

January 2012

Dear Client,

2011 has to be one of the most unexciting of the past 30 years as to tax changes and things to tell everyone about in my year end tax organizer package. I guess if I wanted excitement to report I should have gone into European politics or the likes. 2011 and 2012 to follow will have very little change in tax rules or rates:

The consumer energy credit that was scheduled to expire was brought back, but with a \$500 cap rather than \$1,500, and if you claimed anything in the past, that goes towards the new lower cap.

We continue to have the preferential rates of tax on long term capital gains and qualified dividends. This includes the "zero" rate of tax for lower income taxpayers and a 15% maximum rate for all others.

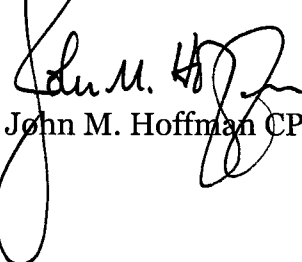
The window with generous estate and especially gift tax opportunities continues at least through 2012. Not sure how many people want to schedule their death before the end of 2012 or with the uncertainty of the economy ahead, want to gift away large sums.

The real deal in taxes will be the 2012 election which we anticipate to be a national referendum on tax and spending policies. Don't get too excited, the one thing we know is that it won't all get solved all that quickly.

One change is that the enclosed organizer completes the loop of my change in tax preparation software. As always, the process of preparing your tax returns is often proportionate with the extent to which you use the enclosed organizer. What does not change is our approach towards working with your data no matter how you organize and present it to us. Don't forget that we do provide this service to a number of people and as such try and think about how we will best receive and understand everything we need.

Many of the tax reporting documents (1099's etc.) don't arrive until late in February. It also seems that many folks procrastinate in getting their materials together. 2012 is a leap year and as such we all get an extra day in the month of February. Why not commit to using that extra day (not necessarily the 29th) to organize your tax materials?

We look forward to hearing from everyone and appreciate the continued opportunity to be of service.

 CPA
John M. Hoffman CPA