

Tips & Tidbits

Financial Newsletter For «Name»
Issue 4 – May 2005

Tax Tips

We must apologize for the late release of the fourth issue of Tips & Tidbits. We had a pre-tax deadline issue planned and almost completed but with the hectic tax season the mailing just got away from us. Rest assured we will not let that happen again as we want to provide you with timely and useful information to assist with your tax return preparation.

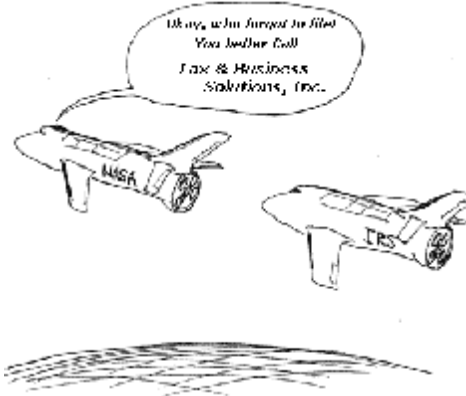
In any case, we hope you got through this season without gaining too much grey hair, biting your finger nails too short and/or having ulcer-like symptoms.

We want to remind you that we are here to help you take the stress out of tax season by assisting you to plan and organize, facilitating quick and painless filing of your tax returns.

Now is the time to start the planning process and to make the commitment to maintain good records to ensure next year is your easiest tax filing season.

Here are some ideas you may wish to implement to help you reach that goal:

- Ø Look at your 2004 tax return to see what income, subtractions, deductions and credits you had for that year and make files for those items to hold this year's information for each of those categories.
- Ø Make a file for the "Important Tax Documents" you will receive during the year to make them easy to find at filing time.
- Ø Get a calendar and dedicate it to your taxes. On this calendar, make daily notes of any cash contributions, charitable mileage, business mileage and other tax related notes that will help you at year end.
- Ø Contact us if you anticipate any major changes during the upcoming tax year such as getting married, buying or selling a house, having children, starting your own business etc, as proper planning can save you money and create better results at tax time.



Below you will find a brief description of items from last year that still apply to 2005 as well as other items of interest:

- Ø Educators Expense Deduction – extended through 2005. Remember to keep your receipts.
- Ø Clean Fuel Vehicle Deduction – extended through 2005 check with us for vehicles qualifying for the deduction.
- Ø Sales Tax Deduction – Taxpayers that itemize will have the choice of claiming a state and local tax deduction for either sales tax or income taxes on 2005 returns, save your receipts to total sales tax if you think that number will be greater than your estimated income tax payments and withholdings.
- Ø 2005 Mileage Rates – 40.5 cents a mile for all business miles and 14 cents a mile for deductible medical, moving and charitable miles.
- Ø Traditional IRA Limits for 2005 – \$4,000 under age 50 and \$4,500 ages 50 to 70 (Contributions can not be made to a traditional IRA for the year in which you reach 70 ½).

Please remember, we are here all year long and look forward to assisting you with any questions that may arise regarding your tax situation. Please do not hesitate to give us a call.

We would also like to take this opportunity to thank all of you for your continued support and offer a special thank you to our many clients that gave us the best compliment possible by sending us a referral.

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.

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.

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

In summary, it's all about managing your credit and making your payments on time. You should also make it a point to review your credit report periodically to insure everything is up to date and accurate. Being proactive and correcting a problem when you are not under the gun during the loan application process is much easier and less stressful.

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