



# HGSUW News & Views

Hasselberg Grebe Snodgrass  
Urban & Wentworth  
Attorneys and Counselors

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## MEET OUR NEW ATTORNEY



*Kevin D. Day*

We are pleased to announce that KEVIN D. DAY has joined our firm. Kevin grew up in Chilli-cothe, Illinois, and attended Peoria Notre Dame High School. He was a student athlete at Augustana College, playing football while majoring in political science. After receiving his bachelor's degree from Augustana College in 2010, Kevin attended Northern Illinois University College of Law. He received his Juris Doctor from Northern Illinois in May of 2013 and returned to the Peoria area with his wife, Meghan. On October 31, 2013, Kevin was sworn in as a licensed attorney and counselor by former Illinois Supreme Court Chief Justice Thomas L. Kilbride.

Kevin is a member of the Illinois State Bar Association and the Peoria County Bar Association, where he serves on the Young Lawyers Committee. He practices in the areas of workers' compensation and insurance defense, commercial litigation, and estate planning.

## VOTING AGE REDUCED FOR PRIMARY VOTERS

Perhaps no birthday is considered to be as much of a rite of passage as the eighteenth. Among the many rights and responsibilities that are normally associated with turning eighteen is the right to vote. This right will now come earlier to some Illinois residents. Beginning in 2014, seventeen year olds who will turn eighteen before a general election and who are registered to vote will be allowed to vote in Illinois primary elections. The law was designed to give all those who will be able to vote in a general election the opportunity to have a say who the candidates will be in that election. If you have any questions regarding any governmental related issues, please contact Kenneth M. Snodgrass, David L. Wentworth, or William P. Streeter at (309) 637-1400.



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## Special Points of Interest:

- IRS to enforce penalties
- Standard deduction simplifies tax returns
- Concealed carry licenses to be issued this spring

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## THE INDIVIDUAL MANDATE'S EFFECT ON TAXES BEGINS IN 2014

Along with changes to the health care and insurance industries, The Patient Protection and Affordable Care Act of 2010, commonly known as “Obamacare”, has brought with it changes to this country’s tax system. One area of change comes as a result of the “individual mandate”, which requires almost all Americans to have health insurance coverage that meets certain minimal standards. Those who do not have such coverage and are not exempt from the requirement will be penalized in the form of a tax. In 2014 this penalty will be 1% of adjusted gross income, with a minimum penalty of \$95.00 per adult and \$47.50 per child (with a cap for the minimum penalty at \$285.00 per household). In 2015 the penalty will increase to 2% of adjusted gross income, with a minimum penalty of \$325.00 per adult and \$162.50 per child capped at \$975.00 per household. In 2016 it will increase to 2.5% of adjusted gross income, with a minimum penalty of \$695.00 per adult and \$347.50 per child capped at \$2,085.00 per household. The minimum penalty amounts will rise with the Consumer Price Index for years after 2016.

The individual mandate will be enforced by the Internal Revenue Service. In order to avoid the penalty taxpayers will need to report on their 2014 tax return that they have qualifying coverage or are exempt. If they do not do so, the penalty amount will be deducted from any tax refund the taxpayer receives. In the event a taxpayer is not entitled to a refund and does not otherwise pay the penalty, the Act does not allow the IRS to initiate criminal proceedings, issue a Notice of Lien, or seize property to enforce the penalty. However, an unpaid penalty will not simply go away if no tax refund is due in the year it is incurred. It will carry over, with interest being assessed, to subsequent years, and be deducted from any future refunds the taxpayer may be entitled to. The IRS would also have the option of filing civil lawsuits to recover unpaid penalties, but most believe it is unlikely that they will go that route due to the relatively low amounts of the potential penalties. However, unpaid penalties may be included in other proceedings the IRS brings against taxpayers.

If you have any questions regarding any tax related issues, please contact James R. Grebe, John G. Dundas, or David B. Wiest at (309) 637-1400.

## NEW OPTION AVAILABLE FOR FLEXIBLE SAVINGS ACCOUNTS

Flexible Savings Accounts are plans that can be set up by an employer to allow employees to set aside pre-tax dollars from their wages to be used for certain qualified expenses, such as health and dependent care. Although Flexible Savings Accounts offer tax advantages, they have a “use it or lose it” provision which can be costly. Traditionally, any funds in a Flexible Savings Account not used during a tax year had to be used during a grace period extending to March 15 of the following year, or the entire amount remaining in the account was lost for good. New rules have been announced which will allow employers to choose an option that may lessen the harshness of this “use it or lose it” provision. Employers may, but do not have to, opt to allow employees to carryover \$500.00 of unused funds in an Account to subsequent years, with anything above that amount again being forfeited. However, this carryover option is an alternative to the allowance of a grace period. Therefore, an employer offering a Flexible Savings Account plan can decide to either allow employees to have the grace period in which to spend any funds remaining in their Account after December 31, or to allow employees to carryover \$500.00 of any funds not used by December 31 while losing the rest. An employer cannot offer both options.

As stated, it is the employer’s decision whether to opt for this new option or to continue to operate their Flexible Savings Accounts plan in the traditional manner. However, for employees who are in such plans it is important to know the rules under which their plan is being administered so that they can act to avoid or limit the forfeiture of any funds.

If you have any questions regarding any employment or tax related issues, please contact James R. Grebe, John G. Dundas, or David B. Wiest at (309) 637-1400.





### SIMPLIFIED HOME OFFICE DEDUCTION GOES INTO EFFECT

Starting with their 2013 tax returns, those who have a qualifying home office have a new and simpler option available to calculate the amount of their deduction. Previously, in order to claim a home office deduction taxpayers had to calculate their actual expenses. Now, taxpayers will be allowed to take a standard deduction of \$5.00 per square foot of their home used as a qualified home office. This standard deduction is limited to up to 300 square feet of space actually used as a home office, for a total potential deduction of \$1,500.00. Using this simplified option can allow taxpayers to claim their deduction by filling out one line on a Schedule C rather than completing a 43 line form. However, calculating actual expenses may be more advantageous for some taxpayers, and that method of claiming a home office deduction is still allowed.

It should be noted that this change only makes it simpler to determine the amount of a home office deduction, it does not make it simpler to qualify for the deduction. In order to be able to claim the deduction the same requirements must be met, including that the area is used regularly and exclusively for a qualified business use.

If you have any questions regarding whether you are able to claim a home office deduction or any other tax related issue, please contact James R. Grebe, John G. Dundas, or David B. Wiest at (309) 637-1400.

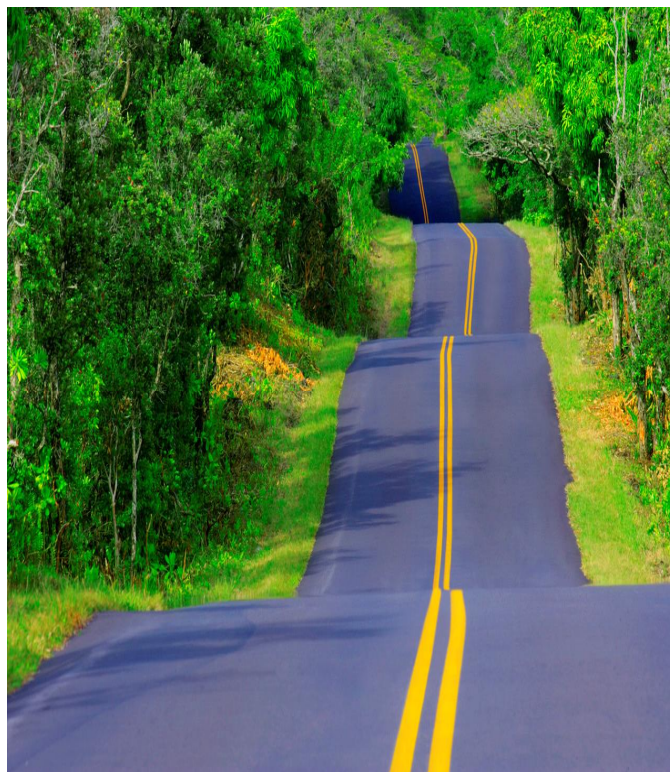
### SIGNS, SIGNS, EVERYWHERE ARE SIGNS

It seems unlikely that Illinois law regarding the carrying of concealed weapons was on the minds of the Canadian rock group Five Man Electrical Band when they made their 1971 hit song "Signs", but one of the results of recent changes to Illinois law on the issue may cause the song to repeat in the heads of people around the state. Although the first Concealed Carry Licenses in Illinois are not expected to be issued until sometime in the spring, signs stating that firearms are prohibited on premises have already become a familiar sight in the state. *(continued on Page 4)*

### DRIVERS ABLE TO TRAVEL 70 MPH ON ILLINOIS RURAL HIGHWAYS, LEGALLY

Beginning January 1, 2014, speed limits on Illinois rural, four-lane, highways were increased to 70 mph. By passing the legislation, Illinois became the 37<sup>th</sup> state to approve speed limits of 70 mph or higher. Despite some concern from citizens and law enforcement officials, the measure was widely supported by both the Illinois House and Senate. However, with safety in mind, the law allows highly populated counties near Chicago and St. Louis to set lower speed limits. According to Illinois Governor Pat Quinn, "This limited 5 miles-per-hour increase will bring Illinois' rural interstate speed limits in line with our neighbors' and the majority of states across America, while preventing an increase in excessive speeding." While the target date to replace signs along Illinois highways was January 17<sup>th</sup>, inclement weather has delayed progress in some areas. With this in mind, drivers should always adhere to the posted speed limits.

If you have any questions regarding traffic related issues, please contact Boyd O. Roberts III at (309) 637-1400.







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**SIGNS**

*(continued from Page 3)*

As discussed in prior newsletters, in addition to places Illinois law specifically prohibits the carrying of handguns, such as schools, bars and government buildings, private building owners can prohibit them from their premises by displaying these signs in a clear and conspicuous manner at the entrance. However, even on property from which they are otherwise prohibited, Concealed Carry License holders may store handguns out of sight in a locked vehicle or in a locked container or compartment within a vehicle.

If you have any questions regarding any governmental or licensing issues, please contact Kenneth M. Snodgrass, David L. Wentworth, or William P. Streeter at (309) 637-1400.

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