

Recovery Act Highlights

I have organized the summary of the Recovery Act into four different categories, Working family credits, Education credits, Housing Credits and Business Credits.

Working Family Credits

1. **“Making Work Pay” Credit.** Those of you who work are already seeing this credit. As of April 1st, all employers are required to withhold federal taxes at reduced rates. You should see approximately \$15 more per week in your paycheck. In the 2009 taxes you will have a \$400 credit to offset the lower taxes withheld.

2. **Suspension of tax on Unemployment.** For those of you with unemployment in 2009, the first \$2400 will not be taxable on your federal tax return.

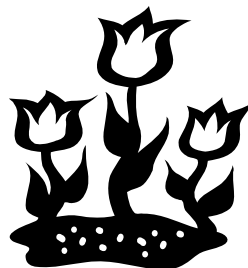
3. **Unemployment extension and increase.** Unemployment benefits will continue to be extended for up to 33 weeks after regular benefits are exhausted. And the benefits will be increased by \$25 weekly through 2009.

4. **Premium subsidies for COBRA health insurance.** For those who were laid off between September 1, 2008 and December 31, 2009, this bill will subsidize 65% of COBRA health insurance premiums to the unemployed for up to 9 months.

Education Credits

1. **“American Opportunity” Education Credit.** For those seeking financial assistance for college in 2009 and 2010, this bill will provide up to a \$2500 credit for the cost of tuition and related expenses for college. This would give 100% credit for the first \$2000 in tuition and expenses, including books and 25% of the next \$2000 of expenses. The credit phases out for single taxpayers over \$80,000 in AGI and \$160,000 for married couples.

2. **Computers as Qualified Expenses for 529 Plans.** Beginning in 2009, computers qualify as an education expense for the use of funds in Section 529 Education plans.



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Housing Credits

1. **First Time Home Buyers Credit.** For those who purchase their first home in 2009 they are eligible for an \$8000 credit on their tax return. The home must be purchased before December 1, 2009 and if the house is sold within the first three years there is a credit recapture. The credit does phase out for taxpayers with income in excess of \$75,000 single and \$150,000 married. However, this is a true credit, not a loan like the 2008 credit offered.

2. **Energy-Efficient Improvements Credits.** The bill extends energy tax credits for improvements to your existing home through 2010. It raises the cap on the credits to \$1500 total for all qualifying property. There is no income phase out on these items. Talk to me or go on the IRS website for a complete list of the updated energy-efficient property that meets the requirements. If you put off getting those new windows in 2008, now is your chance to get them and get a credit!

Business Credits

1. **Bonus Depreciation Extended.** Those of you who bought equipment in 2008 noticed a larger depreciation expense than usual. Congress allowed business owners to immediately depreciate 50% of their capital expenditures in 2008. Well, that has been extended to 2009. Now is the time to make your purchases and reap the benefit.

2. **Autos still receive higher Depreciation.** Beginning in 2008, the first year depreciation on autos went up to \$10,960. This will continue in 2009.



Little Known Facts

Just a couple other things to remember for 2009.

SENIORS: A new law for 2009 suspends the required minimum distribution (RMD) from your IRA. With the huge drop in investments you get a one year reprieve to let your money grow while the market recovers.

ROTH IRA's: Normally Roth contributions are limited to those with income less than \$166,000 per year for couples and \$105,000 for singles. However, in 2010 Congress is opening a backdoor so anyone, regardless of income, can convert a traditional IRA to a ROTH and get the tax shelter. So, if you pass the ROTH income limit for this year, contribute the full amount you can to a nondeductible traditional IRA and convert to a ROTH next year in 2010. You will have to pay ordinary tax on any growth in the IRA, but not on the original money.

Sue's News

There is not too much new since many of you just saw me during tax season. My son is living at home with me now and going to college. We are doing pretty well and he even does some of the cooking. My oldest daughter is finishing her first year at University of San Diego as a Math major. The courses have been tough, but she has been enjoying the weather and the social life! My youngest daughter Lizzy is a sophomore at Tigard High and she is enjoying being the stage manager of the spring play, Ramona Quimby. The two of us are taking a road trip in May to pick up Larissa from San Diego. That will be the start of a fun summer I am sure.



For those of you who know my brother from when he worked at the firm, he is doing well. He is fulltime running Portland Payroll. If you have a small business and need a reliable payroll company, he is local and tailored specifically to the needs of small firms.

Don't hesitate to call if you have any questions throughout the year. I have time available to help with any issues that may arise. Enjoy the summer.



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To use our talents and experience to achieve the following:

To keep our promises; to be honest with every client we have; to make the extra effort to find every tax deduction allowed by law for each client; to help small business owners have peace of mind in order that they can run their businesses free from the worry of tax and accounting obligations; to earn the trust of every client we have.

To always remember that we are here to serve our clients - not the other way around.

“Now faith is being sure of what we hope for and certain of what we do not see.”



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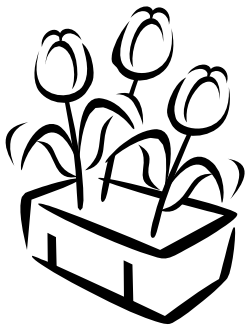
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SPRING 2009 NEWSLETTER

Finally spring is here in Oregon! Hope you have all been enjoying the great weather this last week. It was great to see you all during tax season. Many of you were asking during your appointments with me about the new tax legislation from the Recovery Act that passed in February. I am dedicating this newsletter to the 2009 tax changes so everyone is aware of the latest laws. While not everything will apply to everyone, I can guarantee that you will find something that pertains to you and your family. From energy credits to ‘making work pay’ credits, from first time homebuyer credits to education credits, there is something that affects all of us. Take a look at the information inside and if you have questions, feel free to call or send me an email. I would always rather help you with tax questions in the present to make a difference for 2009. Remember, no question is too simple when it involves your tax situation. I want to make sure we work together to save you money.



One more item I would like to add. I am interested in speaking to groups about tax savings and the new tax changes. If you belong to an organization that you think might be interested, please let me know. It can be anything from your Sailing Club to your Senior Center. And I have a specialty in Pastors and the ministry, so I would be happy to talk to those groups, as well. Just let me know.

In the meantime, enjoy the springtime.

**...Adding value to
Business & Families**