

Tips & Tidbits

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Tax Tips

Whether you like it or not tax time is approaching again.

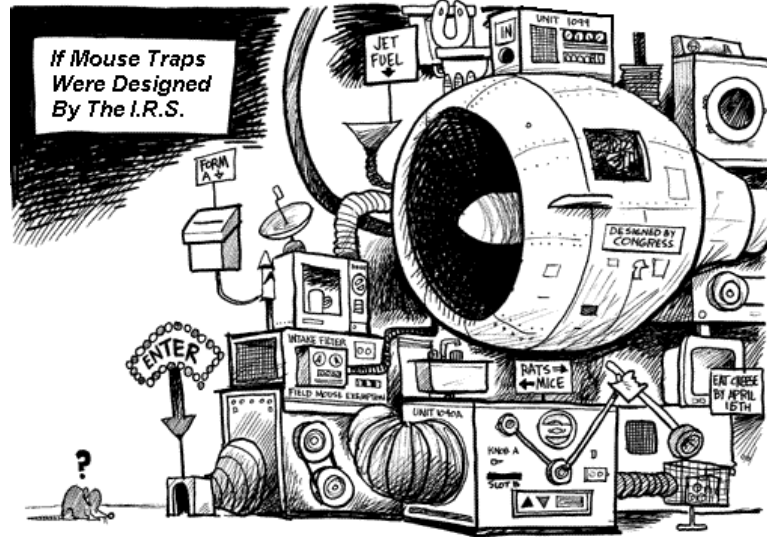
Don't let yourself get stressed worrying about preparing your taxes!

While congress continues to make the tax laws more complex with each passing year, both Gary and Steve are here to make the process as simple and painless as possible. We would like to emphasize that getting an early start is a great advantage as it removes the pressure of the deadline and may even give you a chance to do last minute planning. Remember, even if you owe taxes at year end, you can file early and not pay your tax bill until April 15th.

As usual, congress has implemented changes and extended some provisions that expired at the end of 2003.

Below you will find a brief description of some of the changes recently announced as well as other pertinent information you may find helpful:

- Ø Educators Deduction - extended through 2005. Remember to keep your receipts.
- Ø Clean Fuel Vehicle Deduction - extended through 2005 with a new vehicle qualifying for the deduction.
- Ø Child Tax Credit - taxpayers with a credit amount greater than their tax can now get a larger refund.
- Ø Combat Pay - Some military personnel receiving combat pay get larger tax credits as a result of two law changes.
- Ø Expense Limit For SUV's Reduced - Businesses should be aware that SUV's placed in service after October 22 have a section 179 limit of \$25,000.00 compared to \$100,000.00 through the 22st.
- Ø Sale Of Personal Residence Acquired In A Like-Kind Exchange - no exclusion on the sale of principal residence will be allowed unless the sale is more than five years after the like-kind exchange on sales after October 22, 2004.



- Ø Sales Tax Deduction - Taxpayers that itemize will have a choice of claiming state and local income tax deduction for either sales or income taxes on 2004 & 2005 returns.
- Ø 2004 mileage Rates - 37.5 cents a mile for all business miles and 14 cents a mile for deductible medical, moving and charitable miles.

Within the next several weeks our tax clients will be receiving a year end tax planner. This planner is provided to help you gather the information needed to complete your tax returns as well as asking key questions about changes that might have occurred during the year. As always, if you have any questions about gathering information or any other tax issue, we are here and look forward to helping you through another tax season.

Mortgage Loans

Do you know your FICO score(s) or even what is a FICO score?

I'll start by explaining that the FICO score was developed by Fair Isaac & Co. in the late 1950's to condense a borrowers credit history into a single number that would indicate the likelihood that the borrower would pay their bills. Fair Isaac & Co. and the credit bureaus do not reveal exactly how these scores are computed and the Federal Trade Commission has ruled this to be acceptable.

There are three major credit bureaus-Experian, Trans Union & Equifax. Some lenders use one of these scores while other lenders use the middle score.

While the exact details of how scores are calculated are not revealed, we do know they use models and mathematical tables that assign points for the various bits of historical credit information to predict future credit performance.

Here are some tips to increase and/or maintain the highest possible credit score.

- Ø Pay your bills on time - late payments and collections seriously impact your score.
- Ø Do not apply for credit frequently- having a lot of credit inquiries can reduce your score.
- Ø If you have limited credit, you may need to obtain additional credit to show you can manage having credit and making the payments.
- Ø Reduce credit card balances if you are nearing your credit limit - not enough available credit can be a negative impact on your score.

In summary, it's all about managing your credit and making your payments on time. You should also review your credit report periodically to insure everything is up to date and accurate.

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