

NEWS 'N VIEWS

A Publication of Marvin and Company, P. C.

February 2007

Estate Planning Series No. 7

ESTATE AND GIFT PLANNING TO DO LIST FOR 2007

(Seventh in our ongoing series on simple Estate Planning issues)

Estate and gift planning is not a one-time event. It is an on-going process, which usually takes place over several years time. Sometimes only minor tinkering will be required. Other times, more substantial revisions may be necessary, especially after certain lifetime events (e.g. marriage, birth of a child, divorce or death).

Here's a brief checklist of tasks you should consider for 2007:

1. If you expect to get married or divorced this year, you should consider revising all of your estate planning documents. Those documents may include your will, power of attorney, health care proxy and beneficiary designations.
2. The same goes following the birth or adoption of a child or grandchild.
3. Review and revise your "road map". This is the file of instructions and/or documents that you created to help your survivors comply with your final wishes.
4. If you don't already have a gifting plan in place, then consider starting one this year. Remember, this year's annual gift tax exclusion is \$12,000 per donee.
5. If you will turn 70 1/2 years old this year, you must begin taking required minimum distributions (RMD's) from your traditional IRA's. However, you will have until April 1, 2008 to take your 2007 distribution, with some extra planning.
6. If you are already in RMD mode, calculate this year's distribution, and make arrangements for the necessary withdrawal(s) by year-end.
7. If you're already in RMD mode and are charitably inclined, consider making direct contributions from your IRA to your favorite public charity. This opportunity currently expires at the end of 2007.
8. If you plan on making any retirement plan or IRA contributions for this year, consider making those contributions early, so as to accelerate the potential tax deferral or tax savings (in the case of a Roth IRA).
9. Review your beneficiary designation forms (i.e. life insurance, retirement plans, IRA's, etc.). If you can't find them, request photocopies. If they need to be revised, now is the time to do it.
10. If you're involved with a closely held business, review your succession plan (e.g. buy-sell agreements). If you haven't got a plan, don't wait until it's too late.
11. Review your plan for dealing with potential long-term health issues. Maybe this is the year you purchase that long-term care insurance policy you've been thinking about.
12. If you have a child with special needs, review your plan for his or her future in the event of your incapacity or demise.



Chris Cimijotti, CPA

This is not an all-inclusive list. The point is that estate and gift planning is ongoing. Regular attention is the key to your success. If you would like some assistance with any of these matters, please consult with your Marvin and Company representative.

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TAX TIPS

Phishing Scam Alert

If you receive an e-mail from "IRS" asking you for confidential information, please be advised that this is not coming from the real IRS. The real IRS does not ask for such information via e-mail. These look-a-like e-mails are scams phishing for your personal information in the hopes of stealing your identity.

In order to help shut down these scams, the IRS has set up a special mailbox (phishing@irs.gov). Please refer to www.irs.gov for specific instructions on how to correctly forward a scam e-mail to the special mailbox.

If you have received such an e-mail, or if you have any questions, please contact your Marvin and Company representative.

FICA Wage Bases Revised for 2007

Type of Tax	Wage Base	Tax Rate	Maximum Tax
Social Security	\$97,500.00	6.2%	\$6,045.00
Medicare	No Limit	1.45%	No Limit

Rates are doubled for self-employed individuals

New Mileage Rates Announced for 2007

Business	48.5 cents (up from 44.5 cents for 2006)
Medical and Moving	20 cents (up from 18 cents for 2006)
Charitable	14 cents (no change from 2006)

Cost of Living Adjustments

The Internal Revenue Service has determined the following amounts for items affected by Cost of Living Adjustments for 2007

Maximum annual benefit for defined benefit plans	\$180,000
Maximum annual addition to defined contribution plans	45,000
Maximum deferral to a 401(k) plan	15,500
Maximum 401(k) catch-up deferral for those age 50 and over (excluding SIMPLE's)	5,000

TAX NOTEBOOK IS HERE!

You can now prepare your 2006 tax organizer on-line. Tax Notebook is available from our web site at www.marvincpa.com. If you would like to give it a try, send an e-mail to Megan Lastrup at mll@marvincpa.com. We'll send you a user id and password for safe and secure access to your personalized 2006 tax organizer.

NEW RULES AFFECTING GIFTS TO CHARITY

New substantiation requirements will force taxpayers to be more diligent with their gifts to charities in 2007 and later years. Prior law allowed taxpayers to back up their donations of money with personal bank registers, diaries or notes made around the time of the donation. Those types of records are no longer sufficient.

In order to deduct any charitable donation of money, taxpayers are now required to have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. A bank record includes canceled checks, bank or credit union statements and credit card statements. Bank or credit union statements should show the name of the charity and the date and amount paid. Credit card statements should show the name of the charity and the transaction posting date.



Monetary donations include those made in cash or by check, electronic funds transfer, credit card, and payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, Form W-2 wage statement or other document furnished by the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity.

The rules have also changed for donations of clothing and household goods. For contributions made after August 17, 2006, the deduction for a donation of clothing and household items will be allowed only if the donated property is in *good used condition or better*. The IRS can deny a deduction for property that is of minimal value. However, a taxpayer may claim a deduction of more than \$500 for any single item, regardless of its

condition, if the taxpayer includes a qualified appraisal of the item with the return. Household items do not include food, paintings, antiques, other objects of art, jewelry, gems or collections.



Terri Regan, CPA

The new laws do not change the prior-law requirement that a taxpayer get an acknowledgement from a charity for each deductible donation (either money or property) of \$250 or more. However, one statement containing all of the required information may meet the requirements of both provisions.

If you would like more information or have any questions about the new requirements, please feel free to contact your Marvin and Company representative.

Terri Conrad Regan, CPA/ABV, JD, MBA
Tax Manager

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INSIDE THIS ISSUE

Estate Planning Series No. 7
To Do List 20071

Tax Tips 2007
Phishing Scam Alert.....2
FICA Wage Bases for 20072
New Mileage Rates for 20072
Cost of Living Adjustments2
Tax Notebook2

*New Rules Affecting Gifts
to Charity*3

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