

2009 Year End Organizer Client Letter

Dear Client,

We are surprised how quickly the year has passed! On the income tax scene Congress continues to work on last minute income tax bills as of the date of this letter, but you can be assured we stay abreast of all the latest changes as they occur! With the economic issues this year you can be sure that we will work more diligently than ever to keep your tax bill at the lowest legal amount.

We have instituted several new changes to both streamline our operations and provide additional services to our clients. Call us to discuss the following.

- ✚ We've changed our corporate domain name to tpeterscpa.com. Both our email and website addresses have therefore changed
- ✚ Our website (www.tpeterscpa.com) has been redesigned, offering a wider variety of content including a newsletter, downloadable client documents, and additional service offerings
- ✚ We've upgraded our online portal to provide enhanced document security
- ✚ We're happy to now offer our clients the option of paying their fees with a credit card using PayPal! This is a fast and secure online transaction made directly through our website

CASH FOR CLUNKERS

Good news - if you traded in that old junk vehicle under the cash for clunkers bill you do not have to pay tax on the credit you received! No, we don't even need to know about it unless you use your car for business, and even then you don't pay tax on the credit.

HOMEBUYER CREDIT

If you (and spouse if married) bought a home in 2009 please provide the HUD home closing statement with your income tax information. Congress has made a number of changes to these rules recently, so please provide the new home information any time you purchased a new home this year, even if it is not your first home.

NEW CARS OR TRUCKS

Several special new tax deductions and credits are available this year if you bought a brand new car, light truck, motorcycle or RV during the year. If you bought a new vehicle, please provide us a copy of the invoice so that you get this special credit or deduction.

MORTGAGE INTEREST

Recent IRS scrutiny of home mortgage interest deductions now require us to carefully track re-financings and the use of loan proceeds. Please provide us with any new home loan information, closing statements from any re-financings, and a summary of what any additional loan proceeds were used for.

CHARITY

A scary IRS court case in 2008 reminds us of the rules on charitable contributions. ALL deductions of any amount must have a receipt. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.

PROPERTY TAX

There is a special property tax deduction available in 2009 for property tax paid on your personal residence. Even though we have not needed this amount in previous years for some people, everyone should provide us with this amount this year, if you paid any property tax in 2009.

FOREIGN ACCOUNTS

If you have read any news in the last year, you know that the IRS is looking closely for offshore accounts. If you have an account with over \$10,000 in a foreign country, or a foreign business ownership (not through a mutual fund) please let us know as some special rules will apply to you.

MILEAGE DEDUCTIONS

Deductible mileage rates changed during the year. Please provide us with the number of medical miles you drove during the year for this deduction. This includes trips to the doctor, dentist, pharmacy, dialysis, etc.

EDUCATION CREDITS

A major revision of college credits by President Obama has provided us with the new "American Opportunity Credit", a special credit for undergraduate college students. If you have children in college or approaching college, please discuss options with us to assure that you receive the best benefit for these costs.

ROTH IRA CONVERSIONS

You will be hearing from lots of "experts" this year that you need to convert your retirement accounts to Roth IRAs. While there are a number of advantages to conversions, there are an equal number of disadvantages that carry some major tax consequences. Please do not convert your accounts in 2010 without contacting us to discuss the impact, both positive and negative.

GIFT CHANGES

Effective 1/1/2009 the amount you may give to one person in one year without any return filing requirements has been increased to \$13,000.

ENERGY CREDITS

The residential energy credit has been reinstated starting in January of 2009. If you added or are considering adding storm windows, doors, insulation or a furnace, the Federal credit is 30% of the cost of the product, plus installation fees for furnaces, up to a maximum of \$1,500 for your home. There are also tremendous credits available for solar power, geothermal and wind energy that you should discuss with us if you are considering these changes. There is still a special tax credit for some new hybrid cars bought in 2009, so please provide that information to us as well.

WORTHLESS STOCKS AND BONDS

If you own stocks or bonds that became worthless this year (such as General Motors), please be sure to provide us with the cost and purchase dates so that we can take any allowable deductions.

FUTURE INCOME TAX RATES & OTHER

With record Federal deficits predicted for the next 10 years, it is a foregone conclusion that future tax rates will be substantially higher than today. If you are considering selling property or stock there is a good chance that 2009 will be the lowest capital gains rates any of us will ever see again, and the 2009 rates continue to be the lowest rates since before World War II. You might want to discuss some tax strategies with us if you are expecting a major asset sale in 2009 or 2010.

There are literally hundreds of other changes, extensions and deletions that we will consider this year while preparing your return. Because of these changes, we are requesting everyone to try to have their tax information in to us no later than March 19, 2010. Please rest assured that we will utilize our best resources to once again provide you with timely, complete and accurate services while keeping your tax burden to the lowest legal amount.

Thank you again for your continued support.

Sincerely,

Tracey S. Peters, CPA