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Year-End Planning Opportunities

As the year-end is drawing near, it is time to review your tax projection and implement some tax planning strategies before the end of the year.

For investments in non-retirement accounts, review the year-to-date investment income as well as your gain and loss positions. Unrealized loss positions can be used to offset capital gain and up to \$3,000 of ordinary income.

Remember to review your asset allocation when making these changes to make sure it is in keeping with your overall investment objectives.

For employer's retirement accounts, maximizing your pre-tax contribution (including catch-up contribution for taxpayers age 50 and above) makes sense if your cash flow allows it. Pre-tax contribution means that a typical taxpayer in the 35% tax bracket would only need to give up \$650 of take-home pay in order to increase his or her retirement contribution by \$1,000. In addition, your investments will grow tax free within the retirement plan.

Also review your tax withholdings and estimated payments to minimize underpayment penalties and interests.

Contact us to schedule your year-end tax and financial planning meeting.

Kiddie Tax Loophole Closes

For the second time in just over 12 months, Congress extended the reach of the so called Kiddie Tax, increasing the age limit for subjecting a child's investment income to his/her parents' higher tax rate.

You may still be able to take advantage of the kiddie tax provision if you act before the end of the year. If your child is a full-time student between the age of 18 and 23, he or she can sell appreciated securities in his or her account in 2007 and claim the lower 5% capital gain rate.

Starting in 2008, the child's capital gain will be taxed at the parent's 15% capital gain rate.

The change in the kiddie tax provision means that parents should revise their college savings plan strategies, such as putting more emphasis on 529 college savings plans.

For more discussion on these issues, find this FPA Financial Planning Perspectives article at <http://www.satya-artha.com/newsletters.php> or contact us to discuss your children's college savings plan.

Other FPA articles available this month are:

[Couplepreneurs: Starting a Business with Your Better Half Can Reap Huge Rewards – And Unique Problems](#)

[Think The Subprime Debacle Is All About Housing? It Hurts Small Businesspeople Too.](#)

[Thinking About Borrowing from Family or Friends? Do It The Right Way](#)

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About Us



After launching Satya Artha Financial Advisor this Summer, I received CPA certification from the State of Arizona in September 2007, became a member of the Arizona Society of Certified Public Accountants and joined the Financial Planning Steering Committee.

In my continuing effort to improve clients services, I attended PridePlanners Conference in Washington, DC to learn more about specific financial planning needs of gay, lesbian and unmarried couples.