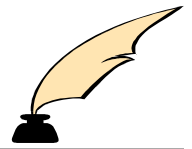


# Accountants' Notes



Volume 10, Issue 2

February 2008

**Have you seen this man?**

## **THE FEDs CAN'T FIND 32,000 PENSIONERS**



*Last seen in the breakroom.*

*If found, please contact the Pension Guaranty Corp.*

The federal organization guaranteeing pension benefits owes these missing people a grand total of \$133 million. If found, the beneficiaries would receive anywhere from \$1 to \$611,028 from the Pension Guaranty Corporation: the average benefit is just under \$5000. The lost pensioners typically started working at companies when they were young, stayed on long enough to be vested, but didn't keep their address current. Other pension holders became part of the corporation's database when they could not be located after their former employer went bankrupt, merged, or mothballed its pension program. To see if Uncle Sam owes you a bundle, go to [pbgc.gov/search](http://pbgc.gov/search).

## **2008 Tax Law Changes in Brief**

Section 179 maximum deduction increases to \$128,000. Phase-out threshold increases to \$510,000.

401(k) maximum salary deferral remains at \$15,500. (\$20,500 for age 50 and older).

Simple IRA maximum salary deferral remains at \$10,500 (\$13,000 for age 50 and older).

IRA contribution limit increases to \$5,000 (\$6,000 for age 50 and older).

Kiddie Tax threshold increases to \$1,800 and now applies up to age 19 (up to age 24 for full-time students).

HOPE Credit maximum increases to \$1,800.

HSA contribution limit increases to \$2,900 for individuals and to \$5,800 for families. An additional \$900 may be contributed by those age 55 and older.

## **2007 INDIVIDUAL INCOME TAX RETURNS**

It's that time of year again:

- We have sent out our prescheduled tax appointment letters. If you did not receive yours, or you need to change the appointment, please give us a call ASAP.
- If you would like a 2007 Tax Organizer, please call.
- As always, you may drop off your information without an appointment at anytime.

## **BWC REPORTS REMINDER**

BWC reports are due **February 29**. If you have not provided us with your 3rd and 4th quarter payroll information and the original BWC Payroll Report, please do so immediately.

BWC does not accept postmark dates.

## **CORPORATE TAX RETURNS**

Your corporate tax returns are due March 17. Please provide us with your information prior to February 15 and we will make every effort to have your returns done by March 17. If we do not receive your information by February 15, we will need to file an extension.



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## New Year's Financial Resolutions! (Part Two)

As you recall, phase one is the Accumulation Phase – the period of accumulating assets that will contribute to your wealth - If you missed Part One, please refer to the January Newsletter online at [www.winfree.net](http://www.winfree.net).

As you progress through the Accumulation Phase you should review your 'Plan' annually to determine if your goals have changed and to ensure that your actions are on target towards meeting your goals. As you get closer to the next phase, financial reviews are even more imperative.

Phase Two - The Retirement "Red Zone"\* - 5 years before and 5 years after your target retirement date.

What do you see in your retirement future?

- Where do you want to live? Do you plan to stay in your current home? Downsize? Live part of the year where you are and part of the year in another location?
- Do you want to work part-time? (So people do, some do not!)
- Do you want to travel? Abroad? Cruises? RV'ing? What hobbies do you want to continue? Golf? Boating? Crafts? Education? Hunting?

The review and adjustment of your current expenditures for future dreams and wishes is very important during this time period to allow for verification of your future cash flow and for the projection of future revenue sources.

If your current plan for achieving financial independence does not satisfy your anticipated retirement needs, there are four options:

- *Live on Less* – Decrease the desired standard of living during retirement
- *Save More* – Increase monthly savings to provide the capital needed
- *Earn More* – Earn more on your money today to increase the value of your savings. Earn more on your money during retirement to make the savings last longer.
- *Delay the Day* – Postpone retirement until enough has been saved to meet your income objectives.

If a single option is not reasonable, a combination of two or more of these options may be necessary.

Keeping a closer 'eye on the ball' during this time period and never letting it out of your eye-sight is so extremely important. This focus period prior to your projected retirement date is the time to levelize your cash flow, optimize planning for tax analysis and retirement investments withdraw strategies to maximize possible earnings to plan for your desired lifestyle over the next 30 or more years.

To be continued.....