

## Dear Clients and Friends,

When Social Security was initially enacted in 1935, workers' wages were taxed at the rate of 1% on the first \$3,000 earned, gasoline was 10 cents per gallon, postage stamps were 3 cents, an average house cost about \$3,450 and the stock market (DOW) was at 144. Unemployment was running at 20.1% and Boulder (Hoover) Dam was just being completed. Social Security, also known as OASDI (Old Age, Survivors and Disability Insurance) and Medicare (HI - Health Insurance) are the two components of the Federal Insurance Contribution Act (FICA) tax. Today, the Social Security Wage base of \$117,000 (OASDI only) is taxed at 6.2%, and there is no limit on the Medicare (HI) component which is taxed at 1.45%. In addition, since January of 2013, single filers with earned income above \$200,000 (\$250,000 for those married filing jointly) pay an additional 0.9% in Medicare tax. Can I interest anyone in a loaf of bread for 8 cents?



See below for important updates on Social Security (File & Suspend and Fraud).

## Congratulations to Alison Cook

The "unofficial" results are in! Heartfelt congratulations to Councilwoman Alison Cook on being elected to the Town Council of the Eastern District of Snow Hill, Maryland. We are certain that Alison will prove to be as valuable to the residents of Snow Hill as she is to both our firm and our clients.

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## Want to Increase Your Credit Score? In the Process of Divorcing?

I highly recommend that you look into what your individual credit score is, and particularly if you are planning to divorce. Credit cards, home mortgages, car loans, etc. are frequently maintained in only one of the spouses' names during a marriage. As a result, the credit scores of each spouse will vary and may have a significant impact on the future ability and/or cost of each partner to open bank accounts, secure certain jobs, make purchases on credit, obtain a mortgage and even rent a new home.

Empower yourself by obtaining your credit report, knowing your FICO scores (used by most lenders to determine your credit risk), and taking necessary steps to improve them. You may obtain your free credit report at [annualcreditreport.com](http://annualcreditreport.com) or by calling 1-877-322-8228. You can find out what your FICO scores are, for a small fee, online at [www.Equifax.com](http://www.Equifax.com) or [www.myfico.com](http://www.myfico.com). FICO scores range from 300 to 850, with higher scores being better. Lower FICO scores will result in higher interest rates on credit cards and loans. After you have viewed your credit history, take the time to correct any errors that you find by contacting the three credit reporting agencies (Equifax, Experian, and Trans Union) directly. This is important, because the information on your credit report is used by the reporting agencies to calculate your FICO scores.

There are many ways that you can take action to improve your credit score, including: paying your bills on time, carrying low credit card balances on each card, limiting the number of inquiries into your credit, and even by having a credit history. Inquiries are triggered when you apply for new credit cards, bank accounts, jobs, mortgage loans, car loans, housing, etc. A longer credit history shows lenders that you can manage credit, and this generally makes you less risky (of course, not always). Please see the article below if you have an IRS tax lien listed on your credit report. Keep in mind that maintaining high credit card balances, missing payments, and closing credit accounts can reduce

your credit score for the short run. The cancellation of debt and filing for bankruptcy will also reduce your credit scores. If you do not have a credit history, you should establish one and develop excellent credit worthiness by following the tips discussed above. Opening up a secured credit card, which has a credit limit secured by a deposit, is an option for those with no credit history or with a poor credit rating.

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### **IRS Tax Lien Withdrawals Help Your FICO Credit Score**

If you have an IRS Tax Lien, your credit score may be lowered by as much as 100 points. Even if the lien has been paid off and released, you will still need to have the lien "withdrawn" from your record in order to update your credit history and improve your credit score. A low credit score can reduce your ability to obtain credit and loans, and increase the cost of credit to you. If you need assistance with a federal tax lien withdrawal, please contact Rachel at our office. For more information and articles on the impacts of IRS tax liens, see our website: [www.Lienbusters.com](http://www.Lienbusters.com)

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### **Updates on Social Security**

#### **File and Suspend:**

As a supplement to our July 2013 article on Strategies for Maximizing Social Security Retirement Benefits (which can be found at [www.taxattorneycpa.com/newsletters.html](http://www.taxattorneycpa.com/newsletters.html)), those considering the option to File and Suspend should view the Reuters article which can be found at: [http://www.reuters.com/article/2014/03/25/us-column-miller-socialsecurity-idUSBREA2O1H220140325?utm\\_source=Social+Security+Updates%2C+Credits+Score+Tips%2C+%26+IRS+Liens&utm\\_campaign=Tax+Season%2C+IRS+Managing+Crisis&utm\\_medium=email](http://www.reuters.com/article/2014/03/25/us-column-miller-socialsecurity-idUSBREA2O1H220140325?utm_source=Social+Security+Updates%2C+Credits+Score+Tips%2C+%26+IRS+Liens&utm_campaign=Tax+Season%2C+IRS+Managing+Crisis&utm_medium=email), which explains why the Obama administration is seeking to end this technique. We found it to be enlightening as to how and why people are using the technique.

#### **Fraud:**

At the end of March, Carolyn W. Colvin, the Acting Commissioner of Social Security, announced that the Social Security Administration has established a centralized fraud prevention unit in New York City in order to help identify potential fraud and also to detect fraud trends related to disability cases across the nation. Experienced disability examiners will be collaborating with Social Security systems personnel to develop systems and analytics to assist in detecting and preventing fraud. "We are aggressive in our efforts to detect and prevent fraud," said Ms. Colvin, pointing out that Social Security's anti-fraud approach has resulted in a fraud incidence rate that is a fraction of one percent. "To those who would try to cheat us: We will find you; we will prosecute you; we will seek the maximum punishment allowable under the law; and we will fight to recover any money you've stolen from the American people."

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### **Sherri Davidoff, Information Security & Big Data Week**

As a kickoff to Big Data Week, The University of Montana hosted the inaugural Cyber Triathlon this past weekend, where teams vied against one another in a series of digital puzzles. Big Data Week is an international event that focuses on the social, political, and technological impacts of data. Marty's daughter, Sherri Davidoff, is the founder of

LMG Security, a Missoula-based information security consulting firm, whose interns designed the tasks for the competition. According to Sherri, the triathlon was done in order to "encourage the development of cyber skills and high-tech education in Montana." She added that they are "trying to position the state as a global center for cyber security."

You can see Sherri's television interview with KECI Reporter, Andrea Olson at:

[http://www.nbcmontana.com/news/missoula-takes-part-in-global-event-with-big-data-week/25826594?utm\\_source=dlvr.it&utm\\_medium=twitter](http://www.nbcmontana.com/news/missoula-takes-part-in-global-event-with-big-data-week/25826594?utm_source=dlvr.it&utm_medium=twitter)

"A lot of people don't realize but there's actually more bits of data on the internet every day, than there are grains of sand on all the beaches in the world. So every single day, we're generating vast amounts of data," said Sherri Davidoff.

For anyone interested in learning more about information security, you can hear Sherri speak in early July at the 50th Annual Conference of the American Association of Attorney-Certified Public Accountants in Huntington Beach, CA. Topics:

- How Attorney CPAs Get Hacked (and What You Can Do About It), and
- How to Find Digital Evidence That Nobody Knows About.

You may also read her book, [Network Forensics: Tracking Hackers Through Cyberspace](#). Yes, we are very proud of Sherri!

With warm regards,

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