

December 2007

The cool, crisp whisper of Mother Nature on our cheeks signals the onset of yet another winter and the first glimpses of the tax season soon to arrive. It's time for year-end tax planning, an event oft forgot or shuffled aside in the midst of the holiday season. While I hope each of you is enjoying the magic (and bustle) of the holidays, please consider whether you are in need of a last minute tax projection.

Enclosed is a client newsletter, published by the National Association of Enrolled Agents (NAEA), which discusses various changes in 2007 tax law. Keep in mind that Congress may still extend some or all of the expiring tax breaks. This newsletter is longer than the other '07 bulletins, but full of useful information which may apply to your situation.

When I issued the December '06 newsletter, Congress had just passed an extension bill for the Alternative Minimum Tax (AMT) exemption, saving some of you from losing valuable tax savings. This year, however, Congress has not yet passed another patch for '07, yet I remain hopeful that they will issue at least this one holiday bonus to taxpayers across the nation.

In this newsletter....The **kiddie tax** will still apply to some of you with dependent children. Please see page 1 of the bulletin for more information.....Read up on **Health Savings and Flexible Spending Accounts**. If your employer offers one or more of these, I recommend taking advantage as they can save you money, especially if you don't qualify for medical expense deductions. Also, FSAs can be effective in lessening dependent care costs....*Lastly, retirement planning is a big hurdle, but don't ignore it.* If you have access to a 401(k) or similar plan through your employer, contribute! Maximum contributions for 2007 are \$15,500, if you're under 50. No such option? Set up a Roth or traditional IRA account and sock away the under-50 maximum of \$4,000 for '07. Check with me if you have any questions about your retirement planning options for 2007 or 2008.... The NAEA newsletter also has a nice list of **items, forms, or issues we may need to discuss** while preparing your '07 returns.

Around this time of year, I'm always asked what records must be retained. *Please use a shredder for any sensitive data you discard.* Last year, I provided guidelines. Now they're available on my web site, on the **Newsletters** page.

For personal income tax clients, I anticipate mailing out your '07 Tax Organizer at the beginning of '08. As for '06, you will again receive an engagement letter. You can read more on my web site on the **Fee Information** page. *While I enjoy working with all of you,* I understand that circumstances can change and you may not require my services this year. I would appreciate notice so as to avoid sending you the organizer.

I look forward to seeing or speaking with you during the 2007 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.**