



FPA
FINANCIAL PLANNING
ASSOCIATION
OF COLORADO

The Heart of Financial Planning™



Tax Planning Update

Outline

- Legislation
- Investments
- Alternative Minimum Tax
- Retirement Plans
- Miscellaneous

Tax Planning Update

Legislation

- American Recovery and Reinvestment Act of 2009
 - Capital investment
 - Expensing of certain depreciable business assets
 - Allowance for depreciation
 - Working pay credit
 - Motor vehicles
 - Qualified transportation benefits
 - Nonbusiness energy property
 - Residential energy-efficient property credit
 - Plug-in drive motor vehicle credit

Tax Planning Update

Legislation

- Emergency Economic Stabilization Act of 2008
 - Extended individual deductions by EESA
 - Deduction of state and local general sales taxes
 - Qualified tuition deduction
 - Teacher expense deduction
 - Additional standard deduction for real property taxes
 - IRA rollover provision
 - Extended business credits and deductions
 - Research and development credit
 - 15-year straight-line cost recovery for qualified leasehold, restaurant and retail improvements

Tax Planning Update

Legislation

- Emergency Economic Stabilization Act of 2008 (continued)
 - Extended energy provisions
 - Long-term extension of energy credit
 - Long-term extension and modification of the residential energy-efficient property credit
 - Extension and modification of credit for energy-efficiency improvements to existing homes
 - Extension of energy-efficient buildings deduction
 - Extension of credit for energy-efficiency improvements to new homes
 - Modification and extension of energy-efficient appliance credit
 - Clean renewable energy bonds

Tax Planning Update

Legislation

- Other legislation
 - Worker, Retiree, and Employer Recovery Act of 2008
 - Relief from required minimum distributions for 2009
 - Minimum distributions – take them anyway
 - Proposals: ordinary income
 - Retaining rates for lower-income taxpayers
 - Increase ordinary income tax rates for certain taxpayers
 - Marginal rates
 - Proposal: Capital gains and qualified dividends
 - Capital gains – current law
 - Increase capital gains tax on certain taxpayers
 - Dividends

Tax Planning Update

Legislation

- Other legislation (continued)
 - Potential new tax cut proposals
 - Potential health reform
 - Agenda
 - What may emerge
 - Proposed tax increases
 - Proposal: Social Security
 - Obama proposal
 - How social security applies to partnerships
 - Rangel proposal – S corporations
 - Expiring provisions

Tax Planning Update

Investments

- Real estate
 - Real estate agent
 - Suspended passive activity losses
 - Grouping activities as a single unit
- Like-kind exchanges
 - In general
 - Like-kind exchanges between related parties
- Miscellaneous
 - Zero basis

Tax Planning Update

Alternative Minimum Tax

- Recent developments
 - Qualified dividends
 - Carryback losses for AMT purposes
 - Does the AMT disgorge taxes from the wealthy?
- Legislation
 - AMT patch
 - Personal credits
 - Private activity bond interest
 - AMT refundable credit
 - The future of the alternative minimum tax

Tax Planning Update

Retirement Plans

- Retirement plan 2009 numbers
 - Maximum annual benefit – defined-benefit plan \$195,000
 - Maximum annual addition – defined-contribution plan \$49,000
 - Maximum compensation considered - \$245,000
 - SIMPLE deferral maximum - \$11,500
 - SEP minimum compensation - \$550
 - Maximum elective deferral - \$16,500
 - Highly compensated employee – minimum compensation of \$110,000
 - Self-employed persons - \$49,000
 - IRAs - \$5,000

Tax Planning Update

Miscellaneous

- Losses and theft
 - Worthless stock
 - When does stock become worthless?
 - Unpaid loans
 - Defrauded investors
 - Doctor's restitution for insurance fraud
- Madoff
 - Background
 - Theft loss – the problems
 - Claw-backs
 - The ruling
 - The procedure