

# SOLUTIONS

May ♦ 2010

## Professionally Speaking

**CONGRATULATIONS** Please join us in congratulating our newest Certified Public Accountants! We proudly announce that St. Clair CPAs, P.C. staff members **Andy Apfelbaum**, **Rachel Bermingham**, and **Valerie Rothermel** have been awarded their CPA licenses by the Commonwealth of Pennsylvania. Andy, Rachel, and Valerie, all based in our Conshohocken, PA office, provide accounting, auditing, and tax services for individuals, businesses, and estates.

St. Clair CPAs, P.C. welcomes **Jessica Bogia** as the newest member of our professional staff. Since becoming an intern in our Conshohocken office in December 2009, Jessica has demonstrated her commitment to delivering high quality service. Upon graduation from Cabrini College in May 2010, she joins the firm as a full-time member of our accounting team.

**IN THE COMMUNITY** St. Clair CPA Solutions proudly supports a wide variety of community organizations with donated professional services and volunteer support. Our dedicated employees collect food, participate in fundraising events, and seek ways to make meaningful contributions. On June 25, 2010, many of our staff will help the Philadelphia Ronald McDonald House by preparing dinner for families staying there while their children receive care at local medical facilities. Philadelphia's Ronald McDonald House has been providing a home away from home to families with critically ill children receiving treatment at Philadelphia hospitals for 36 years. To learn more, please visit [www.philarmh.org](http://www.philarmh.org).

### Presented by

#### St. Clair CPA Solutions

and its subsidiaries

#### St. Clair CPAs, P.C.

#### CPA Financial Group, LLC

## Dear Clients and Friends

### 401(k) Plans: It's All About Choice

On April 28, 2010, clients and guests of St. Clair CPA Solutions and its strategic partner, EBA Consulting, met at The Union League of Philadelphia for breakfast and presentations by 401(k) experts Ted Benna and Gary Kleinschmidt. The program was designed to help business owners maximize 401(k) benefits for themselves and their employees by understanding new options for plan customization, as well as fee structures and the impact of prospective legislation.

Ted Benna, who is known as the "Father of the 401(k)," launched the program with an historical review of 401(k) plans and his own integral role in their development and popularity. Reviewing current legislative issues, Benna shared his thoughts for the future of 401(k) plans, which included:

- ◆ A comparison of 401(k) accounts vs. mandatory IRAs, and why this legislation could change retirement accounts forever.
- ◆ What the future might hold for the Social Security Administration, which is already paying more in benefits than it is taking in.
- ◆ How employers can use the 401(k) to maximize their retirement contributions.
- ◆ A discussion about Safe Harbor 401(k) plans and New Comparability Plans.

In the informative question and answer session that followed, guests had the opportunity to "pick the brain" of the man who is responsible for creating their retirement accounts.

Gary Kleinschmidt, Legg Mason's Director of Retirement Sales, followed with a revealing look into the various fees that are associated with retirement plans. He noted that not all fees should be considered "bad": the important thing is to ensure that the plan sponsor is receiving what he is paying for.



*St. Clair CPA Solutions clients and guests learn about changes impacting 401(k) plans at The Union League, April 28, 2010.*

Kleinschmidt also provided insights as to what business owners should look for when selecting a 401(k) provider. He suggested that in evaluating providers, employers should understand:

- ◆ What are your company's total costs?
- ◆ What associated costs can prove to be extremely valuable?
- ◆ What is the role of your financial advisor and your administration firm?

Dave Skarbek and Dan McCusker of EBA Consulting remained long after the program ended to answer questions generated by the interesting discussion that followed. If you missed this event but would like to learn about the new choices available in the retirement plan arena, please call Dave or Dan at 856.482.5600.

This successful educational event, which also gave clients and their own guests an opportunity for business networking, was the first of many joint educational seminars we will host in coming months. If you would like us to plan an event around a particular topic of interest, please let us know. Call your St. Clair CPA Solutions financial professional with your suggestion or email [info@stclaircpa.com](mailto:info@stclaircpa.com).



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## Take Advantage of Pennsylvania and Philadelphia Tax Amnesty Now

Both the Commonwealth of Pennsylvania and the City of Philadelphia are presently offering Tax Amnesty for delinquent individuals, businesses, and other entities, but time is running out: **Pennsylvania's Tax Amnesty period ends on June 18, 2010; Philadelphia's Tax Amnesty period expires on June 25, 2010.**

### PA Tax Amnesty

Pennsylvania's Act 48, signed into law on October 9, 2009, provides for a 54-day timeframe during which the Commonwealth's Department of Revenue will waive 100 percent of penalties and half of the interest for anyone who pays his or her delinquent state taxes. Failure to take advantage of this limited-time opportunity to resolve any state tax debt will result in an additional five percent non-participation penalty and other enforcement actions.

An online application process allows qualified individuals, businesses, and other entities to pay all taxes plus half of the interest due for all periods for which PA tax amnesty is available by June 18, 2010. Unpaid taxes from periods after June 30, 2009 are not eligible for the PA Tax Amnesty program. State tax returns must be prepared and filed for all tax periods which were not previously filed and amended returns must be filed for all underreported tax.

Certain restrictions will disqualify delinquent taxpayers from the PA Tax Amnesty Program. A brief summary of these restrictions includes:

- ◆ Any taxpayer who is currently under criminal investigation for an alleged violation of any tax law;
- ◆ A taxpayer in bankruptcy, unless permission is granted by the Bankruptcy Court.
- ◆ PA tax liabilities under appeal, unless the appeal is withdrawn.

### Philadelphia Tax Amnesty

Similar to the PA program, Philadelphia's Tax Amnesty—enacted by Section 506 amended to the City's General Tax Regulations—waives all penalties and half the interest due on eligible delinquent tax bills. The Tax Amnesty program offers taxpayers the opportunity to clear up their debts and avoid further enforcement activities, including additional penalties and prosecution.

Tax Amnesty is available for any unpaid taxes imposed and collected by the City of Philadelphia or the School District of Philadelphia originally due and payable on or after February 1, 1986 and on or before June 30, 2009. Eligible taxes include Real Estate, Wage, School, Income, Business Privilege and other City-imposed taxes. The Sales and Use Tax, the Hotel Occupancy Tax, the General Acute Care Hospital Assessment, and the High Volume Medicaid Hospital Assessment are ineligible for Philadelphia tax amnesty, but the Sales Tax is eligible for amnesty through the Commonwealth of Pennsylvania.

Taxpayers who are the subject of a criminal investigation or a defendant in a criminal case related to Philadelphia taxes, or who have previously participated in a Philadelphia Tax Amnesty program, are disqualified from participating in 2010.

If you have eligible tax delinquencies for Philadelphia or Pennsylvania, please contact us to discuss how we can help you take advantage of these limited Tax Amnesty programs.

## Estate Planning: What is Your Tax Exposure?

Are you wealthy? Do you want your wealth to transfer to your beneficiaries?

Do you know that the government could tax your estate at 50% or more over a specified amount?

This quick worksheet will help you determine if you have any exposure to the death tax.

**If this calculation indicates that you owe death taxes, we may be able to help you with strategies to reduce your death tax exposure. Please call us for a complimentary consultation.**

<b>Your Assets:</b>	
Cash and Liquid Investments	\$ _____
Retirement Funds	\$ _____
Real Estate Owned	\$ _____
Companies Owned	\$ _____
Life Insurance	\$ _____
Other	\$ _____
Less: Any Debt	\$ < _____ >
<b>Net Worth</b>	\$ _____
Less: Unified tax credit exemption (Single taxpayer-2011)	\$ < 1,000,000 >
<b>Taxable Estate Value</b>	\$ _____
Death taxes (Federal 45%/State 5%)	_____ 50%
<b>Death Taxes Due</b>	\$ _____

Note: Based on current federal law, there are no estate taxes levied in 2010. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) eliminated federal estate and generation skipping taxes in 2010, leaving only the gift tax rules in effect. If Congress reinstates the federal estate and generation skipping taxes for 2010, any estate analysis using 2010 as the year of death for you and/or your spouse should be reviewed. Moreover, based on EGTRRA the exclusion amount for 2011 will be reinstated at \$1,000,000.

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