



Money Matters of the Rich & Famous

"She's gifted in a way that makes everything she does work. She's a Hollywood producer's dream: she has beauty, she's a great actress, a wonderful singer - putting it simply, she has it all!" - Tony Bennett



On April 3, 1924, in Cincinnati, Ohio, little Doris Mary Ann Von Kappelhoff made her first "debut" to her parents, Frederick Wilhelm Von Kappelhoff and Alma Sophia Welz. Her father was a choir master, church organist, and music teacher. Doris was the youngest of three, with two older brothers: Richard, who died before she was born, and Paul, who was a few years older. From an early age Doris dreamed of being a professional dancer, but that dream was squelched in 1937 when a train crashed into the car she was traveling in, severely injuring her right leg. During her recovery, she was inspired by a new artist on the radio, Ella Fitzgerald. Doris' mother encouraged her to take vocal lessons, and thus she met her first vocal coach, Grace Raine. Miss Raine was very impressed with Doris' natural ability, and to this day Doris gives her the credit for having the grandest impact on her vocal ability.

When Doris was just 15, she performed with bandleader Barney Rapp and embraced the name, Doris Day. She decided to audition for Bob Crosby, and like many others to come—including Les Brown—won him over with her talent. This new gig tripled her previous salary to \$75.00 a week. Doris Day's voice became iconic with songs such as "Que Sera, Sera", "It's Magic", and "Sentimental Journey." In 1948, film producers realized she also lit up the screen. Out of all her films, the beloved film *Calamity Jane* (1953) is the one she relates to most. In 1975, after a successful television career as well as film career, she decided to retire from Hollywood.

There was a time when Doris Day was unaware of her own money matters. After the death of her 3rd husband, Marty Melcher, in 1968, she discovered that Marty and his business partner, Jerry Rosenthal, had left her in terrible debt. Her dear and only son, Terry Melcher, supported her during this time as she sued Rosenthal. She had lost close to \$28 million and after years in court she received only a fraction of the awarded \$22,835,646. However, she resolved not to lose her joy, no matter what trials came her way. Today her net worth is \$20 million. At 91 years of age, she resides in Carmel Valley, California with her furry friends and spends much of her time as an animal welfare advocate. She is responsible for starting Actors and Others for Animals, the Doris Day Animal Foundation, and Doris Day Animal Horse Rescue.

in this issue >>>

- Monty's Opening Thoughts
- Staff Updates
- For Whom the Bell Tolls
- Ways to Keep This Year's Resolutions
- Ask The Experts
- Money Matters of the Rich & Famous

From our family to yours...

Happy New Year
2016

TAX & INVESTMENT NEWSLETTER

Tax information and general business or economic information or analysis for educational purposes

JANUARY 2016

current topics >>>

Need help with planning your future?

We provide

FLAT FEE

quotes for our financial planning services.

Monty's Opening Thoughts

Well, here we go from Christmas season to tax season. Uncle Sam doesn't want to be left off your gift list. Do you think our next President will cut taxes? Doubtful, right? And then there is Congress, always talking about simplifying our tax system, but apparently they don't know what the word 'simplify' means. Yes, things are more complicated again this year.

For clarification and perhaps as a reminder, I thought it might be helpful to provide you my thoughts on a few tax filing issues:

Should you come in for a tax appointment or drop off your data at our front counter? It seems that some clients think they're saving money by not coming in for an interview. While that may be true in some circumstances (simple, routine returns), not coming in for an interview only complicates things in other situations (complex, out of the ordinary events). I actually prefer that you do come in for a tax interview, allow me to gather your data, ask you some questions and make up a list of the missing items.

How can you make the tax preparation process go faster and easier? It is very helpful when you completely fill out the tax organizer package we send you. Also, insert the associated W-2s, 1099s, etc. behind the tax organizer page to which they refer. Do not bring your documents into my office still in the envelope—sealed or not. If you have QuickBooks, bring me a backup on a thumb drive. Organize your data *before* coming in. Yes, I can do all this organizing for you—but just remember, the clock is ticking.



Why does your tax appointment get moved to a different staff member? I may have interviewed you last year and now you find out that you've been scheduled to meet with another staff member . . . This is due to the growth of my firm and the necessity of balancing the work loads of my staff. I couldn't possibly interview every single client of the firm. And, the truth is, there are some of my staff members who are more suited or qualified to do your work. This is just the reality. If you were interviewed by **John Byrne, CPA**, most likely you will see him again this season.

Continued on Page 2...

Who prepares your income tax returns? The staff member who interviews you is responsible for the completion of your tax returns. However, like most CPA firms, we operate as a team and put your tax preparation file through a "process" where the data is input by a lower level accountant, reviewed by a higher level accountant and then ultimately over-viewed by me. This allows me to balance out the work load, assign the most appropriate staff to your work and minimize your tax preparation costs.

How is your tax prep fee calculated? We charge by the hour—there is no flat fee. Each staff member keeps meticulous time records and that data is input into our time and billing software, coded by staff member, client, date, type of work and time spent. When your tax return is finished, an invoice is calculated based on the time accumulated by each staff member and at the hourly billing rate of the staff member. Our fees are due when your tax return is done being prepared.

How can you reduce the cost of tax preparation? You can help keep your cost down by organizing your data prior to coming in and by completely filling out the tax organizer forms. It is also helpful for you to bring in your data all at once, or at least mostly, rather than dribbling it in over a series of days or weeks. Every time you bring something in or call in, your file is picked up—and the clock is ticking.

“...Bring in your data all at once...rather than dribbling it in over a series of days or weeks.”

Are there tax prep fee discounts you may be eligible for? Yes, we do offer discounts to clients who also have money under management with us. These discounts are based on the size of

your investment account. These are the only discounts we offer. Please check with Kelly Mills if you have a question about your discount eligibility.

How can you avoid being surprised by how much you owe or the size of your refund? There is nothing worse than uncertainty and unwelcome surprises, especially when you OWE money. However, it does NOT need to be an uncertainty. It is within your power to determine your tax liability in advance. This is what I'm talking about when I mention tax planning or preparing tax projections—especially in October, November, and December. To eliminate the surprise, you need to do a year-end tax projection.

Well, there you go. Those are my thoughts on making the most of working with us during this busy time of year. I hope this is helpful. I appreciate your business!

Financial Tip of the Month

“For Whom the Bell Tolls”

I keep seeing articles in various magazines about boomers who are woefully unprepared for retirement. The articles seem to suggest that these boomers are planning to retire on Social Security benefits alone. Really? Are they not planning to live in a house or drive a car?

With national annual expenditures today exceeding \$50,000 for the typical 65-year-old retiree, and Social Security generating only \$16,000 in retirement income on average, many boomers will need to rely on their savings to close this \$34,000 “income gap.”

You would need a retirement fund of \$588,000 at age 65 to generate an after-tax income stream of \$34,000 per year for 20 years (assuming you live to age 85 and earn an average annual return of 6%.) However, 40% of boomers have no savings for retirement, and even among those with retirement savings, more than two-thirds have less than \$250,000 saved.

The Insured Retirement Institute (IRI) has put together four pieces of advice to help boomers close the income gap.

Don't retire until 70

Delaying retirement until age 70 can yield significant financial benefits for retirees. Those who wait until 70 to begin collecting Social Security can receive 32% more in monthly benefits than if they started collecting at 66.

Increase retirement savings contributions

Individuals 50 years and older are allowed to contribute an additional \$6,000 annually to workplace retirement plans. If it is made between the ages of 50 and 70, that annual \$6,000 “catch-up” contribution may increase retirement savings by \$227,000 – assuming a 6% pretax investment return.

Move to an area with lower expenses

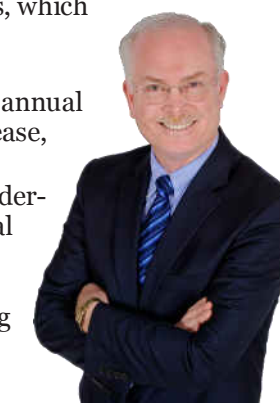
With the cost of living index at one and a half times the national average, Santa Rosa may not be the best place to retire on a fixed income. Instead, research shows that retirees may want to head south and east to a city with a low cost of living. Cities with the lowest indexes include Harlingen, Texas, where it costs about 84% of the national average to live, or Pryor Creek, Oklahoma, and McAllen, Texas, which come in at 84% and 85%, respectively.

Keep healthy

Medical expenses add up for retirees. Keeping healthy can cut annual medical expenses by reducing the risk of developing heart disease, diabetes or other costly illnesses.

Don't these fabulous four pieces of sage advice sound wonderful? No, I didn't think so. The numbers you read in the national press are very low for those of us wanting to be happy and secure in Sonoma County. However, they do serve as a great warning bell for those who have procrastinated in either saving or planning.

Do you hear the bell ringing?



Just For Fun

Ways to Keep This Year's Resolutions



The New Year is a time for many of us to reflect on our aspirations and how we'd like to change. It is a time of hope and new beginnings. However, unfortunately, many of us make resolutions each year but have a difficult time realizing them. We focus on them for a week, maybe two, and then that's it. Life gets in the way. We find excuses. We get discouraged.

So what can you do to ensure that your New Year's Resolutions come to fruition this year?

Start by making realistic goals and not setting your expectations too high. Don't try to make a huge lifestyle change that's going to be too hard to keep. Set smaller, attainable goals in increments so that you don't burn out and can see some results! Then, bit by bit, you'll be able to meet that lifestyle change.

Also, set goals that are specific, not vague. Don't say that you want to lose weight. Say that you are going to cut out certain unhealthy foods in your diet, or attend a cycling class at the gym once a week.

Setting specific, small goals will help you to reach and achieve greater goals and you'll have a much better year!

Staff Updates

This month catch up with Seth and Sandy!



Seth enjoyed the holidays with his family locally here in Sonoma County, relishing every little moment to laugh and be together. Seth will be celebrating his birthday this month

and he enjoys a non-complicated day. His wife, Hope, is always trying to throw a party for him with friends, but he always requests a quiet night with good pizza and ice cream to celebrate. Next time you see him, see if Hope got to throw him a party or not!



Over the holidays Sandy enjoyed being able to visit in person with both of her daughters. Natalie was home for a couple of weeks on break from her freshman year at Chapman University, while Laura, doing a

Pharmacy residency in Fort Wayne, Indiana, was only able to get time off for a quick weekend home. (She flew in on Christmas Day (Friday) and out again on Monday!)

Sandy is also keeping herself busy...studying! With encouragement from Monty, she began Certified Financial Planner (CFP) certification coursework in mid-November. She hopes to get the first course completed (there are 6 required courses in all) before tax season kicks into gear, and hopes to be able to take the CFP exam 18 months to two years from now.

ask the experts >>>

Q: What is more important than paying for life insurance?

A: “Dining out, shopping, and my cell phone” were cited...

...in a survey of a group of young people. “It's too expensive” is the No. 1 response consumers give for not having some (or more) life insurance. When asked to estimate the cost of a \$250,000 20-year Term policy for a healthy 30 year old, the median estimate was \$400 a year – one in four guessed \$1,000 – well over the actual cost of \$160 a year. So, I'd say it's a good buy. Want another answer? Ask a widow or widower.