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Smart Financial Steps in Home Remodeling

With the slowdown in housing market, the post-improvement resale value of your house may not be keeping up with your home renovations costs.

Before considering a home renovation, be sure to put your financial house in order by considering the following smart steps:

1. Review your credit report. Bad credit scores can easily raise the total cost of your mortgage. Clean up any credit errors and delinquencies before you enter the real estate market.
2. Review the cost vs. value report for home improvements projects in your area (see Home Renovation article at <http://www.satya-artha.com/newsletters.php>). Do not expect big returns on your home renovations in the current market.
3. Decide on how long you will stay in the house. To take advantage of the capital gain exclusions (\$500K for joint filers / \$250K for single filers), you generally need to own and live in the house for 2 out of the last 5 years.
4. Expect a higher real estate tax assessment on your improved property. Factor this potential increase into the cost of your home renovations.
5. Those living in states with low or no income taxes may be able to deduct applicable sales tax imposed on home additions or improvements projects. Consult your tax preparer to review this tax saving opportunity.
6. Unique additions or improvements can make your home difficult to sell. Consider discussing these projects with a real estate agent who is familiar with your neighborhood.

Do You Know Where Your Retirement Funds Are?

Companies can now offer **Balanced Mutual Funds**, along with **Target Funds** and **Lifecycle Funds** among their Qualified Default Investment Alternatives.

Balanced Funds create an assortment of investments that fit the group of employees as a whole.

Target or Lifecycle Funds contain specific mixtures of investments targeted to an investor's age or retirement date.

Your employers may automatically enroll you in these default investment alternatives unless you select other investments from the available options. Although these default funds may seem like a "no-brainer" choice for first-time investors, they may not adequately address your specific investment objectives or investment time horizons.

Contact us today to review your investment goals and tailor your retirement investments accordingly.

Find this FPA Financial Planning Perspectives article and other great articles at <http://www.satya-artha.com/newsletters.php>.

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About Us



This is my favorite time of year!!!

Yes, it's Tax Season 2008 and I am eagerly waiting my current and new clients to start sending in their tax return information.

Remember that the more organized and complete your tax information, the more efficiently we can prepare your tax returns.

On the financial planning front, Satya Artha Financial Advisor has recently been approved as a Registered Investment Advisor in the State of Maryland. We are also registered in the District of Columbia and the State of Arizona.

Contact us today to review your 2008 tax and investment planning strategies.

IRS CIRCULAR 230 Disclosure: Under U.S. Treasury regulations, we are required to inform you that any tax advice contained in this e-mail or any attachment hereto is not intended to be used, and cannot be used, to avoid penalties imposed under the Internal Revenue Code.