

The MFAC Report

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Preparing For Your Departure

By Janet Gardner

This may seem like a morbid question, but it's one that we all will have to address at some time: What type of funeral will you have? No, I'm not asking if you want people to party a la New Orleans style, mourn for days, or even what your friends will say. I'm speaking about all of the expenses which can be very costly. You may want to consider not leaving these decisions to your loved ones, especially since they might be overwhelmed by emotions. Even if you don't purchase any of the items needed, at least consider having everything researched, planned and documented to help make your wishes known. Let's review some of the items involved which will hopefully assist you in your decisions.

In 1984, a Federal consumer law (16 CFR Part 453) was passed dealing with death matters. There are several points addressed in this law:

- If you visit a funeral home to ask about prices, they must supply you with a detailed, printed list that you can take home.
- If you call a funeral home, they must quote you prices without requiring your name, telephone number or address.
- You have the right to purchase some items, like caskets, from outside the funeral home and they cannot add extra charges to use them.
- A cremation does not require a casket. A company who offers cremations must make alterna-

tive solutions available, such as a simple box.

- Before you buy, everything must be detailed in written form, stating the costs of each item. If something is required by law, it must be noted.

According to the National Funeral Directors Association, the average cost of a funeral in 2004, the latest data available, was \$6,500. Of course, it can be more elaborate (and more costly) or simpler. You can shop around for almost every item needed: caskets, flowers, plots, etc. Most funeral homes have package deals that they would love for you to purchase. But beware of the "traditional" package. This is usually the one that is the most profitable for the home and most costly to the purchaser.

Cremation is generally less expensive than burial. Consider shopping for the options you want, including an urn. Elaborate urns can run into thousands of dollars, just like a casket.

The cost of caskets range from a couple of hundred dollars to thousands. Compare before purchasing and you might be surprised at how much you can save for the same casket. Several online companies and even the big box stores like Costco sell caskets. Some religions have time issues for burials, so it's helpful to know that some stores can deliver by the next day. Just make sure to get all the details before purchasing. Also, be aware that companies cannot hold caskets for future delivery. Check out their websites

before purchasing. If you cannot find the information needed, call before buying.

There are no Federal or state laws requiring that a deceased be embalmed before burial. While many funeral homes won't allow a viewing without it, skipping the embalming and viewing can save up to \$800 or more.

Can't find a plot? Try the Internet. Yes, you read correctly, the Internet. People have various reasons for selling their plots, so they have turned to selling them at a bargain on Craigslist or Ebay. Try the local recycling newspapers too. You just might be surprised at how much you can save purchasing this way.

The newest trend in funerals is "green", which happens to be one of the least expensive options. The casket must be biodegradable – all wood without any nails, paint or varnish, or metal handles. Wood or rope are good alternatives for handles. No embalming and no vault. Everything will return back to Earth. You have to check in your state for their environmental laws regarding burials and for a "green" cemetery.

After you are gone, your loved ones will need several copies of your Death Certificate as legal proof of your death to provide to insurance companies, stockbrokers, mutual fund companies, banks, etc. The mortuary will generally ask how many certified copies are needed. If they don't, they can be ordered through the Health Department. Be aware that they can take up to a month to

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Tips And Alerts

Protecting Your Vacation With Travel Insurance

By Tad Jakes

The bags are packed, the trip is paid for and you're about to leave for the airport, only you hear on the news that a hurricane is approaching the resort at which you were planning to sunbathe. What do you do? Well, if you have travel insurance, you cancel the trip and get a refund. If you don't, you go anyway and hope the hotel has a sturdy shelter, or you cancel the trip and forfeit any non-refundable cash.

With travel season upon us, any would-be traveler should look into purchasing travel insurance for their next vacation. There are two types of travel insurance that can be purchased, and given your vacation destination, one or both should be considered. The first type includes trip cancellations or interruptions and the second is for medical emergencies and evacuations.

Trip cancellation and interruption insurance can be very useful as it covers unexpected situations that cause you to miss your vacation or to leave early. Examples can include falling ill before or during a vacation, a natural disaster, a fire at your home, a call to jury duty or even an accident on your way to the airport. However, when buying this insurance, reading the fine print is imperative because you will only be reimbursed for a covered loss. If you can't go because of work conflicts or you can no longer afford the vacation, then chances are the cancellation will not be covered.

Emergency medical coverage is great insurance to have if your current health insurance provider won't cover you while you're abroad, if you are visiting a remote destination or are taking part in risky activities. Depending on your location, the thought of receiving medical attention from a local hospital can be unnerving. With emergency medical coverage, if you were to fall ill or injure yourself, the insurance would cover the cost to fly you back to the U.S. Or if you were hiking on a remote mountain top and broke your leg, it would cover the cost of evacuating you via helicopter.

The cost of comprehensive travel insurance can run between 5 and 7 percent of the cost of the trip. So for instance, if you went on a \$3,000 cruise, the cost of insurance would run between \$150 and \$210. Many tour companies, travel agencies and cruise lines offer travel insurance, however, keep in mind that if the tour company or travel agency goes bankrupt, chances are your travel insurance will no longer stand. For this reason it is best to purchase travel insurance through an insurance company. Whether it's just for peace of mind, or to protect yourself against a loss you can't afford, it's a good idea to research travel insurance before booking your next vacation.

Tax Notes

Caution: Planning Ahead

By Tom Trent, EA

Here's some good news! If you have income from qualified dividends or long-term capital gains and are in the 10% or 15% Federal tax brackets, you won't pay any Federal income tax on that investment income, this year through 2010. Even better (or not, depending on how you look at it) if you manage to die in 2010, there's no estate tax! Zero tax-rate – you can't get better than that. These tax benefits aren't anything new but rather a result of tax legislation passed by Congress back in 2003.

But it seems like whenever you hear "I've got some good news," it's inevitably followed by "and some bad news" and this time is no exception because in 2011, all that tax legislation and more expires. That is, unless Congress acts, but there doesn't seem to be any rush to do that. If anything, there may be more pressure to raise taxes before 2011. So, what will happen? Here are some things to consider:

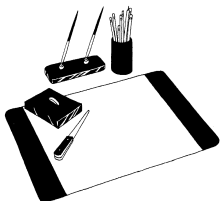
- Personal income tax rates will return to their pre 2001 levels, with a top tax bracket of 39.6% (currently 35%);
- Qualified dividends will be taxed at ordinary income rates;
- The tax rate for qualifying long-term capital gains will increase from the current maximum rate of 15% (0% if you're in the two lowest brackets) to 20% (18% if you have held the property for more than 3 years);
- The estate tax exclusion will decrease from the current level (\$2,000,000 for 2008 and \$3,500,000 for 2009) to the pre-2003 level of \$1,000,000 and the top estate tax rate goes up to 55% (vs. 45% for 2008 & 2009). And remember: The estate tax is repealed for 2010, so this is an astronomical increase.

While chances are pretty good that Congress will jump in at some point to do something about these expiring tax provisions, planning on "a pretty good chance" is foolhardy. Regardless of your politics, it's easy to see that this is very likely to hit you right in your pocketbook. I'll let the politicians argue amongst themselves as to whether that's a good or bad thing.

So, what can you do? Well, you can start by letting your elected representatives know your opinions, whatever they might be. Next, you can start planning now to take advantage of those tax cuts that might disappear. That's where we come in. MFAC is able to step in and assist you with your tax planning needs. We know you need help, we just need you to tell us that you want it.

From The Corner Office

Bubbles Revisited



I'm writing this column at 38,000 feet while flying home to Los Angeles from Florida. Several years ago (Fall 2002) I wrote an article for this column about bubbles. I wrote it to describe how "bubbles" can strip one's wealth. Lately I have been hearing the word bubbles again – a lot. The May 16th Wall Street Journal had an article about bubbles. An economist spoke about one today (May 20th) during the meeting that I attended in Florida. Today's speaker talked about his opinion that there is an oil and energy bubble building. We're now hearing a great deal about the housing bubble. Commentators on financial television ponder about the possibility of a bubble for all commodities. Bubbles, bubbles, everywhere!

Are the events of the past, present, and future really accurately described as bubbles or are they something else entirely? We in the financial services

and investment advisory profession have seen it all before – over and over again. The good times. The bad times. The booms. The busts. What happens to bubbles? Quite simply, they grow and expand until they pop into thin air. Is that what we have seen? Is that what we will be seeing? No, we haven't seen that and I don't think that we will.

Remember the dot-com bubble? Did it pop or was there a decline over a measurable period of time? The real estate bubble? Did prices crash? Not yet! But, they have been declining now for a couple of years and may continue to do so for the foreseeable future. Will there be an oil bubble? Probably not – no popping with prices rapidly declining as the air goes out of the bubble. However, I believe that we will see both moderations and then declines in oil prices.

Why not? Why no bubble? I believe that these economic "events" are merely economic cycles. Yes, cycles, where there are increases, exuber-

ance, speculation, capping, then declining. And the cycle starts over again.

Perhaps I'm wrong, but that's my opinion. As the economist today stated, "we used to have recessions every 3 to 5 years or so. Now it seems we typically go 8 to 10 years before we have a recession." Are recessions bubbles too? I think not. I believe that the financial media creates a feeding frenzy with the discussion about bubbles and, in fact, they exacerbate the potential for ups and downs in the financial markets. CYCLES! That's what I think.

We're looking to save the trees but we need you to assist! Please email us at newsletter@mfac-bizmgt.com and we'll be happy to send you the MFAC Report via the internet. We're looking forward to hearing from you.

Heard In The Hall

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be received.

Of course, making all these arrangements yourself may seem strange, but consider your loved ones. Laying out your exact wishes before you go will save them grief and give you a sense of relief that everything will be handled according to your wishes. So set a budget and look for all that will be needed at your funeral. Remember that mortuaries and funeral homes are businesses that need to operate at a profit. But that doesn't mean that the occasion has to break the bank.

Mitch Freedman attended a California Jump\$tart Coalition Board of Directors meeting in Burbank, CA on March 25, 2008. On April 23rd he attended a meeting of the AICPA Personal Financial Planning (PFP) Conference Planning Committee in Durham, NC. On April 30th Mitch gave a presentation to the students of the Adelphi University School of Business in Garden City, NY. He attended an AICPA PFP networking meeting in New York City May 1 and 2, 2008. On May 18th through the 20th he attended the AICPA Spring Meeting of Council in Amelia Island, FL.

Mitch presented tips to avoid financial

elder abuse June 5th at Temple Akiba in Culver City, CA. He was also a panelist at the New York State Society of CPAs Foundation for Accounting Education PFP Conference on June 19th on the subject of best practices for PFP firms.

Mitch was featured in an article in the May 2008 issue of *California CPA*, in an article titled, "Prepared (Simple Precautions if Disaster Strikes)." *Webcpa.com* printed an op ed piece written by Mitch about PrimePlus/ElderCare Services on April 15, 2008.

Tom Trent and Karen Cho attended the CalCPA Entertainment Industry Conference in Beverly Hills, CA on June 18th

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