From: Dennis L. Hayden [dhayden@Haydenci.biz]
Sent: 05/18/2010 12:20 PM
To: 'dhayden@Haydenci.biz'
Subject: Newsletter 5/17/2010

Hayden Consulting, Inc.

Dennis L. Hayden, Editor

Offices:
11805 N Pennsylvania St
Carmel, IN 46032-4555

301 East Clinton St
Frankfort, IN 46041-1908

Newsletter Dated 05/17/2010 Volume 1, Number 15

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Contact Us:

http://www.Haydenci.biz

J. Michael Hayden, CFP® CPA
mhayden@Haydenci.biz

Dennis L. Hayden, CPA CVA MST
dhayden@Haydenci.biz

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Last Week:

- Non-Compete Agreements
- Overcoming Complexity in Financial Presentation
- News Releases

Important Links:

Internal Revenue Service
Indiana Department of Revenue

Know someone who would benefit from this Newsletter? Send us an e-mail

BUSINESSES FOR SALE

As a service to our clients, in the lower left hand corner of the newsletter is a section showing businesses reported to us as For Sale. If you know of someone interested in a business of this type let us know and we'll put you in touch with the owner.

In today's economy we realize buying a business may be difficult, especially if borrowing is part of the purchase consideration. Although, under the right circumstance, some business owners may finance a portion of the deal for someone with the capability to handle the debt. Every circumstance is different, so if interested let's talk.

This list will be updated from time-to-time, so check it each week.

QPRTs

Many taxpayers assume their estates will escape federal and state estate taxes because they underestimate the worth of their most valuable asset, a principal residence or vacation home. When an individual dies, the value of the residence is included in the estate just like any other asset. If the value of the estate exceeds $2 million, the estate may be subject to a maximum federal tax rate of up to 46%. Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the exclusion gradually increases until the estate tax is repealed in 2010. That law sunsets on December 31, 2010, and the estate tax is reinstated for 2011. While it's possible Congress will modify the estate tax structure, no one knows for sure how and when, making planning beyond 2010 difficult.

In today's real estate market , a popular estate planning technique is to reduce the size of an estate by transferring a residence to a qualified personal residence trust (QPRT). A properly structured QPRT will freeze the value of the residence at the time the trust is created, resulting in significant estate tax savings while helping to keep the value of many estates below the $2 million threshold. Although minimizing estate taxes and expected appreciation are strong incentives for creating a QPRT, the prevailing federal interest rate under IRC section 7520 is also an important factor when deciding when this should be implemented.

PLANNING NEEDED NOW MORE THAN EVER

Small businesses and high-net-worth individuals need tax-planning to help protect their assets from the upcoming changes in tax law. People will be looking to get the most from estate tax minimization, especially before the rates revert in 2011.

A real concern exists about the tax policies of the administration. People with high-net-worth have a address.

FOR SALE

BUSINESSES AVAILABLE

1. BRAND NAME garage door installation and repair company - Marion County and surrounding counties.
2. "C" store
3. Office Industrial complex- occupied with long-term tenants, 3 acres of land.
4. Operating Day Care Franchise
5. Beauty shop – Fishers
6. A septic system company in south of Indianapolis - covers 9 counties.

certain level of paranoia about the Democratic Congress and Obama administration. Some of our clients are intentionally incurring capital gains with the lower rates because they expect them to increase.

President Barack Obama is also expected to take a more regulated view of family limited partnerships, and close any perceived "loopholes" that currently allow clients to transfer assets to minimize tax burden. Individuals with appreciated assets (or low cost basis assets) could be affected as details of the Democratic proposals on capital gains taxes show a hike to 20 percent or more. Many are considering methods of intentionally incurring capital gains now in order to lock in the 15 percent long-term capital gains rates.

While this goes against the conventional wisdom of deferring tax recognition for as long as possible, a potential for an increase in tax rates makes it cost effective to pay the tax now. A problem an individual faces is how to trigger the gain while also retaining the asset. Trust techniques may be utilized in this regard to allow beneficiaries to continue to have the benefit of the asset but trigger capital gains, resulting in a step-up in basis for the asset.

Major League Baseball players and other professional athletes are some of the many high-net-worth individuals searching for methods to beat a proposed tax rate hike by legitimately shifting income. This may work particularly well for cash-basis taxpayers.

President Obama has said he will increase taxes on individuals making more than $250,000. In the case of a business owner who has an S corporation, all of the business income passes through to the individual's return and taxed at the individual level, even if the company makes no distribution. The president has also discussed an increase in payroll taxes, which will increase the cost of running a successful business.

Business owners are looking for creative measures to avoid a larger tax hit down the road, which will be central to many decisions.

THESE ARTICLES MAY NOT BE USED FOR PENALTY PROTECTION