

The MFAC Report

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Do You Have The Power? (Of Attorney, That Is)

By Janet Gardner

Many elderly people are aware that, because of their age, they should execute a Power of Attorney, for medical and financial purposes, naming a spouse, family member, or loved one. However, young individuals over the age of 18 should also consider having such powers in place.

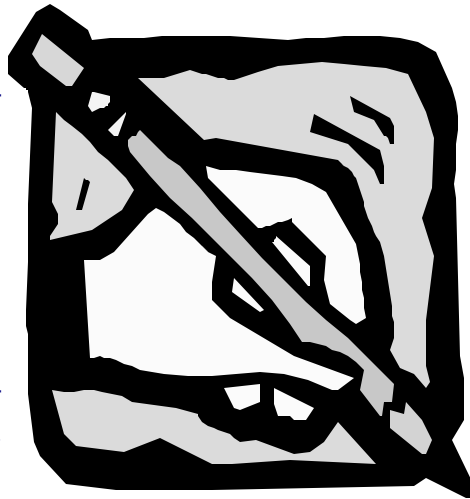
This is an issue to discuss with your children. Even if you are contributing to their financial support or if they are still covered by your insurance, the Health Insurance Portability and Accountability Act (HIPAA) and privacy regulations can prevent the disclosure of necessary medical or financial information, even in the event of an emergency. Last year's Virginia Tech shooting incident, Hurricane Katrina and other events have highlighted the hazards and problems that these privacy rules can create during illnesses, injuries, emergencies, and disasters. Parents can be left scrambling because they are unable to obtain medical information about their adult child.

Established in 1996 and revised and expanded several times since then, HIPAA covers many items, from protecting health insurance coverage for workers when they change or lose their jobs, to the privacy of health information. Health information includes medical records and treatment and other personal health information, such as payment information.

This isn't just a problem related to your

adult children, either. Anyone over the age of 18 could have the same problem. Even your spouse might not have access to information about you.

On a personal level, I've thought this over for quite a while and should something happen to me I know I need to have somebody make decisions for



me. Therefore, I took action by executing a Power of Attorney and health-care directive, and you and your children can too.

The simple remedy is to prepare a Power of Attorney (POA) and health-care directive. A POA is a legal

instrument used to delegate legal authority to another person of your choice. It is generally best to consult with an attorney regarding these matters.

Make sure that whomever you appoint understands your wishes. It may even be advisable to write your wishes down. When giving a POA for financial purposes you will be allowing the designee access to financial records, bank accounts and possibly permitting them to make decisions involving quality of life. One may appoint more than one designee, but you must decide if they will act together or separately. Perhaps one agent can handle finances and the other medical decisions or they may work together.

Remember, when an emergency arises, it may be too late to execute a POA. Plan now for the future by discussing this issue with your children or loved ones. At the same time, it might be a good idea to think about updating your own POAs. Consider contacting us if you would like our advice in this area.

Do you know anyone who could benefit from our services? Please refer them to us and we will be happy to assist them.

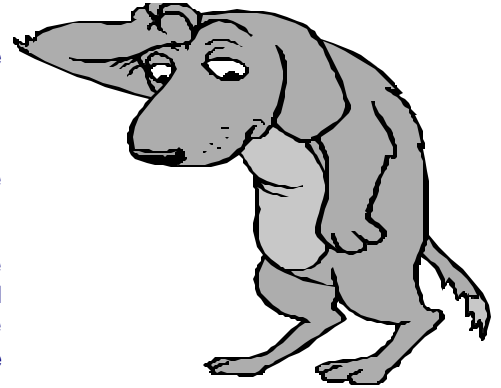
**Read more about HIPAA at
hipaadvisory.com/regs/HIPAAprimer.htm**

Tips & Alerts

Is Pet Care Insurance An Affordable Option?

By Karin Sheard

The cost of veterinary care for pets has been increasing dramatically in recent years. Part of the reason is that the costs of running a veterinary practice have been increasing as it seems everything else has. But, more importantly, veterinarians can now offer services to pets that were once only offered to humans. That's great news for pets and their quality of life, but not such great news for your wallet. According to the American Pet Products Association, we in the US are expected to spend almost \$11 billion at our veterinarians in 2008.



So, why not consider veterinary health care insurance? As with any insurance there are differences in the types of coverage, deductibles, co-pays, caps and premiums. Generally the higher the premium, the better the coverage. Some policies don't cover aging pets and/or chronic or hereditary illnesses, coverage being limited to accidents. Usually, veterinarians do not file the insurance claims: It is up to you to file claims for reimbursement after the treatment. Finding the right policy to fit your needs and your budget will require some research and comparison studies. If you insert "pet care insurance" into your Internet browser you will be able to obtain a lot of good information. You can also consider talking with your veterinarian to determine what would work best for you. Your employer might offer a plan that has already been vetted so ask your human resources department about that as well.

When thinking about risk management and insurance coverage keep pet insurance coverage in mind.

Tax Notes

Year-End Tax Planning

By Tom Trent, EA

Summer is over and the holiday season will soon be here. Before you get too busy, take some time out to plan your year-end tax strategy. Here are just a few things to consider:

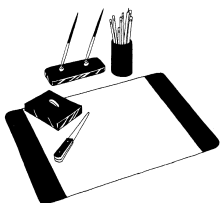
- Unless Congress acts, the 15% Federal tax bracket for long-term capital gains will revert to 28% after 2010, so you might want to consider selling appreciated assets now. Plus, starting this year, for investors in the two lowest Federal tax brackets (10% & 15%), there is no tax on long-term gains. **That's right, the rate is zero!** Even if you're in the higher brackets, that 15% rate is pretty good.
- If you will have capital gains tax, look at your portfolio for underperforming assets with a low potential for improvement that you can sell to offset gains.
- Beware of the Alternative Minimum Tax (AMT). If you're subject to it you lose some or all of the tax savings of certain itemized deductions, most notably those for taxes and miscellaneous deductions, such as investment expenses and employee business expenses. Some planning may help.
- Common itemized deductions that are not subject to AMT include charitable contributions and most mortgage interest, so you may get a tax benefit for prepaying those items.
- If you participate in a 401(k) or SIMPLE IRA plan, make sure you maximize your contribution, at least to your employer's match. Not only are you saving more for your retirement, you're also lowering your taxable income this year. And if you aren't a participant in a qualified plan, make a traditional IRA contribution. Even if you do participate in a plan, you can make a non-deductible contribution which will grow on a tax-deferred basis.
- If you qualify, a ROTH IRA may make even more sense than a traditional IRA. You won't see any tax savings now, but qualified distributions, including income, are tax free.
- You may also convert a traditional IRA to a ROTH if your income is below \$100,000 (the Tax Increase and Reconciliation Act of 2006 has eliminated that income restriction beginning in 2010). When you convert, the distribution will be taxed, but you won't be penalized for early withdrawal.

Year-end planning can help prevent lost opportunities and save you \$\$ when you file your tax return. Contact us. We can discuss with you the above strategies as well as others that may apply to your unique circumstances.

From The Corner Office

Protection Of Your Institutional Deposits

By Mitchell Freedman, CPA/PFS, AIF®



Several of our clients have inquired as to how their accounts are protected or guaranteed in case of a financial institution failure. This column is a brief primer on the subject.

Bank and Credit Union Accounts:

Bank deposits insured by the Federal Deposit Insurance Corporation (FDIC) and credit union accounts insured by National Credit Union Share Insurance Fund (NCUSIF) are insured up to \$100,000 per depositor per bank. The coverage does not extend to money market mutual funds, stocks, bonds, mutual funds, life insurance policies, annuities, or other securities, even if they were bought through an insured financial institution.

Deposits that represent different categories of ownership may be independently insured. For example, a joint account qualifies for up to \$100,000 of coverage for each person named as a joint owner of the account. That coverage is in addition to the \$100,000 maximum coverage for individual accounts for each person.

For retirement accounts the insured limit is \$250,000 and that's in addition to the \$100,000 coverage for individual accounts

As of this writing the U.S. Senate has passed a bill that would temporarily increase the personal insured limit to \$250,000 for FDIC coverage through December 31, 2009. The proposed increased limit is also being considered by the U.S. House of Representatives.

Brokerage Accounts: Most brokerage accounts are protected by the Securities Investor Protection Corp (SIPC). SIPC is not a governmental agency but a nonprofit corporation funded by its membership, which is comprised of broker-dealers registered with the Securities and Exchange Commission. If a brokerage firm is not a member of SIPC they are required to inform you.

SIPC was created by Congress in 1970 to help return customer property, including both securities and cash in brokerage accounts, if a broker-dealer or clearing firm experiences insol-

veny, unauthorized trading or securities that are lost or missing from a customer's securities account. Many brokerages also carry additional private insurance to extend coverage beyond the SIPC limits.

For individual accounts, SIPC covers a maximum of \$500,000 per customer (including up to \$100,000 in cash) at a given brokerage house or clearing firm. As with banks, total coverage can be higher for multiple accounts at one institution, depending on how they're held. Each of your retirement accounts at a given firm is generally eligible for an additional \$500,000 of SIPC coverage (including up to \$100,000 in cash). Remember though, SIPC does not protect against market risk or price fluctuations. The value of securities at a failed institution is determined when a trustee is appointed. If shares drop in value before a trustee is appointed, the loss of value is not covered by SIPC. In general, SIPC covers notes, stocks, bonds, mutual funds and other shares in investment companies, but does not cover investments that are not registered with the SEC.

Heard In The Hall

Mitch Freedman attended a Board of Directors meeting of California Jump\$tart Coalition on June 26, 2008 in San Francisco. He attended a meeting of The All-Star Financial Group in Boston On July 6th and 7th. On July 17th and 18th Mitch attended an AICPA Personal Financial Planning Study Group meeting in Chicago. He also attended a CalCPA Communications Advisory Committee meeting on August 14th in Redwood City, CA. On September 5th he attended a meeting of the CalCPA Personal Financial Planning Committee in Oakland.

Mitch was a speaker at the Source Media Personal Financial Planning Conference on the subject of "Marketing a Personal Financial Planning Practice," in Chicago on July 21st. He was interviewed by Karen Ellenbecker for "Money Sense" on WISN AM, Milwaukee, WI, July 28th, which aired August 3rd and 9th. Mitch was featured in the September issue of *Practical Accountant* in an article titled "Marketing Financial Planning Services"

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



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