

# WE HAVE MOVED TO SUITE #318

## FINANCIAL FORECASTS, INC.

financial planning and tax preparation

January 2013

Dear Clients:

A New Year is upon us and our elected officials have saved us from another danger that they created by not doing their work timely or seriously. This continues a dangerous precedent, as we jump from one calamity to another with emergency provisions. Short term horizons are always bumpy. "Raise taxes on the rich", the crowds cry out, that will solve everything. Our government spends 2 to 3 dollars for every dollar they collect. More money equal more spending. The USA has no functional budget or accounting anymore as a result of the "Bailouts", "War on Terror", and off the budget items (Social Security, Medicare). Congress is not able to make any functional decisions anymore. What does this mean for you and your future?

WE ARE ON OUR OWN! No help will come from the government side if you are personally successful. We are seeing a new definition of rich, it moved from millionaires, to people earning more than \$250,000(?) and now to \$450,000(?). The bottom line is the government needs more money and the identification of the rich is already up for discussion. It is only a matter of time until they come down to lower levels as they realize that they are not collecting enough money. They have a hole in their pocket. We encourage (in order of importance): maximum contribution to DEDUCTIBLE retirement accounts, reduce debt, avoid creating new debt, work on your profession (training you pay for if employer will not), avoid the chase of lowest interest rates (looking to pay it off is the goal), careful with education loans (they are now dangerous), college savings plans only if you have done all the others first.

We encourage you to fill in our tax organizer, paying particular attention to personal data on page 2, questions on page 11 and page 12 with signature to request E filing. We encourage you to provide us with original (copy) data forms for W2, 1099's, 1098, rental schedules (Sch E) and business details (Sch C), if applicable. You do not have to write in items that you are providing the original documents for. We will enter those directly from the forms.

Nothing new in the tax law this year, but change is in the wind, we will keep you posted. The IRS is encouraging E filing, which simplifies the transmission, but does not reduce your level of documentation. You need to keep your supporting documents for 3 years (we recommend 5), all contributions require receipts, contributions of \$250 or more require acknowledgment from the charity, if you sold any stocks or mutual funds we will be asking about "basis"(what you paid for the investment). Recent law changes have pushed a lot of this onto the fiduciary, look for your "YEAR END STATEMENT".

We always appreciate your business and look forward to helping you achieve financial success. We encourage your earliest appointments. WE WILL BE OFFERING WEEKEND APPOINTMENTS (SAT/SUN), FOR ALL OF FEBRUARY. TAKE ADVANTAGE OF THEM!

Sincerely,



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