



### Life is Good!

It's been a crazy year in the financial world, between the elections and the market's ups and downs. I came up with the theme, "Life is Good" for this newsletter because I think it's always a good idea to take a step back and reflect on all the wonderful things going on around us.

Dave and I couldn't have had more joy in our life this year. On July 2, 2008, we were overwhelmed with smiles at the birth of our son, Jacob Ernest Knight. We've had lots of fun since then and, like any new parent, have thousands of pictures to prove it! I have several pages dedicated to our little one, and you can find these from a link off my homepage, [www.cpamichele.com](http://www.cpamichele.com). In August, we had a fantastic celebration to introduce Jacob to the wonderful people that will be in his life for years to come and help Michele ring in the big 3-0. Many of our colleagues and clients joined us for the day which made it all the more special. I look back on that day as one of the best of my life, and I thank everyone who made it from the bottom of my heart.

We also celebrated a big milestone for Knight Accounting & Technology. October 2008 marked our fifth year of business, and I can't help but smile when looking back on the last five years. I truly value the relationships I've formed along the way, and I can't imagine what life would be like without the colleagues and clients who have become such an important part of our life.

I hope that, as you and your family reflect on 2008, you have happy memories of your own special times. Life is good.

### Deductions & Credits to Take Advantage of in 2009

Thanks to several tax laws passed in the past few years, there are a few new tax deductions available this year that many taxpayers can take advantage of:

- If you take the standard deduction, you can now deduct up to \$1,000 of real estate taxes paid (\$500 for a single individual) on your tax return.
- In Colorado, if you take the standard deduction, you can still deduct your charitable contributions from your state taxes.
- If you are a new homeowner (defined as not owning a home in the past three years), you can receive a tax credit of up to \$7,500 for purchasing a home between April 9, 2008 and July 1, 2009. This credit is limited to incomes below \$150,000 (\$75,000 for a single individual), and must be repaid over the next 15 years.

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1/15 Submission deadline for W-2 or 1099 preparation

2/15 Submission deadline for S and C-Corporations

3/21 Submission deadline for individuals and partnerships

4/10 Deadline for filing an extension

## How Will You Fare Under President Obama?

While we can't know for sure until his term begins, there are several tax changes in the work that are highly probable. Throughout the campaign, Obama touted that the income level of \$250,000 would be the cut-off for most tax changes.

The first potential change is for tax rates to increase from 33% -> 35% and 35% -> 39.6%. In addition, the high wage earners with wages above \$250,000 may face a payroll "surtax" of 4% of wages above \$250,000. Their capital gains and dividends rate may also increase from 15% to 20%. Perhaps the only benefit for these high wage earners is that they will avoid the AMT if their income is already subject to higher tax rates of 35% and 39.6%.

On the flip side, there are several benefits for retirees and those saving for retirement. President-elect Obama's plan includes allowing distributions of up to 15% or \$10,000 from retirement accounts for health and hardships. He would also like to suspend RMD (required minimum distributions) requirements during this market downturn. And, for lower income taxpayers, he wants to extend the tax credit for retirement savings.

Businesses may experience a few benefits under President-elect Obama's new plans. They may receive a \$3,000 refundable credit for 2009 & 2010 for each full-time employee added to the workforce. They will also be allowed to expense up to \$250,000 in the first-year that they purchase equipment. And, he is still working out the details of a healthcare credit for small businesses.

And, finally, there may be changes to the estate tax. The current plan is to provide an exclusion of \$3.5 million per individual with the top tax rate set at 45%.

Of course, as things go in Washington, we won't know for sure until the laws are enacted. However, it's good for each of us to keep these plans in the back of our mind as we think about tax planning. While it's difficult to make definitive decisions in this uncertain environment, it can never hurt to make educated guesses about the future!

## Numbers You Need to Know

	2008	2009
Social Security Wage Limit	\$102,000	\$106,800
Mileage—Business (changed on August 1st, 2008)	50.5/58.5 cents/mile	55 cents/mile
Mileage—Medical & Moving	19 cents/mile	24 cents/mile
Mileage—Charitable Purpose	14 cents/mile	14 cents/mile
Contribution limits for 401(k) , SEP plans and 403(b) annuities	\$15,500	\$16,500
Workers aged 50+ catch-up provi- sion for 401(k), SEP & 403(b)	\$5,000	\$5,500
IRA Contribution Limits	\$5,000	\$5,000
Aged 50+ catch-up for IRA's	\$1,000	\$1,000
1099-MISC Reporting Limit	\$600	\$600
Annual Gift Exclusion	\$12,000	\$13,000



## 2009 Tax Season Scheduling

I am changing my approach to scheduling this year, as there is no question that having a baby will require a few changes in my practice. I have gone ahead and set up a schedule for the entire tax season. Please call early to book your appointment, as spots will be filled on a first-come, first-served basis. The final appointments each day will end at 6:00pm, so if you have a tight work schedule during the weekdays, please take advantage of the Saturday appointments.

February 2009				
Tuesday	Wednesday	Thursday	Friday	Saturday
3 Westminster	4	5 Summit	6	7
10 Westminster	11	12	13 Westminster	14
17 Westminster	18 Fairplay	19	20 DTC	21
24 Westminster	25	26 Westminster	27	28 Westminster

March 2009				
Tuesday	Wednesday	Thursday	Friday	Saturday
3 Westminster	4 Summit	5	6 Westminster	7
10 Westminster	11	12	13 Westminster	14
17 Westminster	18 Summit	19	20 DTC	21 Westminster
24 Westminster *	25	26 Westminster *	27	28

April 2009				
Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Summit *	2	3 Westminster *	7

Westminster = 2761 W. 120th Avenue, Westminster, CO 80234

DTC = 4610 S. Ulster, Suite 150, Greenwood Village, CO 80111

Summit = 100 Mule Deer Ct, Dillon, CO 80435

\* Appointments on days marked with a \* will be required to have an extension filed and will not be guaranteed completion by April 15th.



## Words of Warning About Paperless Banking

In the last year, I've seen a significant increase in people taking advantage of online banking services such as bill pay and paperless statements. While there are some great advantages to implementing these 2 strategies, I want to make you aware of some of the downfalls that can affect you at tax time and throughout the year.

Unfortunately, the banks aren't always forthcoming about the downsides of their paperless service. The most obvious issue is that if you need your information, you are reliant on your computer and the banks computers to be up and running at the same time. Banking websites frequently shut down for maintenance periods during which you can't access your accounts, and we all know that our personal computers can give us trouble at the worst times. Another downside is that many banks only make statements and copies of checks available on the internet for a period of three to six months. After the time expires, customers must pay a fee to obtain copies of their own records. I've seen the fee as high as \$3.00 per check and \$25 per monthly statement, so you can imagine the potential cost.

If you have weighed these pros and cons and decide to proceed with online banking, I want to offer a few words of advice based on my experience as a tax preparer. First, you should either print or save electronic copies of your statement each month. If you choose the latter option, don't forget to backup your computer on a regular basis. Second, you must still keep a check register or use a checkbook with a carbon copy option. Most bank statements only show the date, check number and amount, not the payee, so you still have no evidence of who checks were made out to.

Why do you need such details? Business owners are often reminded of the need to keep good records, but individual taxpayers are not asked for records nearly as often. Unfortunately, the times when individuals need to produce records are often many years following significant events, and therefore they find themselves unable to take advantage of their full tax deductions. The IRS is able to audit tax returns up to seven years after they are filed, and bank statements are one of the first things they request. In addition, if you face capital gains at the time you sell a stock, mutual fund, residence or rental home, you may be asked to prove the cost of your investment made in that asset. Bank statements and checks are commonly called upon to determine your cost basis, and without those critical documents, you may be forced to forgo a perfectly valid deduction. By taking some precautions, you can enjoy the benefits of online banking without finding yourself scrounging for documents in your time of need.

## Avoiding Email Scams

I've received several questions this year regarding a scam/phishing email promising tax refunds, and I want to set the record straight. The email pasted below, or any like it, are SCAMS! Please do not ever respond to any email claiming a connection with the IRS. Let's face it, do you really think they'd track you down to offer you money? Looking at this email, there are a few giveaways that this is a scam:

- Typos. Notice that the word "dolars" is misspelled, and the sentence "For example submitting invalid records or applying after the deadline" is incorrect grammar.
- The copyright states "Internal Revenue Service U.S.A." which is clearly incorrect, because "U.S.A." is not printed at the end of government correspondence for any agency.
- The IRS only corresponds with taxpayers via mail, never email or the telephone, unless you originate the phone call.
- Taxpayers are required to file annual returns to claim refunds. There are few procedures in our tax system, and none which are completed with a simple form, which allow the IRS to calculate your tax refund on your behalf.



After the last annual calculations of your fiscal activity we have determined that you are eligible to receive a tax refund of **620.50dolars**. Please submit the tax refund request and allow us 6-9 days in order to process it.

A refund can be delayed for a variety of reasons. For example submitting invalid records or applying after the deadline.

To access the form for your tax refund, please [click here](#)

Regards,  
Internal Revenue Service

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## A Steady Hand...From a Trusted Advisor

Having a steady hand is exactly what we need during this so called "financial crisis" that is affecting each and every American. As president-elect Barack Obama professed by having a steady hand during his campaign, he also remains steadfast in his rhetoric and outlook moving forward through these challenging times. His "steady hand" was clearly demonstrated, on that panic-ridden morning of September 15 revealing the failure of several large US based financial firms, when he chose not to become passionately outraged or as universal or specific to cast blame. He chose instead to consult with those advisors he trusted most – Federal Reserve Chairman Paul Volcker and former Treasury Secretaries Robert Rubin and Larry Summers – all knowledgeable and impressive figures.

Seeking the advice of a trusted advisor, whether you are the president-elect of the United States or an individual investor, can be key to your decision making. With regard to investment decisions, having a trusted financial advisor that is knowledgeable about investing and one with your best interest in mind is paramount. A trusted advisor can provide a steady hand to help keep you from making rash investment decisions that will hurt your returns – which can lead to anxiety and panic when thinking about your retirement years.

But what does being a trusted financial advisor really mean and why is it important? The term "trusted financial advisor" is not just a title, it symbolizes the close relationship we build with a client over an extended period of time, and in many cases a lifetime. It requires an independence to serve a client's needs above all else. The responsibilities that come with this relationship are significant and carried out with honesty and integrity, the foundation our firm is built upon.

You may want to ask yourself the following questions about your advisor:

- Are they committed to a relationship for a lifetime?
- Do they help me think things through about my investments?
- Do they help me see things from a fresh perspective?
- Do they help me separate logic from emotion?
- Do they work together with my other advisors to streamline my options?
- Do they tell me what I need to hear as opposed to what I want to hear?

These are important questions in determining whether or not your advisor is a valuable resource that provides you with trusted advice and a sustainable relationship from family to finances versus someone only interested in selling you products. The advisors at Townsend Retirement Specialists; Jeff Townsend, Mark Fuller and Terri Ashton, want you to know that it is their goal to provide all our clients with a First Class Retirement. Call us today with your comments, questions or concerns – we look forward to hearing from you.



*A First Class Experience*

Please call us today at **303.452.5986** or toll-free at **1.800.578.9896** for a free, no-hassle, no-obligation consultation. You can also visit our website, [www.firstclassretirement.com](http://www.firstclassretirement.com) for more information.



## What's New for Knight Accounting & Technology Clients?

In light of many changes this year to our family, the economy, and the new legislative environment for tax preparers, we have made changes to our pricing structure, policies and procedures.

- Once again, we have "tweaked" our price list to ensure that our price per form is in line with the average preparation time for each form. Please see the price list posted at [www.cpamichele.com](http://www.cpamichele.com) for more details.
- In order to keep prices as low as possible, we are adding a time-based component to the tax preparation fees. Fees may be added for those who don't provide complete information or when complicated tax situations require additional efforts. The great news is that these fees can be avoided by completing the individual tax organizer that we provide you each year. For example, our charge for a stock sale entry on Schedule D is \$10. This is based on you providing the purchase date, purchase price, sales date and sales price. If we need to research these on your behalf or contact your brokerage house to get this information, there will be an additional charge. Other common areas where research and additional fees can be avoided include listing your charitable contributions by name and amount, providing all information regarding daycare providers, and summarizing your medical deductions rather than submitting a pile of receipts.
- I have eliminated my \$100 fee for filing late returns, however all information must still be submitted approximately 30 days before the due date (3/21/09 for the 4/15/09 deadline). Tax return information submitted after that deadline will be required to have an extension filed and completion by April 15th cannot be guaranteed. Extensions must be requested by 4/10/09 and the \$25 fee must be submitted with the extension request. Data for extended returns must be submitted by 9/15/09 for the 10/15/09 extension deadline. If you choose to pay by credit card, a credit card authorization form can be found at [www.cpamichele.com](http://www.cpamichele.com).
- Due to new legal regulations, we can no longer send copies of your tax returns to a third party without your written permission. Please see page 5 of the newsletter for more information regarding third party disclosures.

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**\$25 Referral Bonus.** Back by popular demand, Knight Accounting & Technology will be happy to offer a \$25 referral bonus for any existing client who refers another individual or small business owner for tax preparation and they become a client. There is no bigger compliment to us than a referral, and we will work hard for your family & friends! Best of all, there's \$25 in it for you! To ensure that you get credit for your referrals, please be sure to contact us via email or voicemail and let us know whom you referred!

**Mail-In Discount.** New this year, we are offering a Mail-In Discount. To take advantage of this discount, just mail copies of your tax documents along with a completed organizer by 3/21/09 and you will be eligible for a \$25 discount.

