

# C&D Tax, Accounting & Financial Services, Inc.

*Planning for a secure financial future*

## Things to do before the end of the year...

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The end of 2005 will be here before we know it. Now is the time to make a donation to a charitable organization and a contribution to public schools.

Arizona State School Tax Credit/Contributions made to public schools: The maximum dollar amount of the credit for single taxpayers for 2005 is \$200. For married filing joint the credit cannot exceed \$300 for 2005. In 2006 it will be \$400 for married filing joint, yet single will remain at \$200. If you need assistance on how to make a contribution

to public schools please contact our office or visit our website at [www.cdtax.com](http://www.cdtax.com).



Don't forget that charitable donations aren't just cash. Donating used household items and clothes to the Goodwill, Salvation Army or other non-profit qualified organizations are deductible. Be sure to make a complete list of the items donated and get a receipt

from the charity

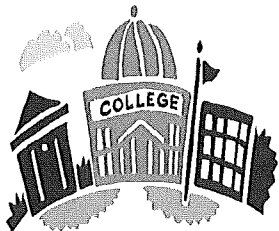


## Saving for College

School is back in session. Now may be the right time to start saving for your children's or grandchildren's college education.

The 529 plans today offer many benefits. You control the money, not the child/beneficiary, so you can make sure it gets used for their education. The earnings in the plan accumulate tax free and are excluded from taxable income at withdrawal, as long as they are used for qualified college education expenses.

It is easy to set up an account and it requires no more than \$25 a month. Contact our office for more information about starting a 529 account today.



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## Answers to your frequently asked questions...

### How much is the business mileage rate?

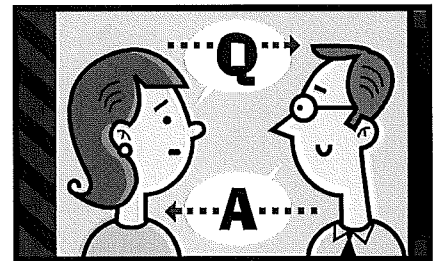
The IRS has announced an increase to the optional standard mileage rates for the final four months of 2005. The rate will increase to **48.5 cents per mile for all business miles driven between September 1st and December 31st 2005**. This is an increase of 8 cents from the 40.5 cent rate in effect for the first eight months of 2005, as set forth in Rev. Proc 2004-64.

### Do I have to pay taxes on the "Gain from the Sale of my Home?"

"Have you lived in the home as your personal residence for two of the last five years?" If the answer is Yes, then you can exclude from the profit of your home \$250,000 (\$500,000 for joint filers)..

### Why would I need to contact C&D after April 15th?

- Change in Your Address
- Change in Your Family Situation—birth of a child, adoption of a child, changes in your dependents and how it will impact next year's return, divorce or death
- Change in Career—A 401(k) that needs to be rolled over into an IRA; moving expenses; job hunting expenses, "Can C&D continue to do my return if I move away?"
- Retirement Issues—Will you outlive your money? Can you retire? Should you pull more money from your IRA each year?
- Saving for Retirement Issues—How are you invested in your 401(k)? Have you made an appointment with Cheryl to review your 401(k) contributions and allocations?
- Estate Planning Issues—Do you have a Will? Do you need a Trust?
- Property Transactions—Did you sell your home or a rental property?
- Gifting to Your Children; Charitable Gifting
- Starting a Business—Should you incorporate? LLC? Have payroll? Sales Tax?
- Did You Owe Taxes Last Year? Do you think you will owe this year? We offer a mid-to-late-year tax review to see if you need to change your withholdings
- Did you get a letter from the IRS? Your State?



### How often do I review my estate plan?

when there has been a birth/adoption, illness/incapacitation of a family member, divorce, death, re-marriage, major changes in family owned businesses or whenever there are major changes to the laws relating to taxation, estate planning or elder care.

## Start Late. Finish Rich!

It is never too late to start saving for your retirement. Here are 4 steps you can take today to help ensure your financial future.

- **Stop regretting not having started sooner.** Let's start looking forward today
- **The Latte Factor.** If you spend \$10 every day on that fancy coffee and a bagel, it adds up to nearly \$2,000 per year. Even starting at age 50, you can save a substantial amount of money by age 65. If you don't drink coffee there must be some other item you could give up, such as smoking, eating lunch out each day, going out to eat dinner or to the movies frequently or gambling and playing the lottery.
- **Shed your debt.** Contact your credit card companies about lowering your interest rates. Pay a little something extra every month on your credit cards. Reduce your cable bill by getting rid of the special movie channels. There should be something you can cut back on.
- **Pay yourself first.** Contribute to the 401(k) plan or SIMPLE IRA at your work. If none are offered, you can always set up an IRA and have monthly contributions taken out of your checking account..

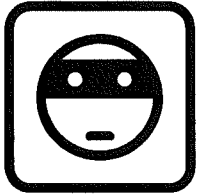
For help with rolling over your 401(k) or IRA, setting up long term savings for retirement, college education and other goals, contact Cheryl today!



C&D

## Trust vs. Will

Here are some important differences between a will and a trust. It is something to consider when making this important decision.



### Tips to Avoid Identify Fraud

Never throw away ATM receipts, credit statements or credit cards in usable form.

Never give your credit card number over the phone unless you make the call.

Reconcile your bank account monthly and notify your bank of discrepancies immediately.

Report unauthorized financial transactions to your bank, credit card company and the police ASAP.

Review your credit report at least once a year.

Put passwords on all of your accounts and do not use your mother's maiden name. Make up a fictitious word.

If your identity has been assumed, ask the credit bureau to print a statement to that effect in your credit report.

	With No Will	With a Will	With a Living Trust
At Incapacity	<i>Court Control:</i> Court appointee oversees your care, must keep detailed records, reports to court, and usually must post bond ( <b>even if appointee is your spouse</b> ). Court approves all expenses, oversees financial affairs.	<i>Court Control:</i> Same as no will	<i>No Court Control:</i> Your successor trustee manages your financial affairs according to instructions in your trust for as long as necessary. (In some states, court intervention may be required for health care decisions.)
At Death	<i>Probate:</i> Court orders your debts paid and assets distributed according to state law.	<i>Probate:</i> Same as no will, but assets distributed per your will (if valid and any contests are unsuccessful.)	<i>No Probate:</i> Debts paid and assets distributed by successor trustee according to instructions in your trust.
Court Costs, Legal & Executor Fees	<i>Death:</i> Often estimated at 3-8% of estate's value. <i>Incapacity:</i> Impossible to estimate.	Same as no will. Costs can increase if will is contested after your death.	Minimal or no court costs. Reduced legal fees (minimal for small estates; larger/complex estates require more.)
Time	<i>Death:</i> Usually 9 months to 2 years or longer before heirs inherit. <i>Incapacity:</i> Court involved until recovery or death.	Same as no will.	<i>Death:</i> Often just weeks. Larger/complex estates take longer for tax returns, asset division. <i>Incapacity:</i> No delays.
Flexibility & Control	<i>None:</i> Court processes, not your family, have control at incapacity and death. When you die, assets are distributed according to state law.	<i>Limited:</i> Same as no will except, when you die, assets are distributed according to your will (if valid and any contests are unsuccessful.) You can change your will at any time.	<i>Maximum:</i> You can change/discontinue your trust at any time. Assets stay under control of your trust, even at incapacity and after your death. More difficult than a will to contest.
Privacy	<i>None:</i> Court proceedings are public record. Family can be exposed to disgruntled heirs, unscrupulous solicitors.	<i>None:</i> Same as no will.	<i>Maximum:</i> Living trusts are not public record. Your family can take of your financial affairs privately.

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## How much do you need for retirement? Is your work retirement savings (401(k), 403(b), 457, or SIMPLE IRA, etc.) keeping up in the race to your retirement finish line?

Do you have a Retirement Savings Plan with your employer? Do you participate or are you leaving the "match" money on the table?

**When was the last time you reviewed your Retirement investment choices and asset allocations?**

Cheryl Wilson is currently booking appointments for Retirement Plan Reviews. There is no fee for this consultation and you will receive a free gift just for coming to the appointment. Call our office today at 480-354-1040 to schedule your **FREE Retirement Plan review appointment**. Be sure to bring in any other retirement vehicles that you and your spouse have. It is all a part of the "BIG PICTURE".

