

# Tax Strategies for Investing

With the investment market in a very volatile status right now, many of you have inquired where would be a good place to invest your money. I must firmly state that I am not a financial advisor or investment representative. However, I do have contact with many advisors and I have information about the tax strategies for investing in this market.

Two areas that are hot right now are Municipal Bonds and REIT's. Municipal Bonds (Muni's) appear very good right now because they are federal tax free. The best deal is to buy Muni's from your home state (for most of you Oregon) and then they are federal and state tax free. Even though the tax-exempt yields for Muni's are low (3% to 5%) the tax equivalent yields are 1% to 2.5% higher than that based on your tax bracket.

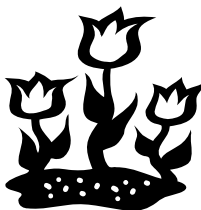
A Real Estate Investment Trust, commonly called a REIT is a security that sells like a stock, but is invested directly in Real Estate. Although the residential real estate market is soft right now, REIT's are invested in commercial real estate which has a better history of returns. According to the April 2008 report of Edward Jones, they are expecting a long term earnings growth rate of 5% for REIT's. This may be lower than you have earned in 2007, but it may be better than most stocks funds now.

Again, ask your financial advisor about your own personal portfolio before you invest in anything. If you are in need of a financial advisor, call me for a recommendation.

## 2008 Tax Law Highlights

There are a few new and renewed tax laws that you will want to be aware of for 2008.

- Several expiring tax laws are being renewed for 2008 including:
  - College Tuition Deduction
  - Teacher Expense Deduction
  - Sales Tax Deduction (in sales tax states like Washington)
- Higher AMT Exemptions will remain in effect for 2008. Several of you were saved from AMT tax this year because congress raised the exemptions to higher amounts in late December. No more major changes to AMT are expected until the new administration.
- Business owners will be allowed to expense (Section 179) up to \$250,000 in depreciation on equipment purchased in 2008 only. In addition there will be 50% Bonus depreciation on new assets purchased in 2008 on top of the section 179 expense. 2008 is the year to buy new equipment or a new business if you are looking to do so.
- SUV's over 6000 pounds will still receive the \$25,000 write off in 2008 for now. I told some of you that the \$25,000 would be going away this year. However, that bill did not pass and the deduction remains. It won't help your gas consumption, but if you need the SUV, now is the time to get one.
- Finally, regular business vehicles will have higher depreciation deduction limits. In the past deprecation on vehicles used 100% for business was only around \$3000. In 2008 the deduction has been raised to \$11,000 for cars, vans and light trucks. Take advantage of this in 2008 before it goes away.



## Where's my Stimulus Payment?

Economic stimulus payments will be issued according to the last two-digits of the main filer's Social Security number. For joint filers, the payments will go out based on the person listed first on the return. People who use direct deposit also will be among the first to receive the payments starting April 28. Direct deposits will be made daily and completed by the date listed below.

Last 2 SSN digits:	Check transmitted no later than:
00 through 20	May 2
21 through 75	May 9
76 through 99	May 16



Paper checks will also go out based on Social Security number. For Social Security numbers ending in 00 through 09, the paper checks will be mailed starting May 9 and will continue through May 16. A similar process will be repeated in the following weeks.

Last 2 SSN digits:	Check mailed no later than:
00 through 09	May 16
10 through 18	May 23
19 through 25	May 30
26 through 38	June 6
39 through 51	June 13
52 through 63	June 20
64 through 75	June 27
76 through 87	July 4
88 through 99	July 11

People who file a return after April 15 will receive their economic stimulus payment, but probably later than the schedule shows. A return must be filed by October 15 in order to receive a stimulus payment this year.

**A small percentage of tax returns will require additional time to process and to compute a stimulus payment amount. For these returns, stimulus payments may not be issued in accordance with the schedule above, even if the tax return was processed by April 15.**

## Sue's News

I have had a chance to catch my breath now that tax season is over. Now I am getting things ready on the home front for graduation. My oldest daughter Larissa will be graduating June 6<sup>th</sup> as one of the Valedictorians for Tigard High



School. She is doing all the final events of her Senior year. She had her last piano recital, her last track meet and this week will be prom. She decided that she will be attending University of San Diego and studying Mathematics. I will be taking her down to school at the end of August.

Meanwhile, my youngest daughter has left the band and the soccer field to become an actress. She had her first stage role this Spring in a children's show at the high school. She joined the Drama Club and is looking forward to more shows next year. She gets all her dramatic talent from her mother!

Kevin is dividing his time between real estate and Portland Payroll. The payroll company is really growing and he is very excited about the opportunity. Meanwhile his family is took a post tax season trip to San Diego to see the Padres play baseball and visit their son Michael.

*We hope you all enjoy your Spring and Summer this year.*



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# Our Mission Statement

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.*

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*“For you created my inmost being; you knit me together in my mother's womb. I praise you because I am fearfully and wonderfully made; your works are wonderful, I know that full well.”*  
Psalm 139:13-14



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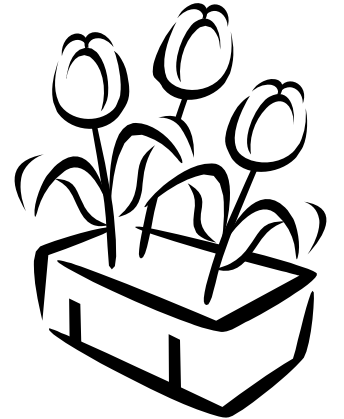
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## SPRING 2008 NEWSLETTER

Happy Spring to everyone! It was great to see most of you during tax season. Now that the crunch time is over I have had a chance to catch up on my reading. There won't be a lot of new tax legislation in an election year, but there are always some unique and useful tax laws to take advantage of. With the economy the way it is at this time, I want to make you aware of some of the strategies to consider when you are handling your investments. In addition, there are some tax laws that will be discontinued this year and some that may end with a new administration. There are always fresh things to think about with changing markets and changing tax situations for each of you. And now you that I secretly enjoy reading tax legislation in my spare time! As for all of you, enjoy the spring and call me if any questions come up.



*If the newsletter looks a little different it's because we left out the color print this time. I wanted to get this information on the Stimulus Rebates to you as quickly as possible. Printing with the colored ink requires more time to prepare. We will return to our colorful format with our next issue.*

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Business & Families**