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Well, tax season is officially over! October 15 was the deadline for extended 2006 individual income tax returns which means it's now. . .2007 individual income tax planning season! This, of course, is followed immediately by the next tax season. Yep, it's pretty much a year-round thing at our place.

THE NEWS IN BRIEF

♦ **A Good, Swift Kick in the Pants.** Individuals with a 2006 Oregon income tax will get a surprise check soon. . . "kicker" refund checks will be mailed by December 15. . .the rebates are legally mandated refunds of excess state revenues. . .amount of the kicker is about 18% of your total 2006 Oregon income tax before credits. . .use the link at www.lajcpa.com to check the exact amount of your kicker. . .beginning in 2007 small Oregon C corporations get their own "kicker:" a credit of 67 percent of the tax otherwise due

♦ **Year End Tax Planning.** Our top 10 year end tax saving tips: fund your IRA or retirement plan. . .spend every last dime in your cafeteria plan account. . .contribute to the Oregon tuition savings plan. . .purchase needed business equipment before year end. . .sell any "loser" investments and use the loss to reduce other taxable income. . .take a reimbursement check from your S corporation for mileage, etc. . .contribute up to $100 to your favorite political party or candidate. . .pay any Oregon tax otherwise due next year by January 1. . .donate $$ to your favorite charity. . .make your January mortgage payment by December 31. . .but before adopting any of these strategies, consider the potential effect of the dreaded alternative minimum tax. . .if you want our assistance with your specific tax needs, please schedule a meeting with us

♦ **And Speaking of AMT.** House Ways and Means chairman Charles Rengel (D-NY) recently introduced a bill he called "the mother of all tax reforms". . .the bill would eliminate the alternative minimum tax. . .a new surtax on "high income" taxpayers with more than $150,000 would fund the AMT cut. . .top corporate tax rates would be reduced but other corporate tax breaks would be reduced or terminated. . .don't look for quick passage, but we do anticipate another legislative "patch" that would keep millions of taxpayers from being impacted by the alternative tax. . .the problem with eliminating AMT is replacing the revenue it generates

Time to put away the Halloween decorations and start thinking of turkeys and tinsel. Have a happy, safe and perfectly wonderful holiday season and here's our resolution: send you another green sheet early next year.

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DIVERSIFICATION, PORTFOLIO STRUCTURE AND INTERNATIONAL STOCKS

The main objective of portfolio structure is to attain long and short-term investment goals in a variety of economic environments. A properly diversified portfolio can better withstand unexpected inflation, deflation, and other economic and political shocks to the global financial system. In order to accomplish this resiliency, the asset classes selected for a portfolio should derive their returns from fundamentally different economic factors. International stocks can serve this role within an investment portfolio.

International stocks include large and small capitalization stocks in developed countries around the world. Many household names such as Sony, Nestle, Honda, and Nokia are companies included in this asset class. These companies compete head to head with U.S. companies in almost every major market around the world. From a business risk perspective, large international companies are generally not any more risky than their American counterparts.

There are two ways in which investing in international equities offers diversification benefits for investors. First, there are a large number of investment opportunities in international equities. International diversification within a single industry (e.g. technology) may provide a more effective risk reduction method than industry diversification within the U.S. alone. Further, a portion of a portfolio allocated to international stocks provides the opportunity to own more high quality companies within that industry. Second, exposure to foreign currency can provide diversification benefits of its own. When a U.S. investor owns Sony stock, that investor effectively has interest in two assets: Sony stock and, additionally, the Japanese yen. Foreign currency movements help to vary the pattern of returns between U.S. and international equity markets. This divergence can be good for investment portfolios as currency movements are usually driven by the different economic cycles in major countries around the world. By including international stocks (representing foreign currencies) in a portfolio, long-term volatility can potentially be reduced without sacrificing long-term portfolio returns.

Of course, international investing presents certain risks not associated with investing solely in the United States. These include, for instance, risks relating to fluctuations in the value of the U.S. dollar relative to the values of other currencies, custody arrangements made for foreign holdings, political risks, differences in accounting procedures and the lesser degree of public information required to be provided by non-U.S. companies.

It is a given that equity markets fluctuate. A sensible investment strategy can help protect your investments from the brunt of these fluctuations. Having an asset allocation strategy and a properly diversified portfolio will help you stay the course over the long term, regardless of short-term market behavior and economic and political swings. Investment discipline and investor confidence are your most powerful assets to protect your current and future lifestyle.