

# Obama's Tax Plan

It's a little premature to know exactly what will be implemented by the new President, but we do know that President Obama will act quickly to put tax cuts in place for 2009 given the present economy. Here are some likely changes.

**Tax relief for Middle Incomes.** There may be an expanded earned income credit and child tax credits may become fully deductible. It's possible he may even exempt seniors from income tax if their income is under \$50,000. There have been talks of a payroll tax credit of up to \$500 per individual.

**Increase in Top Two Tax Rates.** It appears that the top two tax brackets may go back up to 36% and 39.6% for incomes over \$250,000 for married couples. There will also be cutbacks in itemized deductions and personal exemptions for those with an AGI over \$250,000. Also, the maximum rate on capital gains will likely rise to 20% for those in the top tax bracket.

**Economic Recovery Plan.** Obama spoke to a governor's conference in early December about a \$500 Billion stimulus plan for states to provide infrastructure and green energy jobs. His goal is to secure 2.5 million jobs.

I can't guarantee that any of these actions will take place. Stay tuned for future updates and we will discuss just what is happening when you come in for your tax appointment.



## Meet our Team!

As I look forward to the coming tax season I wanted to let you know of a couple of changes. Many of you may know that last year I added Kris Kelly as full time staff at my office. He does accounting work as well as prepare tax returns. In addition, during the tax season Robbi Gerding is on staff. She has more than 13 years of tax experience and is a real asset to the firm. I will continue to personally meet with each of you to discuss your taxes for the year. Then I will write up notes from your visit and either Kris or Robbi will prepare the return. In order to streamline our process and get your return done quicker, I may have Kris or Robbi call or email you with questions. Kris and Robbi are both excellent tax preparers and very professional. I will still have the final review of your tax return. Only after I have examined every number will your return be completed. If you have any questions about this process, let me know. I believe this system will allow your return to be completed in a smooth and timely manner.





Left to Right: Ruth, Sue, Kris, Robbi

## 10 Last Minute ways to slash Your Personal Taxes.

- 1 Make sure to take advantage of Charitable giving before the end of the year. Just keep your receipts and document all physical goods that you give.
- 2 First time Home Buyers Credit for first time homeowners purchasing between April 9, 2008 and June 30, 2009. Good for 10% of the purchase price up to \$7500. The credit phases out for income up to \$170,000. However, it will be good for 2008 even if the house closes in early 2009.
- 3 If you are considering buying a car for your business, now could be the right time. For 2008 the first year has "bonus depreciation" which raises the deduction to \$11,000 from the usual \$3600. The "bonus depreciation" rolls over to your personal return as a deduction.
- 4 Fund your Health Savings Account (HSA) for the year. You can contribute up to \$5800 for a family and deduct it from your income. Distributions for medical expenses are tax free. You can open up an HSA and fund it by December 31 if you are eligible.
- 5  If you itemize your deductions, consider paying your state property taxes and your state estimated taxes before December 31 for a 2008 tax benefit. Just be careful that you aren't putting yourself in danger of AMT tax. Check with me to see if you are at risk.
- 6 Contribute the maximum to your 401(K) and reduce your ordinary income. The market hasn't been doing well, but you will be buying in on the low side and it will increase. For 2008, the maximum contribution for those under age 50 is \$15,500. Those over age 50 can contribute \$20,500.
- 7 This is a good time to convert your traditional IRA's to Roth IRA's if you have income under \$100,000. If your income is higher than that, wait until the law changes in 2010 and all income levels may convert.
- 8 If you are in a 10% or 15% tax bracket then the capital gains tax is 0% in 2008 and 2009. Once you get to the 25% bracket at \$65,100 for married couples then the rate is again at 15% for capital gains.
- 9 Now is the time to take advantage of those stocks or mutual funds that have declined in value. You may take up to \$3000 in capital losses in one year. If you were considering selling, now may be the time to do so. But never sell solely for tax reasons.
- 10 Home Equity interest rates are at record lows. You can convert your non-deductible interest such as car loans or credit card balances to fully deductible interest by paying off debt with a home equity line of credit. 

## Sue's News

Fall has been a nice time in the office. We got through the final 2007 tax extensions by October 15<sup>th</sup> and it has been quiet since then. I had a chance to travel to San Diego in early November and visit my oldest daughter Larissa. She is doing well at college and really enjoys the sunny weather in California. She got to come home to Oregon for a few days at Thanksgiving. My youngest daughter Lizzy was involved backstage in her high school theatre production this fall. She had a lot of fun with that and is looking forward to the Spring show. My son Alex recently moved back home and will be starting back to college full time in January. He is ready to dive in and complete his last two years that he needs to graduate. 

As for my brother Kevin, he is very busy with his company Portland Payroll. They have expanded to the point where they have moved to their own office in Beaverton, so our CPA office is very quiet until tax season. Kevin's children continue to do well, Michael at Biola University, Robbie a Junior at Southridge High School and Erin a Sophomore at Southwest Bible. The Ohanesian family just returned from a week in Hawaii for Thanksgiving and had a wonderful time. 



May you experience many blessings during this season and always. I look forward to seeing you all in the coming months.



OHANESIAN ASSOCIATES  
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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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*“but those who hope in the LORD will renew their strength. They will soar on wings like eagles; they will run and not grow weary, they will walk and not be faint.”*

*Isaiah 40:31*



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## WINTER 2008-2009 NEWSLETTER

Merry Christmas to you all! Hope you are enjoying the holiday season. Although the economy may be suffering, there are still blessings to celebrate. Listen to a choir concert at the Grotto in Portland, have a game night with family and friends, or participate in a Christmas service at your place of worship. And speaking of the economy, there has been a lot of changes since I sent out my last letter. Not only do we have a new President, but we have new balances in our retirement plans! Many of you have been calling to ask about the best strategy for holding on to your money. As I have said before, I am not a financial advisor, but I can provide you with some ideas for tax planning for the end of 2008 and going into the New Year.



For now, enjoy the holiday season. From all of us here, Merry Christmas and a Blessed New Year.

**Look inside to see  
how you can slash  
your personal  
taxes for 2008.**

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