

November 4th



Is Election Day!

DONOVAN SULLIVAN & RYAN

November, 2008

A Newsletter for our Clients and Friends



FROM THE PARTNERS PEN....

Dear Clients and Friends,

Despite their unbelievable comeback in Game 5 vs. Tampa Bay, the Red Sox won't be World Champs this year! Congratulations to the team on making it that far and better luck next year!

Speaking of teams, our "team" at Donovan, Sullivan & Ryan is already gearing up for tax season by attending tax and accounting seminars. Did you know that the bailout package recently passed makes almost 300 changes to the Internal Revenue Code? Attending seminars will keep our staff as up to date as possible and will allow us to provide you with the best possible service.

Make sure you get out there and VOTE on November 4th. Every vote counts!

Wishing you and your families a very Happy Thanksgiving!

Sincerely,

Mike Ryan



Happy Turkey Day!

BAILOUT PACKAGE MORE THAN JUST BANK AID

We've all been hearing about the historic bailout package recently signed into law by President Bush. The main reason for the law is to provide the Treasury with \$700 billion to buy troubled assets from financial institutions. This should help ease the credit crunch by allowing banks to clear their balance sheets and lend money. However, there are a host of other tax breaks included in the law.



The Alternative Minimum Tax (AMT) income-exemption levels for 2008 have been increased to \$69,950 for married couples who file jointly and \$46,200 for singles. The AMT was originally intended to prevent wealthier taxpayers from using loopholes to avoid all taxes. Because it wasn't indexed to inflation, Congress must regularly pass legislation that amends the AMT. If Congress hadn't changed the law, the levels would have fallen to \$45,000 for joint filers and \$33,750 for singles. This "AMT Patch" will keep the AMT from hitting about 26 million people this year.

The new law also extends an above-the-line tax deduction for college tuition, extends a property tax deduction for taxpayers that do not itemize (up to \$1000 for joint filers and \$500 for singles), restores deductions for state and local taxes and allows educators to deduct up to \$250 a year for the unreimbursed cost of classroom supplies.

The law raises the FDIC limits from \$100,000 per account to \$250,000 per account. It will provide \$8 billion in tax relief for Americans affected by natural disasters in the Midwest and Gulf Coast. Also, people over the age of 70 1/2 will be able to transfer as much as \$100,000 a year directly from an IRA to charity without owing income taxes on the money. This transfer will count toward the taxpayer's required minimum distribution for the year and is effective for all of 2008 and 2009.



Please visit our booth at the Massachusetts Association of Insurance Agents Annual Convention - The Big Event - on November 7th & 8th at the Marriott Hotel, Copley Place, Boston.

The Exhibit Hall will be open to the public on Friday, November 7th from 9:00 am to 1:00 pm and on Saturday, November 8th from 9:00am to 2:00pm. Stop by to say hello and enter our raffle! Looking forward to seeing you!

"More than accountants...business advisors"

2009 PERSONAL EXEMPTIONS AND STANDARD DEDUCTIONS ANNOUNCED

For 2009, personal exemptions and standard deductions will rise and tax brackets will widen because of inflation adjustments. Key changes will include the following:

- The value of each personal and dependency exemption, available to most taxpayers, is \$3,650, up \$150 from 2008.
- The new standard deduction is \$11,400 for married couples filing a joint return (up \$500), \$5,700 for singles and married individuals filing separately (up \$250) and \$8,350 for heads of household (up \$350). Nearly two out of three taxpayers take the standard deduction, rather than itemizing deductions, such as mortgage interest, charitable contributions and state and local taxes.
- Tax-bracket thresholds increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket is \$67,900, up from \$65,100 in 2008.
- The maximum earned income tax credit for low and moderate income workers and working families with two or more children is \$5,028, up from \$4,824. The income limit for the credit for joint return filers with two or more children is \$43,415, up from \$41,646.
- The annual gift exclusion rises to \$13,000, up from \$12,000 in 2008.

The Social Security Administration has announced that the wage base for computing the Social Security tax in 2009 will rise to \$106,800 from \$102,000 in 2008, an increase of about 4.7%. The \$4,800 increase is due to an increase in average total wages.



SECURE FILE EXCHANGE SYSTEM NOW IN PLACE



We are pleased to announce that we are now able to offer to all of our clients a secure, password protected portal that can be accessed through our website, www.dsrcpa.com. This Secure File Exchange System allows us to instantly exchange information via a secure server with our clients. This includes data, files and documents of any type or size such as QuickBooks files, Microsoft Word Documents, PDF Documents, Excel Spreadsheets, Tax Returns and Financial Statements.

The first step to set up a portal is to provide us with your email address. Once we have that, we can set you up immediately and you will receive an email letting you know your account has been added to the Secure Client Portal. We will be setting up a portal for all of our clients so please make sure we have the necessary information to set you up before your next tax return is done.

Please contact Joyce Foley at jfoley@dsrcpa.com with any questions. Our goal is to use this secure system for transmitting confidential data to all of our clients.

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