014 First Tax Year	2015 2nd Tax Year	2016 3rd Tax Year	2017 & Succeeding Years
Automobiles	\$3,160	\$5,100	\$3,050	\$1,875
Light Trucks & Vans	\$3,460	\$5,500	\$3,350	\$1,975

Remember that this depreciation schedule is based on 100% business use of the vehicle; when in reality you probably use your business vehicle for personal use at least some of the time. Therefore, if you purchase a vehicle in 2014 and use it for work 80% of the time, your first year depreciation is \$2,528 (80% of \$3,160).

What About the Loophole?

A vehicle with a gross vehicle weight rating (GVWR) over 6,000 pounds is exempt from the luxury car rules. Several larger SUVs used by business drivers meet the GVWR requirements which entitles you to a first-year write-off of up to \$25,000 for a heavy SUV placed in service in 2014.

50% Bonus Depreciation Still in Question

Note that the latest numbers released by the IRS do not include the 50% bonus depreciation that expired December 31, 2013. It is not clear if the bonus depreciation will be extended for 2014.

Leased vehicles have separate tables you can find on the IRS website. ■



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Your Inheritance, Your Children and Your New Spouse



If you have children and decide to remarry someone with children of their own you may want to consider a Qualified Terminable Interest Property (QTIP) trust. This is designed to give you control over your assets and to ensure that part of your assets are shared with your own children rather than being inherited only by your spouse’s children at the time of your spouse’s death should you proceed your spouse in death.

In this situation, money left by the deceased person goes into the trust at the time of death and the surviving spouse is entitled to all the trust income for as long as he or she lives. The QTIP trust qualifies for the unlimited marital deduction and no estate taxes are due at death.

Example:

Amanda has accumulated an estate of \$6 million dollars. She divorces her spouse of whom they have three children together. She remarries and her new husband has children from his previous marriage. If Amanda leaves all her assets to her new spouse to utilize the unlimited marital deduction, her wealth may end up with her spouse’s children and not her own. By using the QTIP trust, when her spouse dies, the trust assets go to the beneficiaries selected by Amanda – mostly likely her own children –therefore, she has both a tax deferral and control.

Although QTIP trusts are commonly used in second marriages, as shown above, it also can be used to preserve assets and protect your children in case the surviving spouse remarries after your death, especially if you fear that your surviving spouse might squander the inheritance. ■

2014 Tax Rates for “Quick Tax”

SINGLE

Taxable Income:

Over	But Not Over	TAX	+ % on Excess Over Minimum
\$0	\$9,075	\$0.00	10%
\$9,075	\$36,900	\$907.50	15%
\$36,900	\$89,350	\$5,081.25	25%
\$89,350	\$186,350	\$18,193.75	28%
\$186,350	\$405,100	\$45,353.75	33%
\$405,100	\$406,750	\$117,541.25	35%
\$406,750	– –	\$118,118.75	39.6%

Example: Single makes \$150,000 – Tax = \$35,175.75
\$18,193.75 + [(\$150,000 – \$89,350) x 28%]

Motivate Your Employees and Help Them Grow

When managers create an environment that helps empower their employees, some employees will jump on the bandwagon and act empowered right away. But many of them just don't have the confidence to risk failing or take actions without consulting a supervisor every step of the way.

Here is a 10-step model for encouraging and motivating employees to help them build the confidence they need to empower themselves to make decisions and take risks.

1. Help them figure out what they're good at (or not good at).

Are they risk-takers? Do they believe they control the things that happen in their lives? Once they understand their own personality traits, they can address their weaknesses and gain confidence.

2. Set goals for behavior changes.

Someone who wants to be less risk-averse, for example, could set a goal to take chances during an upcoming project. If possible, tie some sort of perk for the employee to achieving that individual goal.

3. Constantly evaluate and give feedback.

Employees have to be able to measure their progress against their goals when they try to achieve self-empowerment. Help your employees develop performance measures. Offer consistent feedback as they work toward change.

4. Encourage employees to invest in themselves.

The employee who goes to grad school at night or who accepts a special project outside of their normal responsibility is making a sacrifice that will probably pay off.

5. Work collaboratively.

Employees are more likely to achieve their goals or make changes if they let others in on their plans. Managers can help employees get on track by serving as coaches and making resources available.

6. Tolerate misfires.

Make it OK for employees to take risks without fear of ridicule or punishment—even if they fail.

7. Coach and debrief employees.

Hold less decisive employees accountable for their dallying. Ask them to keep a log of three decisions they make each day; then review the log with them and dissect each decision together.

8. Delegate the most coveted assignments to risk takers.

Or name only your best decision makers to high-visibility teams. Explain to others that they, too, can advance by adopting bolder habits.

9. Foster continuous improvement.

Positive reinforcement is the way to do that.

Tip:

Offer reinforcement, feedback and opportunities for every employee to practice new behavior that moves the organization forward.



Calculatons Only

MARRIED Joint & Qualifying Widow(er)
Taxable Income:

Over	But Not Over	TAX	+ % on Excess Over Minimum
\$0	\$18,150	\$0.00	10%
\$18,150	\$73,800	\$1,815.00	15%
\$73,800	\$148,850	\$10,162.50	25%
\$148,850	\$226,850	\$28,925.00	28%
\$226,850	\$405,100	\$50,765.00	33%
\$405,100	\$457,600	\$109,587.50	35%
\$457,600	— —	\$127,962.50	39.6%

For Married Separate, Head of Household,
Trusts & Estates rates visit:

www.irs.gov/pub/irspdf/fw4s.pdf

International Corner

Geneva Group International (GGI)

KRD presents at Geneva Group International Conference.

Chris Cameron, Partner at KRD will be presenting at the **GGI Conference** in New Orleans May 15 – May 18.

Chris will discuss the best practices in an accounting and auditing environment in the United States.

KRD takes advantage of the knowledge gained during these conferences to share and implement best practices for our international clients and those looking to grow into an international company.

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In This Issue...

Business Vehicles
Your Inheritance,
Your Children and
Your New Spouse
Motivate Your Employees
Captive Insurance

And More...



Calendar of events

Geneva Group International Conference

New Orleans

May 15 - 18, 2014

www.ggi.com

La Rabida Children's Hospital

Cocktails for a Cause

May 15, 2014

www.larabida.org

DePaul University

Coleman Entrepreneurship Launch DePaul

May 21, 2014

www.driehaus.depaul.edu

Rebecca Kutchins Fundraiser

Benefiting Children's Charities

June 7, 2014

La Rabida Children's Hospital

Annual Meeting

June 10, 2014

www.larabida.org

Save Abandoned Babies

Annual Fundraiser

June 14, 2014

www.saveabandonedbabies.org

EPIC Academy

Dare to Imagine Dinner

June 26, 2014

www.epicacademy.org

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to learn more about KRD!



Captive Insurance – *Is it Right for Your Business?*



A captive is a licensed insurance company – formed by a business owner for the express purpose of insuring his/her risks inherent to their business.

The Advantages of a Captive – Businesses form Captives:

- To insure uninsured risks not covered in the commercial marketplace
- Reduce the total cost of insurance
- Control coverage and claims
- Recapture underwriting profits and investment income
- Cash flow smoothing
- Tax benefits
- Wealth accumulation and preservation
- Asset protection

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*



**Several KRD Team Members are
Certified in QuickBooks® Software**
*Ask about how we can help
your business today.*