

The MFAC Report

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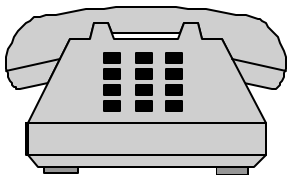
SUMMER 2007

BUNDLE UP! For Savings and Safety

By Janet Gardner

Should you “bundle up”? Do you even know what I mean? Telephone, cable-tv, and Internet companies are offering bundled services wherein all three are provided. You pay one bill per month. Not only do you save on fees, but also your time and postage by only paying one bill. Some companies even offer to include cell phone service in the bundle.

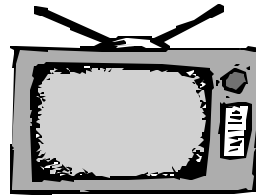
It is confusing to try to sort out which is the best offering. I keep looking at the various offers and have to follow my own advice to you. Get copies of your last three months bills for telephone, Internet, and cable-tv. Add them together and divide by three. This will provide you with your monthly average costs for all three services. Then, check with your providers for the best



deal they can give you - long term. Determine if there is a discounted signing promotion as that is usually a temporary lower price in order to obtain your business. These can range from a special rate to free cable-tv channels. Be aware that many of these bonuses will end at a certain time, usually after three months. Compare and make the decision. Also, compare modem speeds that are offered for Internet service as well as telephone areas included in your base price to make sure that you are comparing like services.

There are pros and cons to moving all your telephone, cable-tv, and Internet services to one provider. If you move from your hard-wired land line to VOIP (Voice Over Internet Protocol) and there's a power outage, you would likely be without telephone service.

And, just as an aside, here's a tip for you. Even if you have hard-wired telephone service make sure you have at least one telephone directly hooked-up to it. If you have wireless telephones in your home you will lose service during a power failure. Here's another matter about which to think. How reliable is your Internet service? If you currently have delays and/or interruptions surfing the 'net,



you're probably going to have at least some issues with VOIP. Of course, if you have a cell phone, you still have service available. But then again, is your cell phone reliable where you live?

The people I know who have bundled say that the change in telephone service is seamless. They have good reception and service. Additionally, you usually can keep your current telephone number.

In order to use Internet phone service you have to have broadband service. It will not interface with a dial-up modem.

Be aware that there could be problems with 911 calls. When you call 911, usually you are in need of services at a certain physical address, like your home. Internet phones use an IP address, which can change each time you log on, rather than a physical address. Some providers have found a way around this problem. You will need to check with whichever provider you are looking to use to see how they are dealing with this issue.

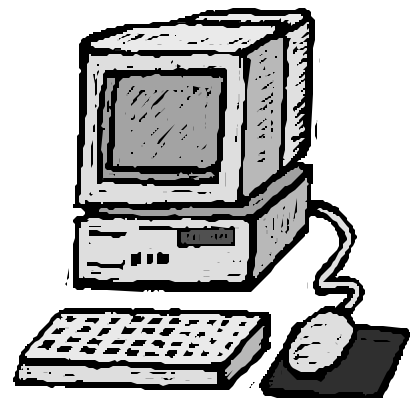
You used to need a degree in computer programming (or know a 12 year-old) to

install a bundle since you had things to install, wires to move, and possibly use your computer and a headset to make calls. Things have become much easier as technology has greatly improved. Now you just plug in a couple of wires and you're done.

We believe that people who make numerous long distance calls will benefit most from bundling. Some companies include voice mail or caller ID in their plans. If this is an addition you would like without additional fees, bundling might be right for you. Basically it boils down to this-do your homework. You can make an informed decision with information.

I know that this has nothing to do with bundling but here is a great tip for you. Don't get charged to find a phone number by calling 411. Call 1-800-FREE411 instead from your regular or cell phones and there will not be any charges.

Happy bundling!



Heard In The Hall

On April 24, 2007 Mitch attended a meeting of the AICPA Personal Financial Planning Conference Planning Committee in Durham, NC. He also attend California Jump\$tart Coalition Members' and Board of Directors' meetings in San Francisco on April 26th. Mitch was featured on KNX radio on May 9th on the subject of preparing for a disaster during the recent wildfires in So. Calif. On May 10th and 11th he attended a CalCPA Personal Financial Planning Com-

mittee meeting in Shell Beach, CA. He also attended a meeting of the AICPA Council on May 21st and 22nd in Washington, DC. Mitch attended CalCPA Communications Advisory and Financial Literacy Committee meetings in Redwood City, CA on June 4th and 5th respectively. On June 6th he attended an AICPA/CICA PrimePlus/ElderCare Task Force meeting in Las Vegas and on June 7th and 8th Mitch, Tad Jakes, Tom Trent and Karen Cho attended

the AICPA PrimePlus/ElderCare Conference. Mitch was also a panelist at the conference on the subject "Marketing ElderCare through Networking." On June 12th, Tad and Karen attended the CalCPA Education Foundations conference on retirement plans. On June 15th Mitch gave a presentation to the CalCPA Orange County/Long Beach Chapter on "Investing for a Secure Retirement," at Disneyland.

Tips & Alerts

Are you pumped or pumped out?

By Eva Meza

Summer is just around the corner, but if you're in L.A. it feels like summer is already here due to the insanely high gas prices. We all keep waiting and hoping to see them drop again, at least a few cents below \$3, but it doesn't look like that'll be happening any time soon. So wise up and save up with a few tricks of the trade to help conserve your gas mileage:

Tis better to get there late than... *This one can not be stressed enough,*

Drive sensibly and stay within the posted speed limits. Gas mileage decreases surprisingly fast at speeds above 60 MPH. Aggressive driving, speeding, frequent "jackrabbit" starts and stops can lower your gas mileage by up to 33% on highways and 5% around town. Driving the posted speed limit is also safer for you and the cars around you, saving you more than just gas money (maybe a speeding ticket?).

Get rid of the junk in the trunk

Having unnecessary items in your car, especially heavy ones, can de-

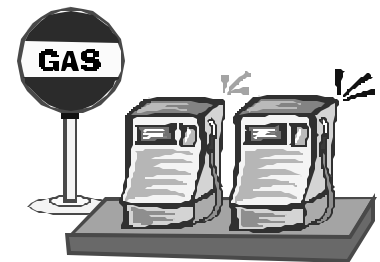
crease your MPG by up to 2%. This applies more to smaller vehicles than larger ones.

Idling

Gets you a whopping 0 MPG, regardless of how well tuned or efficient your engine is. It wastes fuel, costs you money and pollutes the air. Larger engine vehicles are affected by this more than smaller engine vehicles. If it's safe to assume you'll be sitting for an extended period of time, turn off the engine.

Avoid getting sick

Keep your car in tip top shape. Tune your engine according to your owner's manual. This can increase gas mileage by up to 4%. Increases do vary based on the condition of car but keep in mind that fixing a serious problem like a clogged air filter can increase mileage by as much as 10%. Filters keep impurities from damaging the inside of your engine so make sure they are clean. Check your tires and make sure they are properly inflated and aligned. Under inflated tires can lower mileage by 0.4% for every psi drop in pressure of all four tires. Properly inflated tires last longer are safer



and give you about 3.3% more mileage.

These are a few things you can do now to help limit the number of visits you pay to the local gas station. There are numerous other options to consider; it could be time to consider an Alternative Fuel vehicle or Hybrid Electric vehicle. Travel smart, loaded roof racks create wind resistance; try fitting your travel needs in the trunk. Use overdrive gears and cruise control when appropriate. Search for the lowest gas around on www.gasbuddy.com. However, don't drive miles out of your way to fill out as this negates any savings. Be skeptical of claims from products that will boost your mileage in absurd amounts. The EPA has tested a myriad of these supposed gas-savings devices and found that very few provide any fuel economy benefits. The EPA website is www.epa.gov. All this and much more information can be found with a simple Internet search on "gas saving ideas" or visiting the DOE homepage at www.energy.gov.

From The Corner Office

Saving and Investing (Is There A Difference?)

By Mitchell Freedman, CPA/PFS



We often hear and read about the words saving and investing as if they are synonymous. They are not! In fact, each is quite different. A colleague of mine once said to me, "saving takes willpower and investing takes brainpower." So much is said by that brief sentence. Both require discipline in order to achieve success but, investing requires knowledge. To wisely invest people must know why or for what they are saving (goals), how long they will need to be saving to attain the goals (time horizon), and the danger or jeopardy that they are willing to place their saved assets (risk tolerance). Only then can they construct

an investment plan that suits them.

Saving. – There are many ways to save. A few examples are: Putting money aside into a savings account; having money withheld from salary and deposited into a 401(k) plan; and contributing to an IRA account. To accomplish this you must have the discipline to do it – regularly.

Investing – In order to successfully invest one should keep in mind that regardless of the amount of the money saved which you wish to invest you must diversify your investments into asset classes and also sub-asset classes. The principal asset classes are: Equities (stocks and stock mutual funds and ETFs), bonds (individual bonds and bond mutual funds and ETFs), and cash

(money market funds and accounts and other short term liquid financial instruments). The correct mix or allocation depends on the investor's goals, time horizon, and risk tolerance. Further diversification into sub asset classes (large, mid, small, international, REITs [just to name a few]) will be required to achieve the financial goals with a level of volatility with which you are comfortable.

Having the willpower to accomplish a solid savings plan is a great start. If you need assistance with the "brainpower" part of an investment plan please contact us and through our registered investment advisory firm, MFAC Financial Advisors, Inc., we will help you develop, implement, and monitor your investment plan .

Tax Notes

An Editorial, With Just a Few Facts

By Tom Trent, EA

Unless you're among the willingly unaware, it's plain to see that the Federal government has some serious fiscal problems that need to be addressed. Medicare will soon run out of funds to pay its promised benefits. This year, for the first time, the Medicare Trustees issued an official "Medicare funding warning" which legally requires the President to propose and Congress to consider, legislation to address the Medicare funding crisis. Social Security sees its own crisis looming as the baby boomers start retiring and the trust fund will be exhausted in less than 35 years. And did I mention that as I write this, our national debt is over \$8.8 trillion dollars and the interest expense alone on that debt cost us an average of \$885 million dollars a day in the month of April.

How the government will ultimately deal with these crises is unknown, but even before the Democrats regained the majority in both houses of Congress it wasn't hard to see the possibility of higher taxes looming on the horizon. The Democrats say that we can cure our ills, fund the war on terrorism, including that being waged on the Iraq front without a tax increase. They say closing the tax gap (from those who don't pay or underpay their taxes) and eliminating abusive tax shelters, combined with increased funding for the Internal Revenue Service will raise all the funds we need. Of course, government hasn't been able to close the tax gap in decades, so what makes them believe that they can do it now?

Taxpayers would be wise to both

brace themselves for tax increases and take advantage of today's lower taxes while they can. For example, since 2003 the current top Federal tax rate on most long-term capital gains has been 15%. But this rate is temporary and is scheduled to only last through 2010. After that, under current law, it will revert to the prior 20% rate. But lawmakers can change their minds and change those rules, and it wasn't really all that long ago (10 years) that the capital gains tax rate was 28%. But lawmakers could change rates sooner than 2011.

Higher future tax rates are definitely something to consider when deciding whether or not to do a tax deferred exchange, rather than bite the bullet and pay the gains tax now.

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Telephone: 818-905-0321

Telecopier: 818-789-0484

15260 Ventura Boulevard, Suite 940

Sherman Oaks, CA 91403

MFAC FINANCIAL ADVISORS, INC.

AND

MITCHELL FREEDMAN

ACCOUNTANCY CORPORATION

The MFAC Report

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INSIDE THIS ISSUE

- | | |
|--|---|
| Bundle Up! - Cable, Telephone & DSL packages. | 1 |
| Tips & Alerts—Are You Pumped? Gas Prices Got You Down? | 2 |
| Heard In The Hall | 2 |
| Corner Office—Saving and Investing | 3 |
| Tax Notes—An Editorial (Are Tax Hikes in Our Furture?) | 3 |

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