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2013 TAX & FINANCIAL PLANNING GUIDE



BARTLETT,
PRINGLE &
WOLF, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Navigating uncertain times for investing, taxes and business

Our 2013 Tax & Financial Planning Guide goes to press amid a strong stock market rally, the nomination of Janet Yellen as the new Federal Reserve chair, a faltering Obamacare rollout and a vastly improved economy.

In a year of rising long-term interest rates, Wall Street indexes have rolled up returns of 25 percent to 30 percent to date, making some wonder if stocks are the new bubble.

All this has happened in the face of great fiscal uncertainty, the first government shutdown in two decades, and stubbornly high unemployment in many parts of the nation and the region.

A year ago, business owners were cringing over the passage of California's Prop. 30 tax hikes as well as the prospect of going over the so-called Fiscal Cliff. So far, so good.

Meanwhile we've seen the Bowles-Simpson Commission and the so-called Super Committee and a new committee named in the wake of the shutdown attempt to grapple with looming calamities for both Social Security and Medicare. So far the result has been failure to do anything except kick the can down the road.

Thus the challenge of his year's Tax

& Financial Planning Guide is to point business owners and investors in some sensible directions.

One panel of wealth managers from the region discussed the ins and outs of investing with Managing Editor Marlize van Romburgh.



**HENRY
DUBROFF**

Editor

A second panel of small-business owners spoke with Special Reports Editor Erika Martin about issues facing small business. We're also lucky that numerous tax and finance experts from the region lent their expertise to this section.

We certainly are grateful to our Tax & Financial Planning Guide sponsors, Rabobank and Bartlett, Pringle & Wolf.

Next up in our special report lineup is Who's Who in Nonprofits & Foundations on Dec. 6. We then wrap up the year with the 2014 Book of Lists, the definitive guide to doing business in the Tri-Counties with more than 50 lists of the largest businesses and sectors in the region.

Best wishes to you for a happy Thanksgiving and a joyous holiday season.

• Contact Editor Henry Dubroff at hdubroff@pacbiztimes.com.

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About the Business Times

Pacific Coast Business Times is the weekly business journal serving Ventura, Santa Barbara and San Luis Obispo counties. We have an award-winning news team and an experienced advertising staff. Subscriptions cost \$49.99 per year and include a copy of our Book of Lists, which publishes Dec. 27. Subscribe online at www.pacbiztimes.com/subscribe or by calling (805) 560-6950.

Upcoming special sections include:

- **Who's Who in Nonprofits & Foundations:** Dec. 6, 2013
- **2014 Book of Lists:** Dec. 27, 2013
- **Dealmakers of the Year:** Jan. 24, 2014
- **Who's Who in Business Leadership (NEW):** Feb. 14, 2014

THE BUCK STARTS HERE.

Keeping more money for yourself by paying less taxes seems like stating the obvious. But here's what some folks don't realize; it requires planning, guidance and creativity. Without the proper time to study and develop a strategy, it's difficult to make the most of current tax laws. Especially in today's economic environment. Schedule a meeting with us before "tax time". We'll work hard to help you get the most bang for your buck.



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Strategy. Perspective. Expertise. Success.



Both individuals and businesses alike seek to minimize their tax liability by incorporating tax planning strategies to optimize their financial success.

As we near year-end, Bartlett, Pringle & Wolf, LLP is committed to helping you navigate the tax planning process to meet your goals.

The article on Page 4 highlights a number of tax law changes taking effect this year. It also illustrates how you may be impacted and suggests opportunities for taking advantage of provisions as they are or become available. By taking the time to review your options before the end of the year, you will be able to develop the best strategy for your situation.

We hope that you will use this resource to maximize your tax savings and more effectively plan your tax strategies. As always, we are here to advise you every step along the way.

For the most recent updates throughout the year, we invite you to visit our online tax planning guide at www.bpw.com.

Scott Hadley, CPA
Managing Partner



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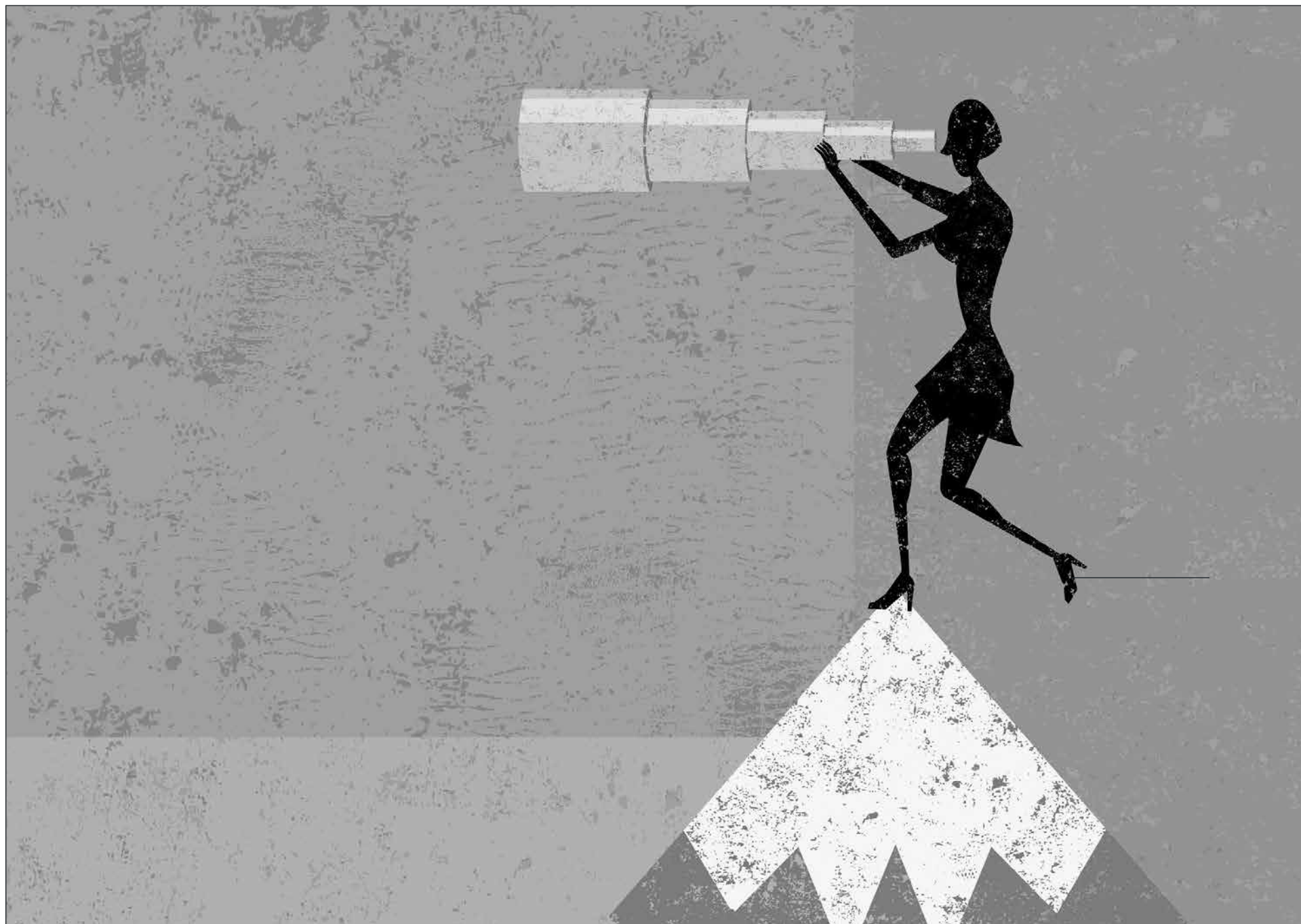
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Surveying the 2014 tax climate



Elizabeth Boscacci
Partner
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Boscacci joined Bartlett, Pringle & Wolf in 1977. Her practice concentrates on critical tax planning guidance to high-net-worth individuals for their personal finances, as well as for the business and investment entities they own. She works with a wide range of businesses including publishers, manufacturers, contractors, health care organizations, clubs and nonprofit organizations.



Jacob Sheffield
Manager
Bartlett, Pringle & Wolf

Sheffield has been at Bartlett, Pringle & Wolf since 2005. He focuses his expertise on complex tax planning and compliance matters for corporations and their shareholders. He also works closely with privately-held corporations and their management team on stock transactions, ownership distributions and compensation, as well as tax accounting and accounting for taxes on financial statements.

Autumn is filled with excitement, but between enjoying football season and prepping for the holidays, you also have to do some year-end tax planning. Although you may be inclined to procrastinate, some of the most sophisticated strategies entail advanced planning. By mapping out your approach, you may be able to greatly reduce the effects of new taxes and higher rates.

• Year-End Tax Planning for Individuals

Beginning in 2013, taxpayers will experience an increase in tax rates. The top marginal rate increases to 39.6 percent. Many taxpayers will have 3 percent of their itemized deductions shaved off, and many will pay capital gains tax at 20 percent instead of 15 percent. Therefore, the traditional timing strategies of deferring income and accelerating deductions can reduce — or at least defer — tax.

Beware of the alternative minimum tax, or AMT, however. If the AMT applies to you, the opposite timing strategy would be used. Planning that involves a two-year period should be done to determine how to minimize the AMT and

achieve the lowest overall tax.

In addition to the rise in existing tax rates, the Affordable Care Act enacted two new taxes. Beginning in 2013, those with an individual earned income of more than \$200,000 — or \$250,000 for joint filers — will pay an additional 0.9 percent Medicare surtax on earned income in excess of the threshold. Employers are obligated to withhold this tax beginning in the pay period in which wages exceed \$200,000. This is without regard to your filing status, spouse's wages or income from other sources, so your employer might withhold the tax even if you aren't liable for it, or they might not withhold the tax even though you are li-

able for it. If you do not owe the tax, but your employer is withholding it, you can claim a credit on your 2013 tax return. If you do owe the tax, but your employer isn't withholding it, consider filing a W-4 to request additional income tax withholding, which can be used to cover the shortfall and avoid underpayment interest and penalty.

The other new tax is a 3.8 percent Medicare surtax on net investment income such as interest, dividends, rents, royalties and certain capital gains. This surtax applies to taxpayers with an adjusted gross income of more than

see **OUTLOOK** on page 5B