

## Individual Planning YEAR END REVIEW

By **Bob Oberstein,**  
*Managing Partner*

For most people, wrapping gifts is a typical year-end tradition. Income taxes are probably among the last things on your mind. Still, it is the right moment to be thinking about them, as there remains time to save some money before year-end. Congress has been especially busy in rewriting the tax laws over the past few years. Some provisions are expiring in the next two years, while others are just taking effect. Therefore, before you get too busy with holiday arrangements, here are some reminders of the issues that keep recurring, as well as a rundown of the recent changes that can affect your tax bill.

### ENERGY ACT CREDITS

You should know about two tax credits from the recent energy legislation.



Firstly, the clean-fuel vehicle deduction for hybrid vehicles switches to a credit of about \$2,000, depending on fuel efficiency, starting January 1, 2006, so you may want to wait on that purchase.

Secondly, a credit of up to \$500 total over the 2006 and 2007 tax years for homeowners who install non-business energy property such as exterior doors and windows, insulation, heat pumps, central A/C and water heaters and no more than \$200 of the credit can be based on expenditures for windows. This credit only applies to property that is ready and available for use only after 2005; if it looks like you might get it installed sooner, try to delay the process.

Please see *“Year End Review,” Continued on page 3*

## Cover Story OUR FOCUS

Oberstein Stock & Friedenthal LLP and their independent registered investment advisory firm, OSF Wealth Management LLC is pleased to announce the launch of their newest initiative: *Financial Focus*. The bi-monthly newsletter will be packed full of interesting, timely and relevant articles helping you become fiscally aware of the financial planning world.

In addition to articles that you will find both important and interesting, *Financial Focus* will answer many of your monetary questions. Each issue's theme will help steer you through the often-bewildering forest of finances of which OSF CPA has helped guide you through the years.

Please read on and be sure to let us know your thoughts. ☺

### What we're Focusing on in this issue:

- Year End Review,
- Disaster Recovery Plan,
- Tax Terms,
- Su Doku, and
- A two-month tax calendar



### On the Web

To stay abreast of the latest happenings in the financial world, click on [www.osfcpa.com](http://www.osfcpa.com). There, in addition to information about the firm, you will find various tools and tips designed to make sure you are not without vital financial information. One such section on the site, “What's New,” provides monthly federal and California tax alerts designed to keep you informed. ●

## Technology

# DISASTER RECOVERY PLAN

By David Zeichick, Microsoft Certified Professional

One needs only to take a quick look at the news on any given day to be reminded why companies need a Disaster Recovery Plan (DRP). The latest natural disasters bring to light the fact that you and your business can be displaced not just temporarily, but for significant periods of time. To prepare for handling disasters, a DRP will help protect your business and assist you when you need to recover data. Below are five steps you should perform in order to prepare:

## 1. REVIEW YOUR BACKUP STRATEGY

Perform full daily backups of all essential servers and data resources. Make sure your backup data is stored off-site.

## 2. MAKE LOTS OF LISTS

Document equipment, network layouts, applications, and technical and business procedures you'll need to reconstruct your business.

## 3. ASSEMBLE TEAMS

When a major disaster strikes, expect confusion, miscommunication, and other uncontrollable forces that will affect your efforts to get your company up and running. Verify that everyone involved with disaster recovery is aware of your business's DRP and knows their role in recovery.

## 4. TEST YOUR RECOVERY PLAN

Test your DRP regularly and revise it as necessary. When testing, create different scenarios that simulate different levels of disasters.

## 5. MAKE THE DRP A LIVING DOCUMENT

Review the DRP at least once a year. If your company or network changes frequently, you should probably review the plan semi-annually or even quarterly. Remember, an out-of-date DRP is almost as useless as no disaster recovery plan at all.

For more information or to help implement your Disaster Recovery Plan, call DZ Network Support LLC at (818) 995-DATA, or click on [www.dzsupport.com](http://www.dzsupport.com).

## Tax Terms

# ALTERNATIVE MINIMUM TAX

The **Alternative Minimum Tax (AMT)** was designed to ensure that wealthy taxpayers were not able to escape taxation by exploiting deductions. However, because the AMT is not indexed for inflation, it affects a growing number of taxpayers every year. Congress has passed a few legislative "patches" to keep it from hitting too many people, but one of those fixes, an increased AMT exemption, is set to expire at the end of the year. There have been proposals to fix it again or eliminate it, but so far, there has not been any progress.

As 2005 begins, you may be wondering what you can do now to minimize your tax liability for 2005. Based on a review of your 2004 tax return, you may be affected by the AMT in 2005. To reduce the possibility of being affected, you may want to consider

timing your income and deductions, deferring certain items to a future year and accelerating others into the current year. Generally, it is best to accelerate items of income into AMT years and postpone deductions into non-AMT years.

Depending on your exposure to the AMT in 2005, some possible tax planning strategies include:

- Delaying payment of certain items, such as state and local income taxes, property taxes, medical expenses, and miscellaneous expenses (provided this does not impair your credit status or business standing or cause you to incur late charges);
- Postponing charitable contributions;
- Avoiding the exercise of incentive stock options;
- If large long-term capital gains will affect your AMT, delaying the asset sale until after year-end or spreading the gain over a number of years by using an installment sale;
- Making use of any AMT credit, if applicable.

A thorough analysis of your current year tax situation could minimize or eliminate your AMT liability. Please contact our office to make an appointment to discuss this important tax planning opportunity.

“  
**THE AMT AFFECTS A GROWING NUMBER OF TAXPAYERS EVERY YEAR**  
 ”

# Puzzle Su Doku

Fill in the puzzle so that every row, every column, and every 3x3 box contains the digits 1 through 9.

From *Wikipedia.org*: Sudoku (Japanese: *sūdoku*), is a logic-based placement puzzle. Originally called *Number Place*, the first puzzle was created by Howard Garns, a freelance puzzle constructor, in 1979. The puzzle was introduced in the Japanese paper *Monthly Nikolist* in April 1984 as “*Sūji wa dokushin ni kagiru*,” which can be translated as “the numbers must be single” or “the numbers must occur only once.” At a later date, the name was abbreviated to *Sudoku* (pronounced *sue-do-koo*: su = number, doku = single). *Sudoku* is now published in hundreds of publications around the world. Within the context of puzzle history, parallels are often cited to Rubik’s Cube, another logic puzzle popular in the 1980s. *Sudoku* has been called the “Rubik’s cube of the 21st century.”

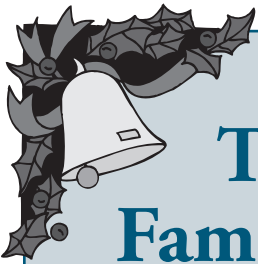
Give it a try!

This puzzle’s solution will be in the next issue of *Financial Focus*. For tips, questions, or to obtain an immediate solution, email [Jeremy@osfcpa.com](mailto:Jeremy@osfcpa.com).

Difficulty Level: 1 2 3

3				4	9		7	2
			7			9	8	
	9		6					
	8	3	9				6	7
6	1						2	5
2	4				6	1	9	
					4		1	
	2	6			1			
9	3		2	6				4

Puzzle by websudoku.com



The OSF  
Family wishes  
you a happy,  
healthy  
holiday  
season!



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### EXPIRING PROVISIONS

If you have certain types of expenses or expect to incur them in the near future, it makes sense to take care of them while they’re still deductible. Among the expiring provisions:

- The state sales tax itemized deduction that provides an advantage for taxpayers in states with high sales taxes or no income taxes;
- The educators’ deduction for school-related expenses;
- The higher education expense deduction that is useful for taxpayers who do not qualify for the Hope or Lifetime Learning Credits -- you can pay expenses for coursework starting in the first three months of 2006 before December 31, 2005 and qualify.

Some of these provisions may return or be extended, but are on the block for now.

For more information visit [www.osfcpa.com](http://www.osfcpa.com) or call us at 818-933-2800.

# CALENDAR

## NOVEMBER 2005

Monday	Tuesday	Wednesday	Thursday	Friday
31	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	1	2

### Federal Events

**November 9, 14, 16, 18, 23, 28, 30, 2005**

#### Federal Events

##### *Employment taxes: Semi-weekly depositors*

Semi-weekly depositors must deposit employment taxes.

**November 15, 2005**

#### Federal Events

##### *Employment taxes: Monthly depositors*

Monthly depositors must deposit employment taxes for payments in previous month.

### California Events

**November 15, 2005**

#### California Events

##### *Employment Tax*

Employers required to make monthly deposits of withheld income tax

Monthly depositors required to file Form DE 88 and deposit withheld income taxes for October.

**November 30, 2005**

#### California Events

##### *Sales Tax*

Businesses required to file monthly sales and use tax

Monthly filers required to file Form BOE-401A for sales and use tax collected in October.

## DECEMBER 2005

Monday	Tuesday	Wednesday	Thursday	Friday
28	29	30	1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	30

**December 2, 7, 9, 14, 16, 21, 23, 29, 30, 2005**

#### Federal Events

##### *Employment taxes: Semi-weekly depositors*

Semi-weekly depositors must deposit employment taxes.

**December 15, 2005**

#### Federal Events

##### *Corporations: Estimated Tax*

Fourth installment of 2004 estimated income tax by corporations (use Form 1120-W to determine estimated tax liability)

##### *Employment taxes: Monthly depositors*

Monthly depositors must deposit employment taxes for payments in previous month.

**December 15, 2005**

#### California Events

##### *Income Tax*

##### *Corporate Estimated Tax*

*Corporate estimated tax (Form 100-ES)*  
4th installment due.

##### *Employment Tax*

Employers required to make monthly deposits of withheld income tax

Monthly depositors required to file Form DE 88 and deposit withheld income taxes for November.

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