



CRISER | GOUGH | PARRISH

December 2009

“Working together for you.”

Criser, Gough, & Parrish

The Advisor

Stephen M. Criser — Laura B. Parrish — Greg R. Gough

Happy Holidays

You are
cordially invited
to celebrate the
holiday season
with beverages &
hors d'oeuvres
at our east office

OPEN HOUSE

Thursday

December 10,
2009

4:00 until 7 p.m.

We hope you will
stop by and see us.
(Casual attire)

Thoughts from Steve

At Criser, Gough, and Parrish we try to keep our clients up to date on tax advantages, opportunities and saving ideas. On Thursday morning, December 3rd, we are offering an hour of information for anyone with investments (including IRAs). The program is at 10 AM at “Office This” (a great facility for meeting). Reservations are required due to space considerations. There is no charge to our clients and their friends. Please call our office at 316-685-1040 to reserve your place. Again, it is only an hour of your time and you may learn of an idea that could preserve your financial future.

Don't let December pass without considering the tax planning ideas in this issue. Call us with questions or if you need a 2009 income tax projection. This is a complex world we live in and accurate information is a necessity. Don't hesitate to call us.

Being the end of another year, I want all of you to know how thankful we are at Criser, Gough, and Parrish. We are so lucky to have the greatest and most caring clients. Thank you for trusting us with your business.

Also, if you have friends or business acquaintances that need great service and timely advice, let them know about us. We value your referrals.

Thank You

Steve Criser, CPA

We're on Twitter!

To receive breaking news, follow us on Twitter by going to <http://twitter.com/CGPLLC>.

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2009 Year-End Tax Planning for Individuals

As 2009 draws to a close, there is still time to reduce your 2009 tax bill and plan ahead for 2010. Here are several potential tax-saving opportunities for you to consider. Please contact our office to discuss specific strategies.

IRA, Retirement Savings Rules for 2009

Tax-saving opportunities continue for retirement planning due to the availability of Roth IRAs, changes that make regular IRAs more attractive, and other retirement savings incentives.

A few more changes began in 2009, including:

- Traditional IRAs
- Spousal IRA
- Roth IRA
- Roth IRA Conversion Rule
- SIMPLE Plan Contribution
- Catch-Up Contributions for Other Plans
- Saver's Credit
- Required Minimum Distributions

Deferring Income to 2010

If you expect your adjusted gross income (AGI) to be higher in 2009 than in 2010, or if you anticipate being in the same or a higher tax bracket in 2009, you may benefit by deferring income into 2010.

Deduction Planning

Deduction timing is also an important element of year-end tax planning.

Things to consider:

- AGI Levels
- Filing Status
- Standard Deduction Planning
- Medical Expenses
- State Taxes
- Charitable Contributions (see page 3)

Education and Child Tax Benefits

- Child Tax Credit
- Credit for Adoption Expenses
- HOPE Credit and Lifetime Learning Credit
- Coverdell Education Savings Account
- Kiddie Tax

Energy Incentives

- Alternative Motor Vehicle Credit
- Residential Energy Efficient Property Credit
- Nonbusiness Energy Property Credit

Investment Planning

- Capital gains on property held one year or less are taxed at an individual's ordinary income tax rate.
- Capital gains on property held for more than one year are taxed at a maximum rate of 15%.
- Qualifying dividends received in 2009 are subject to rates similar to the capital gains rates.
- First-Time Homebuyers Credit (see page 3).

Alternative Minimum Tax (AMT)

Thanks to another legislative amendment in early 2009, the alternative minimum tax exemption amounts will be high enough to spare millions of taxpayers from the AMT effect. The exemption amounts are: (1) \$70,950 for married individuals filing jointly and for surviving spouses; (2) \$46,700 for unmarried individuals other than surviving spouses; and (3) \$35,475 for married individuals filing a separate return. Also, for 2009, nonrefundable personal credits can offset an individual's regular tax and alternative minimum tax.

Some of the standard year-end planning ideas will not reduce tax liability if you are subject to AMT because different rules apply. Because of the complexity of the AMT, it would be wise for us to analyze your AMT exposure. If you have questions, please do not hesitate to call our office.

(Source: Bureau of National Affairs)

Homebuyer Tax Credit Extended

New legislation, the Worker, Homeownership and Business Assistance Act of 2009, which was signed into law on 11/6/09, extends and expands the first-time homebuyer credit allowed by previous Acts.

The First-Time Homebuyers Credit of 10% of purchase price, up to \$8,000 (up to \$4,000 if married filing jointly) is renewed to home purchases under contract as of 4/30/10, as long as the purchase closes by 6/30/10.

Other homeowners qualify for a credit up to \$6,500 (up to \$3,250 if married filing separately): If they have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased. (In other words, no house flippers.) This credit applies to homes purchased after 11/6/09, as long as the purchase is under contract as of 4/30/10 and closes by 6/30/10.

Maximum purchase price: No credit is available if the purchase price of the home exceeds \$800,000. **For qualifying purchases in 2010,** taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

A variety of special rules apply for military: The key benefit is that they have until 4/30/11 to finish their purchase, if they deployed overseas for at least 90 days after 12/31/08, and ending before 5/1/10. There are protections, too, like a waiver of recapture of the credit if they are on extended overseas duty and have to sell their home.

The new law raises the income limits for homes purchased after 11/6/09. The credit phases out for individuals with modified adjusted gross income (MAGI) between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers. The existing MAGI phase-outs of \$75,000 to \$95,000 or \$150,000 to \$170,000 for joint filers still apply to purchases on or before 11/6/09.

To safeguard against the reports of rampant fraud: The purchaser must be at least 18 years old on the date of purchase. For a married couple, only one spouse must meet this age requirement. A dependent is not eligible for the credit. Purchasers must attach a properly executed settlement statement to their return. The bill also gives the IRS greater authority to deny the credit based on information reported by the taxpayer on prior-year returns.

Nine Charitable Contribution Tips

1. Contributions must be made to qualified organizations to be deductible. You cannot deduct contributions made to specific individuals, political organizations and candidates.
2. You cannot deduct the value of your time or services. Nor can you deduct the cost of raffles, bingo or other games of choice.
3. If your contributions entitle you to goods or services, you can deduct only the amount that exceeds the fair market value of the benefit received.
4. Donations of stock or other property are usually valued at the fair market value of the property. Special rules apply to donation of vehicles.
5. Clothing and household items donated must generally be in good used condition or better to be deductible.
6. Regardless of the amount, to deduct a contribution of cash, check, or other monetary gift, you must maintain a bank record or written communication from the organization containing the name of the organization, the date of the contribution and amount of the contribution.
7. To claim a deduction for contributions of cash or property equaling \$250 or more you must obtain a written acknowledgement from the qualified organization showing the amount of the cash and a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift.
8. If you claim a deduction of more than \$500 for all contributed property, you must attach IRS Form 8283, Non-cash Charitable Contributions, to your return.
9. Taxpayers donating an item or group of similar items valued at more than \$5,000 must also complete Section B of Form 8283, which requires appraisal by a qualified appraiser.

Pursuant to federal regulations imposed on practitioners who render tax advice ("Circular 230"), we are required to advise you that any tax advice contained herein is not intended or written to be used for the purpose of avoiding tax penalties that may be imposed by the IRS.

CGP Supports Our Community

Senior Services, Inc. of Wichita

Senior Services, Inc. of Wichita is a nonprofit organization. It is dedicated to offering innovative, effective programs that allow older adults and their families to lead quality lives and to continue to make positive contributions to the community. To that end, the agency provides advocacy, information and services to help seniors, their families, friends and everyone in the community who cares about older adults and the issues that face them.

The organization's services include: Meals on Wheels, Senior Employment assistance, Mid Kansas Senior Outreach Program, In-Home Respite Care, Neighborhood Connection, Roving Pantry, and Senior Centers.

You can help in a number of different ways, including volunteering. Contributions can be made in the following ways:

- **Cash Gifts:** A gift by cash or check to the agency as a whole or designated to a particular program.
- **Endowment Gifts:** A gift to the endowment fund is an investment that earns money every year for the agency.
- **Bequests:** Naming the organization as a beneficiary in your

will by designating either a dollar amount or a percentage of your estate.

- **Gifts from Financial Accounts:** Naming the organization as the beneficiary of a savings, checking, CD, etc as P.O.D. (pay on death).
- **Appreciated Assets:** Donating assets (stocks, bonds, real estate or mutual funds), which are then sold.
- **Life Insurance:** Naming the organization as the beneficiary of a currently owned life insurance policy or a new policy.
- **Charitable Remainder Trusts:** Make a gift into a trust fund and name one or more beneficiaries (yourself and someone else) to receive the interest income for their lifetime. Upon the beneficiary's death, this organization will receive the gift.
- **Charitable Lead Trusts:** Make a gift into a trust fund and designate this organization to receive the interest income for a specified period of time, after which the assets are transferred to your heirs.

For more information call 316-267-0302 or see their website at www.seniorservicesofwichita.org.

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Penny Rader, Editor

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Return Service Requested

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