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## ***Merry Christmas 2011!***

***Here are a few reminders—not many changes this year...yet.***

### **Item #1: Stock Purchase and Sales need to be exact**

As of 2011, stockbrokers will be required to keep track of the cost of stocks and mutual funds. Anything bought before 2011 will be a non-covered transaction (no basis required). Stocks purchased in 2011 will be using first-in/first-out method (so if you bought XYZ stock 3 times, and want to sell some shares, you need to tell your broker EXACTLY which of those shares you want to sell.)

### **Item #2: Business Standard Mileage Rates**

Standard mileage rate increases to 51c per business mile driven (19c per mile for medical or moving purposes, 14c if driving for a charitable organization) for first half of 2011. July 1 thru December 31, 2011, rate increases to 55.5c per business mile.

### **Item #3: Business Section 179 Expensing**

Maximum Sect. 179 expense deduction for equipment purchases is \$500,000 of the first \$2 million of certain business property put into service in 2011. Bonus depreciation increases to 100% on qualified property. At over \$2 million, the \$500,000 amount is reduced, ask me.

### **Item #4: Energy Tax Credits for Homeowners**

Energy tax credits expire at the end of 2011 and have been greatly reduced. Taxpayers claiming \$500 in any previous year are not eligible for this tax credit. Amounts are: Energy Star window tax credit up to \$200 maximum; water heater tax credit \$300 maximum (electric, natural gas, propane, or oil); air conditioner tax credit \$300 max; insulation, doors, roof tax credits \$500 max; furnace tax credit is \$150 max (must be 95% efficient, natural gas, propane, oil or hot water).

### **Item #5: Additional Stuff:**

**Employee's social security reduced to 4.2% for 2011...still voting on this for 2012.**

**College Tuition Credit** For 2011-12, "Hope" credits were extended ( \$2,500 for a four year period year).

**Flexible Spending Accounts/125-Plans** For 2011, you can't claim over-the-counter medicine or drugs unless you have a prescription. The change doesn't affect insulin or other health care expenses such as medical devices, eyeglasses, or contact lenses that are attained without a prescription.

### **Item #6: Privacy Policy:**

Federal law requires professionals who advise individuals on personal financial matters to inform their clients of their policies regarding the privacy of client information. We've squeezed in onto the back this form in "microtype" –just ask if you'd like to see a larger copy.