



# ALLIANCE

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## Online Banking - How Dangerous Is It?

In the current times, each and every one of us is looking for time saving convenience. For that reason many of us turn to online banking. It is just easier to get online at home or work, as opposed to waiting in line at the bank. With the convenience there also comes danger. The following article will outline the risks and realities, as well as a few smart tips to help protect you.



Online banking has become one of the fastest-growing Internet activities. Approximately 43% of the people who use the Internet do some banking there. This is more than individuals making travel reservations online. With its popularity increasing, the risk of hackers and theft has also increased. Many of us have probably had some experience with cyber theft.

The most popular attacks on online accounts are phishing schemes that duplicate bank Web sites and ask customers to log on to their accounts. Others send e-mails, pretending to be bank employees, asking for sensitive financial information. Many times the two will work together, with an e-mail containing a link that takes the individual to a bogus bank site. Both scams are designed to steal user IDs and passwords giving thieves access to your personal accounts.

Other more sophisticated attacks involve embedded viruses, spyware or "Trojan horses". These are programs that give thieves unauthorized access to your computer by recording and sending out user keystrokes allowing the thieves to look over your virtual shoulder as sensitive financial information is entered. One of the major Trojan horses is known

as the Sinowal Trojan. This is a virus that creates what appear to be legitimate web pages in an individual's web browser, when in fact they are bogus. Once a person enters their information on to one of these pages, the thief is able to access it.

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## From the Principals

In these tight economic times, more and more people are having trouble making ends meet. So how do you get financially fit when you are living paycheck to paycheck? Experts indicate that the first step is to admit you have a problem. In order to make dramatic change, one must realize they have a need for it.

The next step is to make a monthly budget and stick to it. In order to do this well, you need to know how much money comes in each month and what you spend it on. Track your expenses for a month by writing down everything you spend, even if this means carrying a notepad with you. Only when you know where your money is going can you cut out nonessentials and truly budget.



Once you've set up a budget, your next goal should be to save some money for a short-term crisis. Try saving \$1,000 for this emergency fund. Work overtime if you can or, better yet, sell stuff you never use and that is cluttering up your house. You'll have the double benefit of making some money and freeing up space in your house. After you get to your initial goal, continue to build your emergency fund until it is equal to six months of living expenses.

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## Changes to the Hope and Lifetime Learning Credits for 2008 and 2009

The Hope and Lifetime Learning credits are available for your federal income tax return when you are paying expenses for higher education for you, your spouse or a dependent you claim an exemption for, as long as the expenses are paid to an eligible educational institution and as long as your modified adjusted gross income is not too high.

The maximum amount of the Hope credit has increased for 2008 to \$1,800 from \$1,650 in 2007. The Hope credit is calculated as 100% of the first \$1,200 of qualified education expenses you paid for the eligible student and 50% of the next \$1,200 of qualified education expenses you paid for that student for a maximum \$1,800 credit.

The qualified education expenses include tuition and certain related expenses like student activity fees and course-related books, supplies and equipment if the fees, supplies and equipment are required as a condition of enrollment or attendance and are paid directly to the institution. They do not include room and board or other personal expenses.

In 2008, the President declared some counties in the Midwest as disaster areas and the 2008 Extenders Act provides some additional tax relief to taxpayers claiming the Hope and Lifetime Learning credit for students attending qualifying schools in those disaster areas. The additional expenses that can qualify for the credit in addition to the tuition and fees required for enrollment are: 1) books, supplies and equipment required for enrollment or attendance, 2) for a special needs student, expenses that are necessary for that person's enrollment or attendance, and 3) for a student who is at least a half-time student, the reasonable costs of room and board but not more than the greater of a) the allowance for room and board that was included in the cost of attendance for federal financial aid purposes or b) the actual amount charged if the student is residing in housing owned or operated by the eligible educational institution. You will need to contact the institution for qualified room and board costs.

In addition to allowing additional costs in the calculation of the credits, the maximum amount of the credit is also higher for the Midwestern disaster area. The maximum Hope credit is 100% of the first \$2,400 of qualified expenses and 50% of the next \$2,400 of qualified expenses for a maximum \$3,600 per student.

The Lifetime Learning credit for eligible students outside a Midwestern disaster area is calculated at 20% of the first \$10,000 of qualified education expenses for a maximum \$2,000 credit for 2008. For students attending a qualifying institution within the Midwestern disaster area the calculation is 40% of qualified education expenses paid with a maximum credit of \$4,000. The total credit is reduced however if you are claiming a lifetime credit for both students in a Midwestern disaster area and other students.

Two institutions in our area that appear to qualify are Quincy University in Quincy, Illinois and Truman State University in Kirksville, Missouri. You should check with the institution you are claiming a credit for to see if it is in a qualifying county and therefore qualified for the additional credits.



## Staff Profile

Kallan G. Virgin joined the staff of Allison Knapp & Siekmann, Ltd. in June 2008 and works out of the Belleville office.

She graduated from McKendree University in Lebanon, Illinois in May 2008 with a Bachelor of Business Administration in Accounting and Management. During her senior year, Kallan was an intern for an accountant during tax season.

Kallan was born and raised in Collinsville and currently resides there. In her free time, she enjoys playing USTA tennis, reading and being outdoors.

*(Online Banking - How Dangerous Is It?, continued from page 1)*

To date, this virus has been one of the largest online banking breaches compromising 300,000 online bank accounts and approximately 250,000 credit and debit card accounts over the past three years.

Many might think that they should avoid online banking altogether, but there are risks with traditional banking as well. According to the 2007 Online Banking Security Report, more than three-quarters of banking fraud stems from offline factors such as check fraud, mail theft or something as simple as a lost wallet. With online banking, one can at least take the steps to protect themselves by daily monitoring of accounts. With mail and paper, it is difficult to monitor who views your bank information and it could easily be removed from your mailbox.

With financial institutions increasing online security measures regularly and by utilizing the following tips, online banking users can protect themselves and help prevent theft from their accounts.

- When logging on to a bank Web site, carefully examine the URL. A secure URL will begin with <https://> and be followed by the bank name. A padlock should also be displayed in a corner of the site.
- Log on to your bank from a secure computer. You should avoid logging in at hotel, café or laptop computers that have unknown networks.
- If you get a warning e-mail from your bank, call the bank. Do not click on any links provided in the e-mail.
- Keep anti-virus and anti-spyware software up to date.
- Install and maintain a firewall.
- Never respond to an e-mail that requests personal information. Once again, call your bank.
- Use a different user name and password for each financial account. Passwords should be complex, with numbers and symbols, and you should try to change them regularly.

Cyber thieves are coming up with schemes that are very elaborate every day. While there are no guarantees, with oversight and monitoring by individuals, many bad situations can be avoided.

*Source: MSN Money online article*

## What the Presidents Say

*"Nothing gives one person so much advantage over another as to remain always cool and unruffled under all circumstances."*

*Thomas Jefferson*

*"No arsenal or no weapon in the arsenals of the world is so formidable as the will and moral courage of free men and women."*

*Ronald Reagan*

*"If your actions inspire others to dream more, learn more, do more and become more, you are a leader."*

*John Quincy Adams*

*"Observe good faith and justice toward all nations. Cultivate peace and harmony with all."*

*George Washington*

*"It's a recession when your neighbor loses his job; it's a depression when you lose yours."*

*Harry S. Truman*

*"Am I not destroying my enemies when I make friends of them?"*

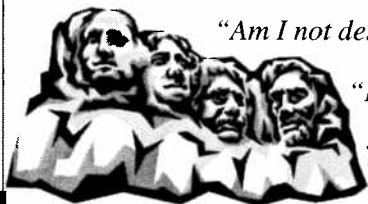
*Abraham Lincoln*

*"Do what you can, with what you have, where you are."*

*Theodore Roosevelt*

*"One man with courage makes a majority."*

*Andrew Jackson*



# Staff List

## Principals

Henry C. Siekmann, CPA  
 Larry M. Rose, CPA  
 Richard E. Reno, CPA  
 Annette M. Hipkiss, CPA  
 Dean S. Salvatore, CPA

## Accounting Staff

Andrea N. Suhre, CPA  
 Michael J. Bress, CPA  
 Julie E. Visintine  
 Kallan G. Virgin

## Bookkeeping

Doris A. Waeltz  
 Cheryl A. Bunyan  
 Betty Petryk  
 Charlene M. Wilson

## Clerical Staff

Kathy A. Funke, Ofc. Mgr.  
 Michelle K. Tedford-Hudzik  
 Laura A. Showmaker

# New Tax Deduction for 2009

On March 30, 2009 the Internal Revenue Service announced that taxpayers who buy a new passenger vehicle this year may be entitled to deduct state and local sales and excise taxes paid on the purchase on their 2009 tax returns next year.

The deduction is limited to the state and local sales and excise taxes paid on up to \$49,500 of the purchase price of a qualified new car, light truck, motor home or motorcycle.

The amount of the deduction is phased out for taxpayers whose modified adjusted gross income is between \$125,000 and \$135,000 for individual filers and between \$250,000 and \$260,000 for joint filers.

The IRS also alerted taxpayers that the vehicle must be purchased after February 16, 2009, and before January 1, 2010, to qualify for the deduction.

The special deduction is available regardless of whether a taxpayer itemizes deductions on their return. The IRS reminded taxpayers the deduction may not be taken on 2008 tax returns.

Source: [www.irs.gov](http://www.irs.gov)

# Comings & Goings

Henry, Larry, Rick, Annette, Dean, Andrea, Mike, Julie and Kallan attended the University of Illinois Tax School in Collinsville.

Henry, Annette and Dean attended the Governmental Report Review seminar and Andrea, Julie and Mike attended the School District Report Review seminar.

Rick and Andrea attended the Camico Accounting in Downturn Economy seminar. Rick also attended the University of Illinois Tax Exempt Organizations seminar.

Dean attended the University of Illinois Ethics webinar and Andrea attended the Applying A-133 to Nonprofit and Governmental Organizations seminar.

*(From the Principals, continued from page 1)*

Make a list of all your debts in order from smallest to largest. Pay off the smallest first while making the minimum payments on the rest. Continue on to the next largest and so on, but do not take on any new debt if possible. Another method is to list your debts by the interest rates, highest to lowest, and pay them off in that order. I prefer the former method as it gives one a sense of accomplishment sooner, lessening the likelihood of you becoming discouraged.

Once you've retired all your debt, focus on putting away money for retirement, the more the better. If you have a 401k, start with it.

I would add one other bit of advice from personal observations - keep it simple. If you don't understand an investment, then it's probably not one that you should be in.

## Tax Advice Notice

**IRS Circular 230 requires us to advise you that, if this communication or any attachment contains any tax advice, the advice is not intended to be used, and cannot be used, for the purpose of avoiding federal tax penalties. A taxpayer may rely on professional advice to avoid federal tax penalties only if the advice is reflected in a comprehensive tax opinion that conforms to stringent requirements. Please contact us if you have any questions about Circular 230 or would like to discuss our preparation of an opinion that conforms to these IRS rules.**