



Marple & Marple, CPA's

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Holiday Greetings!

*We would like to wish all
of our clients and families
the very best for this
holiday season!*

New Business Technology & Other News

Our firm is in the process of upgrading our network and trying new technologies to create efficiencies and also enhance our services.

We have recently installed VMware server and workstation virtualization software. I would highly recommend consideration of virtualization, especially if your business has more than one server. For smaller businesses, VMware server software is free.

Our firm is a member of the Microsoft Partner Program and we have been working with Windows 7 prior to the public release of this software. We really like it and will continue to roll this software out on some of our PC's.

There have been many improvements to tax return document work flow. Bob Jr. is currently evaluating the use of an OCR service for his clients that organizes client records into an indexed PDF documents, automatically.

We are also considering the addition of client portals for our clients. Client portals can provide a secure web-based access point for getting copies of tax returns, financial statements, and scanned records. Portals also provide a secure way to transfer documents and communicate with your CPA.

Food for Thought....

- What one does is what counts and not what one has the intention of doing.
- A mistake is an event, the full benefit of which has yet to be turned to your advantage.
- The stock market is God's gift to humility.
- If you mind can conceive it you can achieve it.
- A smile is the most powerful tool we have.

New Office Manager for Marple & Marple

Sandra Evans joined our firm in May of this year as our office manager. Sandra is married and has four children with whom she enjoys water skiing. We welcome her to our firm!

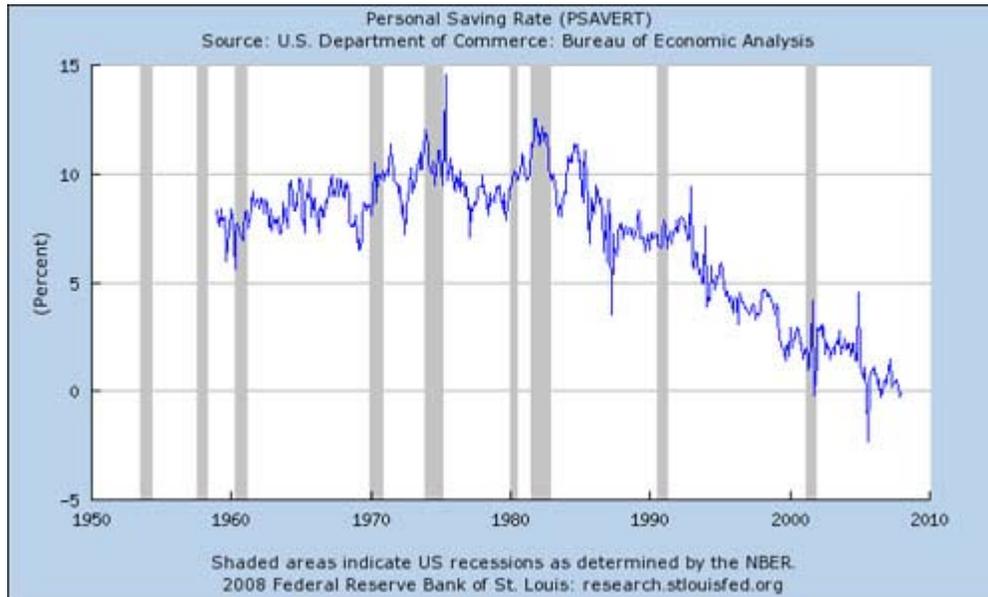


US Government Spending – A Crisis Coming?

Written by Robert D. Marple CPA

It is said the traits you dislike in someone else are often the very same traits you have in yourself. This may be, in part, why many Americans have become so critical of our reckless government spending.

Many Americans have been on a personal spending spree that recently culminated, by some measures, in a negative savings rate. (Our savings rate has been in an overall decline for the last 30 years, per economic research conducted by the Federal Reserve Bank of St. Louis.)



Our federal and state governments have taken reckless spending to unprecedented levels and this is not a partisan political problem. The 2008 budget deficit for President Bush's last year in office was \$455 billion dollars. Total national debt (when factoring in supplemental appropriations and other spending) was \$1 trillion dollars for this same year.

President Obama has taken spending to even higher unprecedented levels for our government. There have been rebates, Cash for Clunkers, TARP, house purchase tax credits, private company investment, subsidized lending, state assistance, and Federal Reserve purchases of U.S. government bonds.

The current US federal deficit is **\$11,900,000,000,000** and the Office of Management and Budget is currently projecting deficits totaling **\$4,642,301,000,000** for the next 5 years. This will leave us with a deficit of **\$16,542,301,000,000**! This is over 51x the total deficit our country incurred from 1789 to 1980.

According to a recent article in the Economist, Americans on average, believe that 50 cents of every dollar our government spends is wasted. Again, this is not a partisan belief. Democrats currently believe 41 cents of every government dollar spent is wasted while Republicans believe 54 cents of every dollar spent is wasted and Independents believe 55 cents is wasted (Economist October 16th, 2009).

World history has a number of documented examples of government crisis with their root causes likely a result of government spending excesses. Germany saw hyperinflation evidently devalue the Mark to a point where a wheelbarrow full of cash would not buy a daily newspaper. Action is needed to cut deficit spending.

I recently heard a fine minister say if you point your finger at someone, you are pointing three at yourself. Politicians are pointing a lot of fingers at themselves and they need to put partisan politics aside and together take action. The alternative to no action has potential drastic downsides.

Yearend Tax Planning

Complexity is again the theme for new tax laws enacted by the American Recovery and Reinvestment Act (ARRA) of 2009. There are some goodies in this law and politicians seem unconcerned about the level of our country's deficit (see Government Spending – A Coming Crisis in this newsletter).

Tax Planning for Individuals

- 1) If you have capital gains for 2009, consider selling some securities with losses to offset these gains or generate capital loss.
- 2) If you have unrealized capital gains, you may wish to take them in 2009. Some capital gains are actually tax free for 2009 sales, depending upon individual income levels and the amount of gain. It is likely capital gains rates will be going up during 2010 or later, based upon large US government deficits.
- 3) Consider the impact of Alternative Minimum Tax in your yearend tax planning. Large capital gains, tax preference items, and large itemized deduction tax or employee business expenses may all subject you to AMT among a number of other items. The easiest way to determine if you are going to get hit with this tax is to run your projected income and expenses through tax planning software.
- 4) If you itemize, consider making charitable contributions prior to the end of this year. If making charitable contributions, consider using appreciated stocks to make your donation.
- 5) ARRA brought back energy credits for certain residential expenditures including: windows, insulation, HVAC equipment, solar panels, and fuel cells, all with specific requirements and limitations. For 2009, these credits are allowed against AMT.
- 6) Consider planning for possible conversion of your traditional IRA to a Roth IRA in 2010 when certain restrictions limiting conversion will be temporarily removed.
- 7) New credits are available for plug-in cars and Ford has just recently qualified a car for this credit.
- 8) Take advantage of retirement plan options that are available through your employer.
- 9) If you are age 70 ½ (don't you love this government complexity) you get a reprieve on your required minimum distributions (RMD) for 2009. If you have not already received the RMD, you are not required to take it. (Contact your custodian to let them know you do not want your RMD. If you have already received your RMD, you may be able to roll the amount back into your retirement plan account if completed before this November 30th.)
- 10) Again, for 2009, you may transfer up to \$100,000 out of your IRA to your favorite qualified charity. The distribution is tax free but you will not get the itemized deduction.

Tax & Business Planning

- 1) There are enhanced temporary loss carryback provisions for businesses incurring operating losses which may require election filing and planning.
- 2) Consider the purchase of needed equipment to take advantage of first year depreciation or bonus depreciation.
- 3) Consider paying a dividend during 2009 if you are currently organized as a C Corporation.
- 4) Take steps to organize your business records prior to the end of this year. Organized business records including your computerized business records such as QuickBooks, will save you money in reduced yearend accounting fees. (We are currently evaluating the new QuickBooks Client Data Review utility for use with our QB clients.)
- 5) Review your retirement plan options for your business and consider opening a retirement plan for your business.
- 6) Have you benchmarked your business against similar businesses in your industry? Our firm uses the Profit Cents service and would be happy to provide you an industry report free of charge. We will also provide you a report using your actual data (your business identity is not disclosed in the benchmarking process) if you would like, free of charge.
- 7) Check to ensure your business is in compliance with new identity theft rules such as the Red Flags Rule. Information on the Red Flags Rule is available at the Federal Trade Commission's website: www.ftc.gov



A Tale About Costco

by Robert D. Marple

I have been a big fan of Costco for a number of years. Their attention to detail, sticking to their word (they have a fixed markup and do not deviate from this), attention to corporate responsibility and their employees, and their control over management compensation are a sterling example for public companies.

Jim Sinegal the CEO of Costco, which has been named as the “best value” for any US public company CEO, spoke here in the Tri-Cities a few years ago. He was a pleasure to hear speak but I digress.....

My family learned first hand, the limits to which a Costco return policy could be taken. We had purchased a set of nice looking and what appeared to be, well designed and built nozzles, for our garden hoses. Each time I used the nozzle it malfunctioned and sprayed me in the face.

After this had happened one too many times, I snapped and took the nozzle off of the hose and pulverized it with a large sledge hammer on a cement floor near our garden shed.

Undeterred by my outburst, my wife took the nozzle set back to Costco for a refund. The clerk asked why they were being returned and my wife told them they did not work well. When the clerk held up the mangled one and asked what had happened to this one, my wife responded that I had been sprayed one too many times in the face. The purchase price was refunded in total and they took the set back. I wished I could have been there.....

Passwords Are a Pain But.....

Hackers are paid up to \$500 for each good Social Security number they find. Readily available software can run 200,000 password attempts per second. ID theft is growing across the world.

Secure passwords are one of your primary defenses to protect yourself from becoming a victim. If you become a victim, it will cost you time and money. Business owners also run the risk of loss of their reputation if their client data is compromised.

Using a password phrase and rules may be one of the easiest ways to create a secure password and memorize it. Create a password-phrase you will remember and then add at least two rules to modify the pass-phrase.

Steps to create a password using a password phrase:

Pick a password phrase such as: playing golf can really tick you off

Use the first letter from each word to construct your initial password: pgcrtyo

1st rule: replace the second letter with \$ produces: p\$crtyo

2nd rule: add 35A to the end of the password in progress produces: P\$crtyo35A

Final password is: p\$crtyo35A

In this case, you could write down the password phrase and would only need to remember the two rules to come up with the needed password.

