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Dear Reader,

The summer is winding down and the leaves will begin to fall soon. Kick back and check out our September newsletter. It's packed with valuable information...

- Preparing for an Annual Review*
- Tax Planning and Preparation
- Allowances for Kids
- Tax PlanningAlert
- 3Ways to Reduce Taxes
- Staff Highlight
- PracticeAppraisals

Don't forget to refer Sipes & Seaton to family and friends!

Bill Sipes,
CPA/ABV/PFS/
BVAL/CS

Stacy Seaton,
EA

Preparing for an Annual Review*

Preparing for an annual financial review may be easier with a checklist to help you focus on important matters. With that in mind, here is a list of key considerations that you may want to discuss with us.



- **Do I need to re-balance my asset allocation?** Depending on the performance of your investments so far this year, you may want to examine whether your mix of stocks, bonds, cash, and other assets is close to your target. If not, it may be time to re-balance.
- **Am I on track to fund my retirement?** Making sure you are on track to amass the assets you will need for your later years should be one of your key concerns. If you participate in an employer-sponsored retirement plan, consider investing as much as you can afford.
- **What were my yearly capital gains and losses?** If your year-end planning entails selling certain assets, be aware of rules regarding capital gains and losses. Gains on investments held less than one year, known as short-term capital gains, are taxed as ordinary income. Gains on investments held for one year or longer, considered long-term capital gains, are taxed at a 15 percent rate for federal income tax purposes.
- **Am I taking full advantage of tax-advantaged accounts?** Remember that certain types of investments receive favorable tax treatment. Employee contributions to traditional 401(k) s, for example, are deducted from your paycheck before taxes are assessed, which lessens taxable income during the year the contribution is made. Contributions may potentially grow free of federal income taxes until qualified withdrawals are made during retirement.

You may have additional concerns unique to your situation, but this

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checklist may help you keep your investment portfolio in order.



Our Annual Investment* Reviews are going great! This service is provided for clients with whom we currently manage investment accounts.* If you have not had your review, please call us to schedule an appointment today! This review helps client's with their goals, concerns, asset allocation, etc. Call for an appointment today!

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Tax Planning and Preparation

Here's what we do...

Taxes

- Preparation of Federal Income Tax Returns
Individuals, Corporations, Partnerships, LLC's, Estate's & Trust
- Preparation of State Income Tax Returns
Individuals, Corporations, Partnerships, LLC's, Estate's & Trust
- Preparation of Sales Tax Returns
- Preparation of Business Tax and Personal Property Tax returns
- Payroll Services
- Tax Planning for Current Year Taxes

Payroll

- Payroll Calculation and Electronic Payment of taxes via EFTPS
- Quarterly Preparation of Payroll Forms 941, 944, & State Unemployment Reports
- Annual Prep of Form W-2 & Form 940 Federal Unemployment reports
- Bookkeeping Services

QuickBooks Pro Advisors (Evaluations, Software support , and Training)

- Bank Reconciliations
- Compilation Financial Statements
- Preparation of 1099's
- Data Entry
- Net Client Support



Check us out on the web!

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AICPA Survey Reveals What Parents Pay Kids for Allowance, Grades

Published August 22, 2012; New York



The average allowance provides a child enough money in a year to afford an Apple iPad and three Kindles and still have money leftover – money they’re most likely to spend. Indeed, only 1 percent of parents say their kids save any of their allowance. Those are the findings of a national phone survey conducted for the American Institute of CPAs by Harris Interactive that explored what parents pay their children. The survey found that 61 percent of parents pay an allowance to their kids, with the majority, or 54 percent, beginning by the time their child was 8. While the amount varies by age, the average allowance totals \$65 a month, or \$780 a year. Nearly half of parents with kids in school, or 48 percent, also pay their kids for good grades. The average rate for an A: \$16.60. “These findings make clear that it can pay to be a kid,” said Jordan Amin, CPA, chair of the AICPA’s National CPA Financial Literacy Commission. “Parents need to make sure they’re also passing along financial sense with those dollars and cents. Earning, budgeting and saving are all important lessons that can be tied to allowances – lessons that can help put children on solid financial footing.” The vast majority of parents do require their children to earn their allowance. Eighty-nine percent expect their children to work at least one hour a week and, on average, children put in 6.2 hours per week on chores.

But money is not a top topic for conversation. According to the survey, parents are more likely to have talked with their kids about the importance of good manners, 95 percent, the benefit of good eating habits, 87 percent, the importance of good grades, 87 percent, the dangers of drugs and alcohol, 84 percent, and the risks of smoking, 82 percent, than about managing money wisely, 81 percent. Children have broad flexibility with the money they receive. In fact, parents who pay an allowance are significantly more likely to also pay for discretionary items such as sport- and hobby-related expenses, mobile phone service, movie rentals and digital downloads. “As parents, we feel a strong commitment to our children and ensuring they have all that they need to succeed,” Amin said. “One of the best gifts we can give them is a solid education on managing money.” The National CPA Financial Literacy Commission offers these tips for parents: Set parameters. If you decide to pay an allowance, make sure your children clearly understand why they are getting it, how to earn it and how to lose it. Some families, for example, condition allowance on the completion of specified chores and make deductions for those that aren’t finished. Others set a base allowance and provide bonus opportunities for extra chores that are completed.

No matter your approach, make sure that you align payment with action so your kids understand that money must be earned. Set goals. An allowance is a great gateway to budgeting. The more you engage your children in financial discussions, the more likely they are to learn lessons and make good money management part of their daily life as they get older.

Harris Interactive conducted the telephone survey on behalf of the American Institute of CPAs within the United States between July 12 and July 15, reaching a nationally representative sample of 1,006 adults aged 18 and older by landline and mobile phone. Of these respondents, 268 qualified as parents of children aged 25 years or younger living at home with them. For full results contact James Schiavone at 212-596-6119 or jschiavone@aicpa.org or Jonathan B. Cox at 919-402-4499 or jcox@aicpa.org.

ALERT... ALERT... ALERT...

Every year we hear this phrase, “If I had only know I could have reduced my tax liability” or “ Why did you not tell me how to save money?” Well, you can, but the only way to do it is to have a tax planning session before **December 31**.



The last several years have brought a number of Internal Revenue Code changes. This will affect many taxpayers, and we recommend tax planning for **EVERY** taxpayer this year.

Tax Planning is simple and an inexpensive way to save money in taxes, all that is required is a little effort on your part and a call to our office.

We will then complete a preliminary projection of your situation, and provide you with information as to where you currently stand. We can then decide whether we need to get together to discuss planning actions, or whether things appear to be in reasonably good shape as we head toward the year-end.

Please call to set up a tax planning appointment today!

Don't wait! Do tax planning **NOW** - it could save you money - or cost you money if you don't.

3 WAYS TO REDUCE YOUR TAXES

By William Perez

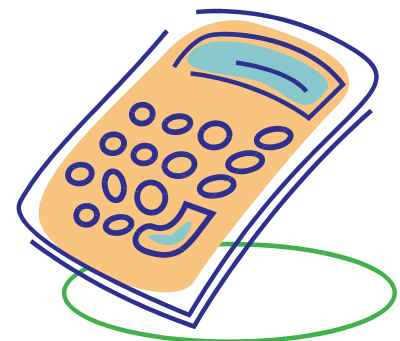
About.com

The goal of tax planning is to arrange your financial affairs so as to minimize your taxes. There are three basic ways to reduce your taxes, and each basic method might have several variations.

1. REDUCE YOUR INCOME

2. INCREASE YOUR DEDUCTIONS

3. TAKE ADVANTAGE OF TAX CREDIT



You can also avoid owing at the end of the year by increasing your withholding. More money will be taken out of your paycheck throughout the year, but you will get bigger refund when you file your taxes.

Staff Spotlight



Stacy Seaton, EA

Stacy Seaton joined the Sipes & Seaton team in 1998 as an intern and became the operations managing partner in 2002. She provides accounting, payroll, business consulting, QuickBooks, IRS issue resolution, and taxation services. Her focus is in the area of taxation of individuals and small business. She provides clients with knowledge of tax law for the benefit of their small business. Stacy also represents taxpayers for matters concerning taxes with the IRS and state tax departments for personal and business tax audits or collection issues.

Just like the famous Supreme Court Justice Learned Hand said, "Anyone may arrange his affairs so that his taxes shall be as low as possible; he is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase one's taxes. Over and over again the Courts have said that there is nothing sinister in so arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands." Stacy works hard to keep our clients tax burden as low as possible. Stacy continually receives training and education to keep abreast of the continually changing business environment and changes in the tax laws, both at the federal and state level by attending a variety of tax conferences and updates each year. She has attended:

AICPA-University of Illinois National Tax Education Program- Level V
PPCs Conference on Tax Planning For High Income Clients in La Jolla, CA
AICPA Small Business Practitioners' Tax Conference in Coral Gable, FL
TSCPA Annual Federal Tax Update in Memphis, TN
...and many more.

Bill Sipes, Stacy's partner, says that possibly Stacy's best skill is to look over someone else's work and find areas of additional tax savings for clients.



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JOKE CORNER:

A young accountant spends a week at his new office with the retiring accountant he is replacing. Each and every morning as the more experienced accountant begins the day, he opens his desk drawer, takes out a worn envelope, removes a yellowing sheet of paper, reads it, nods his head, looks around the room with renewed vigor, returns the envelope to the drawer, and then begins his day's work. After he retires, the new accountant can hardly wait to read for himself the message contained in the envelope in the drawer, particularly since he feels so inadequate in replacing the far wiser and more highly esteemed accountant. Surely, he thinks to himself, it must contain the great secret to his success, a wondrous treasure of inspiration and motivation. His fingers tremble anxiously as he removes the mysterious envelope from the drawer and reads the following message:

"Debits in the column toward the file cabinet.
Credits in the column toward the window."



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PRACTICE APPRAISALS

You may be asking yourself, “How do I find someone local that I can depend on for a business or professional practice appraisal?” The answer is right in front of you! Bill Sipes.

Bill has all the credentials you are searching for in a business or professional practice appraiser! He earned the ABAR credential in reviewing reports of other appraisers. He was recently published in Business Valuation Review's book, *How to Appraise a Dental Practice*. Bill's report was included in the book as an example of exactly how an appropriate dental practice appraisal should be done. The book includes several examples of other types of businesses and professional practices' model reports.

There are many varied reasons for needing to know what a business is worth. They range from selling to divorce, from tax planning to partnership disputes. If you are looking for someone to appraise your business, please look no further! Contact Bill today!