

FROM THE DESK OF BRIAN MARUM



Merry Christmas!

LFC would like to wish you and your family a Merry Christmas and a Happy New Year.

May 2010 be a prosperous and joyous new year.

Presidential &

Misc Historical Trivia

1. Who died from a gunshot wound after 6 months as president?
2. What was a campaign slogan from the 1840 Presidential campaign?
3. What president advocated for the annexation of Hawaii in 1840s?
4. What former president operated a haberdashery before entering political life?
5. Outside of Virginia, which state claims the most presidents?
6. Who swore in Calvin Coolidge as president when he learned President Harding died?
7. Which 2 states were admitted to the union on the same day (11/02/1889)?

One of my services is presentations on QuickBooks, accounting, taxes, and general business. If you are interested in attending a presentation, contact the office.

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THIRD EDITION

This edition comes to you before the holiday season is upon us. As we look forward to a wonderful season to be enjoyed with friends and family, it is also a time to reflect on 2009:

2009 has been a challenging year for our economy. Many businesses have worked diligently to reduce costs all the while dealing with reduced or flat sales. There is an uneasiness or apprehension toward the future. However, there seems to be signs that we are turning a corner to economic recovery:

- According to the Wall Street Journal On-line, GDP was -1% in the 2nd quarter of 2009. This compares to -6.4% in the first quarter.
- Unemployment is still stubbornly high, sitting at 9.4% and will continue at this level or slightly higher for

about another year. It does, however, look like it will peak between 9.4% and 9.9% then move downward from there.

- Housing sales of existing homes rebounded in September and surged up 9.4%.
- Companies are looking more bullish on their corporate spending plans for 2010.

So despite the gloom we may hear, the economy seems to be stronger & more resilient than we think.

I would like to thank you for your continued support of LFC. It is greatly appreciated.

Happy Holidays!

Brian Marum

HISTORY LESSON

There is a concern that the tax cut laws of 2001 and 2003 may expire at the end of 2010. The current budgetary problems are putting pressure on Congress to raise revenue. As you may recall, the '01 & '03 laws had a sunset provision. This means that the law would lapse after ten years if Congress does not act to make it permanent. Over the last 9 years,

Congress has not extended the law, or made it permanent. This means that at the end of next year there is a real risk of the law expiring. If that happens, the tax law will revert back to pre-2001 levels.

There are many myths regarding these tax cuts:

1. Tax revenues remain low.

Fact: Tax revenues are above the historical average, even after the tax cuts.

2. Capital gain tax cuts do not pay for themselves.

Fact: Capital gain tax revenues doubled following the 2003 tax cut.

3. Raising tax rates is the best way to raise revenue.

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Someone You Can Trust

Trivia Answers

1. James Garfield
2. Tippecanoe & Tyler too
3. John Tyler
4. Harry Truman
5. Ohio
6. His father
7. ND & SD

Who pays Federal Income Taxes?

(Source: IRS- 2004 tax yr)

1. The top 1% of filers paid 36.9% of all income taxes (AGI: \$328K and above)
2. The top 5% paid 57% of total income tax (AGI: \$137K or more)
3. Top 10% of all filers paid 68% (AGI: \$99K or more)

It is still not too late to experience some tax-savings by implementing these year-end tax strategies:

1. Make charitable contributions (property or cash) before year-end if you know you can itemize deductions in 2009. Remember, charitable contributions made with a credit card before 12/31/09 and paid in January 2010 will be considered a 2009 contribution.
2. Buying a new car, truck, motorcycle, or motor home between 2/16/09 and 1/1/10 can produce a sales tax deduction (up to a certain amount) on you 2009 tax return.
3. The American Recovery & Reinvestment Act of 2009 increases the 10% credit to 30% for making energy-efficient improvements and installing qualified energy-savings property. This credit is available for improvements put in place in 09 & 10.
4. The American Recovery & Reinvestment Act of 2009 extends the additional 1st-year depreciation of 50% of the cost of assets purchased through 12/31/09 for businesses.
5. Review of portfolio to harvest losses from investments that have lost value by selling them to offset other investments that have risen in value (up to \$3000 in capital losses can be deducted).
6. First-time homebuyers can qualify for a home-buyers credit. The credit is 10% of purchase price (maximum of \$8,000). Purchases must be made before 12/01/09.

Source: Lange Legal Group LLC

History Lesson, P. 1

Fact: Tax revenues are related to economic growth, not tax rates.

4. The tax cuts have not helped the economy.

Fact: The economy has responded well to the tax cuts.

5. The tax cuts favored the rich.

Fact: The rich are paying more of the income tax burden since the tax cuts were enacted.

It is important to remember that tax policy should be implemented based on its ability to incentivize capital

formation, savings, investment, and work. The data on the 2001 and 2003 tax cuts is quite clear. Particularly the '03 tax cuts. Keep in mind, the economy was in a mild recession in early 2001 and suffered a tremendous blow due to the 9/11 attacks. The economic performance following the 2003 cuts included:

- The GDP growth rate in the 6 quarters after the tax cuts averaged 4.1% per year.
- S & P 500 increased by 32% over the same 6 quarters after the 2003 cuts.

- Dividend payouts increased.
- In the 6 quarters after the '03 cuts, the economy added 307,000 jobs; this was followed by 5 million jobs in the next 7 quarters.

Source: Heritage Foundation, Backgrounder, January 29, 2007



QUICKBOOKS TIPS

When working with QuickBooks, it is important to learn new ways to operate the software more efficiently. QuickBooks uses shortcuts similar to other software programs such as MS Excel or MS Word.

Below you will find a list of commonly used shortcuts to help you navigate through the software:

Editing

- Delete line from detail area—Ctrl + Del
- Insert line in detail

- area—Ctrl + Ins
- Copy selected characters—Ctrl + C
- Paste cut or copied characters—Ctrl + V
- Undo changes made in field—Ctrl + Z

Activity

- Create invoice—Ctrl + I
- Delete check, invoice, transaction, or item from list—Ctrl + D
- Find transaction—Ctrl + F
- Memorize Transaction or Report—Ctrl + M

- New Invoice, bill, check, or list item in context—Ctrl + N
- Open Customer Center—Ctrl + J
- Open List—Ctrl + L
- Open transaction journal—Ctrl + Y
- Print—Ctrl + P
- Write check—Ctrl + W

By using the above shortcuts, you will be able to use the software more effectively and cut your data processing time considerably.

Source: QuickBooks Basics Manual 2009

TAX FREEDOM DAY

The Tax Foundation produced a study indentifying the day in which Americans stop paying taxes. This includes the total tax burden of local, state, and federal taxes. In 2009, that day is April 13. However, this day varies from state to state, depending on the state and local tax burdens. As an example, the most burdensome tax state is Connecticut. Its Tax Freedom day is April 30th. The most tax-friendly state is Alaska. Its tax freedom day is March 30th. Residents of Connecticut work an additional 31 days just to pay their taxes.

The day of tax freedom

has significantly changed throughout the 20th century. From 1900 to 1917, Tax Freedom Day was January 25th. But WWI more than doubled the nation's tax burden. From 1917 to 1921, Tax Freedom Day was February 21. And, during the 1920s, it remained in February.

The '30s & '40s saw Tax Freedom Day pushed into April as a result of New Deal programs and WWII. The '50s saw a reduction in the tax burden when Tax Freedom Day fell back to March 31.

The 60s and 70s saw

another explosion of the tax burden due to the Great Society programs and the Vietnam War, with Tax Freedom Day falling on April 24th.

Despite efforts in the '80s to reduce the burden of government, Tax Freedom Day was April 22 by 1989. The '90s saw an ever-increasing tax burden which produced a Tax Freedom Day of May 1 in 1999. The latest Tax Freedom Day has been May 3rd in 2000. However, because of the '01 and '03 tax cuts the burden has been reduced by 20 days.

Source: Tax Foundation Special Report April 2009

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