



FINANCIAL FORECASTS, INC.

TAX PREPARATION & PLANNING

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Dear Clients:

“Working smart” is a thoughtful process, once learned it can apply to your daily work, investments, health care and income tax. Knowing the basics and benefits allows you to make better decisions and avoid costly mistakes. Our computer age has brought with it sensory overload, so being able to stay on top of decisions and not getting pulled into the muck and mire will produce better results. Previously, we discussed complexity vs simplicity and “working smart” is the next step.

The 2007 income tax year is seeing a more prominent IRS, they seem to have awoken and are doing more letter audits and general reviews. With the advent of E-filing taxpayers have been lulled into the sense that recordkeeping is less important as the return can be filed in moments and acknowledged with refund in a few days. IRS does not have to keep records, the taxpayer is responsible to support all items on the return for three years normally. We have suggestions for more effective and less time consuming recordkeeping.

This year we have few direct changes to the tax system. Energy credits are still available, but a small benefit and it is cumulative so if you did the maximum last year, you are done. The Alternative minimum tax patch that the congress passed is not a reduction, but an extension of the prior patch, so if you had AMT last year (and this year is similar) this will not change anything. Contributions require more proof, this tightening is still in effect.

Now is the time to start collecting the various financial mailings: W-2's, 1099's, mortgage and brokerage statements. Anything that says “IMPORTANT TAX INFORMATION” OR “YEAR END SUMMARY” is a collectible. Remember to answer the questions on the front and back pages of our tax organizer as your situation changes and we need to know.

Our newsletter “Financial Insights” talks of retirement and important things to ponder. Take it all in, it is good for you. We encourage your earliest appointment. It gives us more time to ask questions, plan for changes in the New Year and make last minute maneuvers. **WE WILL BE OFFERING WEEKEND APPOINTMENTS (Saturday/Sunday) DURING FEBRUARY ONLY.**

Sincerely,

A handwritten signature in black ink, appearing to read "Barry B. De Marr".

Barry B. De Marr, CFP, EA