

December 2006

Brrrrrr! So far our weather hasn't been that uncomfortable in the northeast, but the mercury over the last few days does signal that winter has arrived. For those of you in warmer climes, I hope you're enjoying less chilly temperatures. Once again, we're experiencing change – of season, of calendar, and of tax law.

Enclosed is a client newsletter which explores some end of year planning techniques, as well as recent tax law changes. It is produced by the National Association of Enrolled Agents (NAEA). Although longer than the others, it's worth the time to read.

The NAEA newsletter discusses the status of certain expiring incentives (see pg. 3). You might be pleased to know that Congress passed the bill extending some or all of the incentives in a Saturday session before adjourning for the holidays.

Please pay particular attention to the Charitable Contribution Alert (see pg. 4) in the newsletter. Some of the changes affect 2006, while others are effective January 2007. It affects many of you and I will be stressing compliance on both cash (cash, checks, etc.) contributions as well as non-cash (such as clothing and household items).

The newest rules and ceilings for retirement contributions, whether they be for traditional or Roth IRA's, 401(k)'s, or other vehicles, are complicated. Check with me if you have any questions about your retirement planning options. Some great planning opportunities exist in this arena. *Don't expect Social Security or a company pension to fund your retirement!*

Keep me in mind when your company offers open enrollment for your benefits. *Take advantage of medical and dependent care Flexible Spending Accounts (FSA's)!* Take the time to investigate your options, and, if necessary, discuss them with me. Your benefit choices could impact your family's financial stability during a crisis.

Around this time of year, I'm always asked what records must be retained and what can be discarded. *Please use a shredder for any sensitive data.* It's a worthwhile investment that can help you avoid your data being compromised. I've provided some general guidelines on the reverse side. Also, I usually advise clients to keep records pertaining to the cost of their primary residences for 7 years following that home's sale.

For personal income tax clients, I anticipate mailing out your 2006 Tax Organizer at the beginning of 2007. This year, it will include an engagement letter. This letter documents the information you will provide to me as well as my particular services to you, including my fee. I will not proceed with the preparation of your returns without the countersigned letter, acknowledging as such from you. For joint returns, it must be jointly signed. You can read more on my website on the Fee Information page.

I look forward to seeing or speaking with you during the 2006 tax filing season! As always, if you have any questions or concerns, please don't hesitate to contact me.

**If you fail to plan, you plan to fail.
Tax and financial planning is no exception.**