

Newsletter

FEBRUARY 2009

Note these tax deadlines

- **February 2** – Employers must furnish employees with W-2 statements for 2008. 1099 information statements for 2008 must be furnished by payers.
- **February 2** – Employers must generally file 2008 federal unemployment tax returns and pay any tax due.
- **February 17** – Deadline for providing Forms 1099-B and 1099-S to recipients.
- **March 2** – Payors must file information returns (such as 1099s) with the IRS. (Electronic filers have until March 31 to file.)
- **March 2** – Employers must send W-2 copies to the Social Security Administration. (Electronic filers have until March 31 to file.)
- **March 2** – Farmers and fishermen who did not make 2008 estimated tax payments must file 2008 tax returns and pay taxes in full.
- **March 16** – 2008 calendar-year corporation income tax returns are due.
- **March 16** – Deadline for calendar-year corporations to contribute to certain retirement accounts and still receive a tax deduction for 2008.
- **March 16** – Deadline for calendar-year corporations to elect S corporation status for 2009.

Put your financial house in order

With another new year underway, now is a great time to assess your household finances, make any needed changes, and prepare for new opportunities. To help you get started, here are a few suggestions.

- **Take control of your credit cards.** Over-reliance on credit cards hurts you in several ways. With interest rates typically in double digits, it's the most expensive way to borrow money. Think of those monthly interest payments as draining off dollars that you could be investing in a home or saving for your later years. And too much debt can hurt your credit score and make other borrowing more difficult. It takes time and discipline to reduce credit card debt, but it's well worth the effort.

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- **Build a cash reserve for emergencies.** Your financial situation can quickly spin out of control if you can't come up with cash when you need it. If you lose your job, you might have to live on reduced income for several months. Or there could be unplanned medical bills, car repairs, or home repair costs. Even if you have insurance, reimbursements can take time, and there are deductibles to meet. Work hard to put aside at least three months' living expenses. Invest it in a safe, liquid account, and resist the temptation to raid it for non-emergencies.
- **Review your credit report.** The law requires each of the three major credit bureaus to give you a free copy of your credit report every twelve months. The reports shouldn't contain significant errors; if they do, make sure the discrepancies get resolved.
- **Make or update a home inventory.** Go through your house with a video camera and describe what you see, along with pertinent information about your most valuable assets (purchase dates, prices, estimated values). Make an extra copy or two of the tape. Keep one for yourself, put one in a safety deposit box, or send one to a friend or relative (preferably in another town) for safe keeping. Should you experience a fire or other disaster, your home inventory can be vital for getting insurance claims approved.
- **Increase your savings.** The start of a new year is often a time when companies provide cost-of-living adjustments (COLAs) to their employees. If your employer provides such a benefit, consider contributing a portion of the increase to your 401(k) plan or other savings account. It's a relatively painless way to save more.
- **Calculate your net worth.** This is a great yardstick for measuring your household's financial growth (or shrinkage) from year to year. Simply put, your net worth is the value of your assets (house, personal property, bank accounts, car, investments) minus your liabilities (mortgage, credit card balances, loans). Widely available financial software can help you automate this task.
- **Set financial goals.** Financially speaking, where do you want to be a year from now? What steps do you have to take now to make that happen? Take time to dream; then put your goals in writing. Thoughtful planning is a first step toward prioritizing both spending and saving.
- **Purge old financial records.** If you're a financial packrat who keeps old cancelled checks and bank statements long past when they may be needed for an IRS audit or your own use, consider shredding them.

If you'd like additional suggestions for setting your financial house in order this coming year, give us a call.

Recovery rebate credit available in 2009

The *Stimulus Act of 2008* provided qualifying taxpayers with rebate checks last year. People who did not receive the maximum allowed or whose circumstances have changed since last year may be eligible for the 2009 version of the rebate – a recovery rebate credit.

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The credit will be based on 2008 tax return information, so filing a 2008 return is necessary. Circumstances that could make a person eligible for the credit include an income change from 2007, the birth or adoption of a child in 2008, a change in the amount of social security or veterans' benefits received in 2008, and a change in dependency status (no longer being claimed as a dependent on someone else's return in 2008).

The IRS Web site at www.irs.gov provides information on eligibility and procedures for claiming the credit.