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Wow. Issue No. 41 of the Green Sheet. That means we're entering our second decade of this esteemed publication, now read avidly by, well, one or two of you anyway. Green Sheet No. 1 outlined several year-end tax planning tips. Surprisingly, many of those suggestions still make sense today. More on year-end tax moves in a moment; first, what's up with those loveable cads in our nation's capital?

LEGISLATIVE UPDATE:

Our last Green Sheet came out in the midst of the great US debt-ceiling crisis of 2011: looming government shutdowns, rocketing interest rates, national credit downgrades, etc., etc. Crisis was largely averted, albeit primarily by kicking the proverbial can down the road.

◆ **The Supercommittee:** The Joint Select Committee on Deficit Reduction was created this past August. . . purpose: find at least \$1.2 trillion in financial cuts by November 23. . . makeup: six Democrats, six Republicans, three each from the US House and Senate. . . progress: none of which we're aware. . . consequences: failure to find the mandated cuts results in automatic across-the-board federal budget cuts. . . escape hatch: what Congress creates, Congress can alter or eliminate. . . likely outcome: complete, utter and hopeless partisan deadlock and little or no meaningful action.

◆ **Presidential Politics = Tax Code Rewrite?** Republican presidential candidates Herman Cain and Rick Perry have both offered up "flat tax" plans. . . problems include "selling" a new national sales tax (cornerstone of Cain's 9-9-9 plan), an implied requirement to complete two tax returns (Perry's plan for people to pay the lesser of traditional income tax or his new flat tax) and resistance by some to the perception that such plans often shift part of the tax burden from the wealthy to the lower and middle classes. . . none of these flat tax plans is likely to sail through anytime soon.

◆ **What Now?** Perhaps the most plausible, meaningful solution to long-term fiscal woes in our country involves a combination of tax increases and entitlement (Social Security and Medicare) cuts. . . progress will remain elusive as long as Republicans dismiss the former and Democrats shun the latter. . . so the ultimate day of reckoning draws closer, and the financial costs will only go higher. . . listen closely, is that Nero's fiddle I hear?

YEAR-END INDIVIDUAL TAX PLANNING TIPS:

The end of the year always offers opportunities for tax savings. Actions taken prior to January 1 can have a positive impact on the quality of your tax life come April 15. Some possibilities:

◆ **Accelerate Deductions, Defer Income.** This classic tax tactic encourages pulling deductions into 2011 and pushing income into 2012. . . paying taxes later beats paying them now. . . beware of alternative minimum tax or the threat of higher tax rates.

◆ **Over 70? Tap your IRA for Charity.** Deductions for charitable contributions can be iffy. . .no help to non-itemizers, potential donation limits. . .but until 12/31, payments made from some IRAs directly to charity escape taxation and count toward required minimum distributions.

◆ **Capital Losses. Now!** Oh come on Mr. or Ms. Buffet, surely you have a couple of dogs in that portfolio. . .generate up to \$3,000 in capital loss and reduce taxable income accordingly.

◆ **Particularly Bad Year?** Consider converting a traditional IRA to a Roth IRA if your 2011 taxable income is uncharacteristically low. . .generally taxable, these conversions can sometimes be nontaxable. . .future distributions could then be taken tax free.

◆ **School's in Session.** Last year to deduct up to \$4,000 of higher education expenses. . .deduct a similar amount on your Oregon return for contributions to the state's tuition savings plan.

Obviously, not all of these strategies may work for you in 2011. Please give us a call if you'd like to discuss your personal tax situation.

HAPPENINGS HERE AT THE HOME OFFICE:

Here's what's been going down at the international HQ of Larry A Jaffe, P.C.

◆ **Seen our Website Lately?** A new button now appears, labeled "Client Portal". . .clicking here allows subscribed clients to access a new web function. . .the portal page is where LJCPA clients go to exchange with our office a host of digital information. . .e mail notifications will automatically accompany the uploading of data. . .for more information please contact our office.

◆ **End of an Era?** Shortly after the first of the year, our individual tax clients will again receive in the mail a printed tax organizer. . .this tradition dates back to our first year of operations. . .when completed accurately, these tax workbooks are helpful in preparing your tax returns. . .as we move toward more and more digital data sharing, you'll likely see these paper organizers replaced by an electronic version some time in the next few years.

◆ **Veterans and Rookies.** Terri Messler-Cole, a CPA in our office, recently marked five years with our firm. . .Terri's invaluable at tax planning and preparation, managing client accounts and resolving in-house info technology issues. . .Walter Roland, a CPA and certified financial planner with more than a decade in public accounting, joins our firm in time for the upcoming tax season.

My gosh, was that the quickest Oregon summer ever? Is it really time to set the clocks back? Thanksgiving's almost here? So be it. From all of us to all of you, best for the holidays and, of course, many happy returns.