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Perhaps the biggest tax issue for most people these days is the tax rebate that's the centerpiece of the Economic Stimulus Act of 2008. We discussed this briefly in the last Green Sheet, let's now examine some of the details.

THE NEWS IN BRIEF

♦ **Refundable 2008 rebate.** Eligible individuals will receive up to $600, couples $1,200. . ."eligible" generally means earning income (or receiving social security or veterans' benefits) of at least $3,000. . .the rebate is increased by $300 for each qualifying child. . .rebates are reduced by 5% of the amount by which adjusted gross income exceeds $75,000 ($150,000 for joint filers). . .rebates will begin going out this month, based on 2007 tax returns already filed. . . to accommodate taxpayers filing after 4/15, IRS will send payments until December. . .rebates will be electronically deposited for those who selected that option on their 2007 returns; others will receive a paper check. . .those not required to file a tax return will want to do so anyway if they are eligible for the rebate. . .those who do not qualify based on 2007 income might be eligible next year if income increases. . .since the rebate is for taxes paid, those who have no 2007 or 2008 tax liability will not receive a rebate. . .

♦ **Is Paying Nothing Better?** Clients with large tax bills sometimes complain that their sister-in-law's third cousin in New York makes millions every year and pays zero tax. . .file this under Urban Myth. . .the April issue of Money Magazine ran an article titled "How to Pay Zero Tax". . .surefire ways to pay nothing: earn no money whatsoever (but how do you pay the mortgage?). . .earn nothing other than tax free interest on municipal bonds (about $1.5 million in your investment account might do it). . .move to Bahrain (yeah, but you wake up every morning in Bahrain)

♦ **Coming Next Year: Domestic Partner Changes.** Couples who have registered as domestic partners may file joint Oregon tax returns for 2008. . .there is no effect on federal tax. . .but since Oregon tax begins with federal adjusted gross income, filers in this category will have to recalculate federal AGI as if they were filing joint federal returns

Special kudos to staff accountant Terri Messler-Cole, who detected suspicious activity while reviewing the credit card statement of one of our bookkeeping clients. Investigation confirmed the activity was fraudulent. Fortunately, financial damage was minimal and the client immediately canceled the credit card.

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Several of our financial clients contacted our office soon after the news broke about Bear Stearns. The behemoth financial firm was in trouble, big trouble, and people wanted reassurance. Was 1st Global anything like Bear Stearns? Had 1st Global perhaps invested heavily in subprime mortgages? Were their individual accounts invested in subprime mortgages? Were they insured against losses?

First and foremost, there are some big differences between 1st Global and Bear Stearns. The former is a privately held financial services firm, while the latter is a publicly traded investment banking firm. And Bear Stearns was heavily invested in subprime mortgage obligations. 1st Global is not.

As far as insurance, investors should understand that they are not insured against market losses. Investing necessarily involves an element of risk. Securities move up and down in value and there are no guarantees that the stock you bought last week for 100 will be at 110 next week.

1st Global is, however, a member of SIPC, Securities Investor Protection Corporation. SIPC is an industry financed insurance plan that protects clients of financial firms. SIPC insures customer accounts for up to $500,000 (including cash claims of up to $100,000) against financial failure of member firms.

SIPC is not a branch of the US government. Its roots instead lie within the financial services sector. Its mission is to restore funds to investors with assets in the hands of bankrupt or otherwise financially troubled brokerage firms. So, had Bear Stearns actually devolved ultimately into bankruptcy, SIPC would have worked to return customer cash, stock and other securities—up to $500,000--and done so far more quickly than if those customers were forced to wait for legal bankruptcy proceedings. And Bear Stearns may also have additional SIPC coverage. (For more detailed info on SIPC, visit their website at www.sipc.org)

SIPC coverage is not the same as the federal deposit insurance provided by FDIC. SIPC generally protects customers against the physical loss of securities if the broker/dealer holding the securities for the customer fails. FDIC insures all deposits at insured banks, including checking, NOW and savings accounts, money market deposit accounts and certificates of deposit up to $100,000 per depositor per insured bank.

National Financial Services LLC (NFS) is the custodian for most 1st Global accounts. NFS has arranged for additional protection for cash and covered securities to supplement its SIPC coverage. This additional protection covers total account net equity in excess of the $500,000/$100,000 coverage provided by SIPC. Neither coverage protects against a decline in the market value of securities.

Investing involves risk. There is no way to avoid it. We can only seek to identify and minimize those risks, while attempting to obtain the returns we need to accomplish our financial goals.