

From the Desk of ...

Several years ago there was a book out called "Who Moved My Cheese" by Spencer Johnson, MD. It seems like we're always looking for more cheese. Maybe we should just give up on cheese since it's not good for our cholesterol anyway. But until we find a good replacement, here's what we're doing to find more:

In 2005 we started using dual monitors on all our computers. At the time, Microsoft had a study out claiming dual monitors could improve your production by 22%. I don't know if I can buy into 22% but I can easily agree on 10% to 15%. At the time, some of our staff thought I was crazy but soon began asking when we could get a third monitor. Some of our CPA friends claim that going from two to three monitors will increase your production just as much as going from one to two. We plan to use three monitors this tax season. When you think about going paperless (I prefer to call it less paper), you really need more than one monitor to see everything since you don't have the paper on your desk. Some of our clients have started using dual monitors and now believe in the benefits. We'll be happy to give you a demonstration the next time you're in our office.

Another way we are trying to find more cheese is to find ways to have the virtual office we keep hearing about; you know, the ability to work from anywhere you have an Internet connection. We have resisted this for some time claiming the technology is just not quite ready. Maybe it's the other way around and we're not ready for the technology. So, we're going to get our technology up to speed and this tax season we plan to have people working part-time from home. They will be able to log into our server and do almost anything they can do in the office. Some of you remember Lisa Zaldivar and Andrea Moravec who used to work in our office. Lisa moved to California to be closer to her family and Andrea's husband got out of the Army and they are moving to St. Louis. Lisa and Andrea will both be working part-time from home this tax season. I think the virtual office has a lot of potential for us in the future.

Technology is a wonderful tool to help us find more cheese but it will never replace being in the office on Goodie Day.

Brent Sumner, CPA

Managing Your Small Business Through Tough Times



Guess what? It's official, we are in a recession. Most small business owners have known this for awhile. The small business owner is on the front line of the economy – they know what is selling, what works, and they know all about hard work themselves. We get questions about managing the demands of a small business all the time. And now we are getting questions about how to steer that business through these tough economic times. We have compiled a list of suggestions and advice. All of these may not be right for you, but pick out what you think can help your situation. And do ask us for help.

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The Worker Retiree and Employer Recovery Act has suspended required minimum distributions from defined contribution plans and IRAs for 2009. This applies to those over 70 1/2 as well as beneficiaries of these plans.

Managing Your Small Business Through Tough Times

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Payroll:

- If you have loaned personal money to your business, and you normally receive a payroll check, consider repaying the loan before taking additional payroll checks. This will save you FICA taxes.
- Review staffing levels and efficiencies. Eliminate processes that do not add proportionate value. Eliminate data gathering and reports that are not used to make management decisions. Make sure employees are not duplicating one another's work. Consider outsourcing to reduce costs and increase efficiency.
- On the flip side, retain key people. Great employees will help your business weather difficult times.

Banking:

- Establish a good relationship with your bank. Negotiate a larger line of credit to provide a cushion for your business.
- Keep your financial statements current, as banks are evaluating these more closely these days.
- Protect your credit so you can get a loan if you need one by paying bills on time.

Management:

- Review your accounts receivable closely and step up collection efforts.
- Invest funds in technology that will improve productivity. If you need to purchase equipment, take advantage of bonus depreciation.
- Take a hard look at discretionary spending. Table nonessential purchases to reduce cash outlays.
- Do not shortchange marketing – but do monitor results and target your marketing money wisely. Get feedback from your customers.
- Be sure to review your asset schedule and eliminate items you no longer own. You don't want to pay business personal property tax on assets you have trashed. And, when appropriate, challenge property tax values on real property.

Around the Office

We would like to introduce two new members of our staff.

Kathy Watson joined our accounting staff in November. Kathy is a 1992 graduate of the University of Michigan and completed additional accounting studies at Fayetteville State. She has lived in Fayetteville since 1996, and along with her son, Ethan, is an avid movie fan. She is also an active member of the Junior League and we are delighted to have her as part of our staff.

Carla Robinette joined us in October as part of our small business services staff. Some of you may remember seeing Carla helping out around here while she was a teenager. Carla's dad, Charles Henley, worked with us as office manager and computer tech in the late 90's and Carla often came in to help with filing. We are very happy to have her "really" working for us now. Carla and her husband just welcomed their second child, John Alexander, on November 16th.

Andrea and her husband, Ben also had a baby boy,

Education Savings Questions?



1. How can I benefit from a loss in a 529?

If you have a significant loss in a **529 plan**, the account can be closed and the loss can be deducted as a **miscellaneous itemized deduction** on your tax return.

CAUTION: The loss is limited to the extent it exceeds 2% of your adjusted gross income.

2. What is an alternative to a 529 or pre-paid tuition plan?

If parents (or more likely grandparents) of a child qualify to contribute to a **Roth IRA**, withdrawals can be made in as little as 5 years **to pay for college expenses**.

Grandparents are more likely to take advantage of this opportunity because of the age and income requirements associated with a Roth IRA. Tax and penalty free withdrawals from a Roth IRA can be made after 5 years to pay college expenses. The contribution limit is phased out when modified adjusted gross income is between \$159,000 and \$169,000 if you are married filing jointly and between \$101,000 and \$116,000 if you are single.

For more complete information about the 529 savings plan, including investment objectives, risks, fees and expenses associated with it, please read the issuer's official statement. The issuer's official statement can be obtained from your financial advisor. Please read it carefully before investing. Please consider, before investing, whether your home state offers any state tax or other benefits that are only available for investments in your state's qualified tuition program. Other benefits may include reduced or waived program fees, matching grants, and scholarships to state colleges. Any state-based benefit offered with respect to a particular 529 college savings plan should be one of many appropriately weighted factors to be considered in making an investment decision. You should consult with your financial, tax or other advisor to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances and you also may wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits and limitations of that state's 529 college savings plan.

Connor Stephen, on November 16th. Yes, that's right, same date, different hospital. Ben made it back from Afghanistan in plenty of time for the birth, so all is well and we are grateful.

Heather Godwin recently completed the requirements set by the National Association of Certified Professional Bookkeepers to earn the designation of Certified Payroll Specialist. Congratulations, Heather!

We are rapidly gearing up for "Tax Season". We spent the month of December finishing up our continuing education to make sure we are up on the current changes in the tax law. We also participated in payroll classes, NC tax classes, and software update classes. We are about tired of classes and ready to get back to work!

*Mary Vizer, Financial Advisor
Securities offered through 1st Global Capital
Corp. Member FINRA/SIPC
Investment Advisory Services
offered through 1st Global Advisors, Inc.*

Beginning this year, your brokerage statements may be received later than usual. They now have until Feb 15th to get your 1099-B to you.

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2009 Updates

2009 Retirement Plan Limits:

- 401(k) deferrals \$16,500. Catch-up \$5,500.
- SIMPLE deferrals \$11,500. Catch-up remains \$2,500.
- IRA contributions \$5,000. Catch-up remains \$1,000.
- Considered compensation increases to \$245,000.
- The maximum addition for 2009 is \$49,000, plus catch-up, if applicable.

Sec. 179 deduction for 2009 is reduced to \$133,000 unless new legislation is enacted.

Standard mileage rate for 2009 is 55 cents per mile for business travel.