



SPECIAL POINTS OF INTEREST:

- Will there be enough Social Security for everyone?
- Estate Planning like a "Jedi Master"
- Will Richard get caught in Hurricane Sandy?
- Less money in your paycheck

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Taxing Times

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11 All-Important Facts You Should Know About Social Security

With Ashley Brown

President Roosevelt signed Social Security into law on August 14, 1935. Also known as a social insurance program (a governmental old-age pension program), it was designed as a safety net to provide retired individuals age 65 or older a continuing source of income after retirement. Over the years this law has been through many amendments, changes, and transformations.

There are 11 all-important facts that everyone should know about the current situation with social security no matter your age, working or economic situation.

- 1) Right now you, as an employee, pay 4.2 percent of your wages in social security tax up to a maximum of \$110,000 in wages. This percentage will return to 6.2 percent starting January 1, 2013.
- 2) Your employer pays a 6.2 percent social security tax on each employee's wages. So currently a total of 10.4 percent social security tax is paid on your wages. Starting January 2013 this increases to 12.4 percent.
- 3) An average employee will pay \$2,522 into social security this year. A maximum wage earner (wages of \$110,000 or more) will pay \$4,624 in social security tax. A self-employed maximum wage earner (wages of \$110,000 or more) will pay \$11,450 in social security tax. (Note these totals exclude the Medicare Tax)
- 4) In 2010, fifty four million people received benefits totaling \$701 billion.
- 5) In 2010, the annual shortfall of the Social Security trust fund was \$62 billion and that amount is expected to grow each year.
- 6) The ratio of workers to retirees has dramatically decreased over the years. When the program first began there were more than 40 workers for every retiree. In 1955, there were 8 workers to each retiree. As of today, the ratio is 2.9 to 1. It is predicted that in *Continued on page 2* ➔

GEORGE LUCAS MAKES JEDI MASTER ESTATE PLANNING MOVE

The day before Halloween, George Lucas inked a deal to sell his hugely successful Lucasfilm, Ltd. to Disney for \$4.05 billion in cash and stock. Some experts say it was an estate planning move worthy of a Jedi Master. Unlike Luke Skywalker in *Star Wars: Episode V—The Empire Strikes Back*, Lucas, creator of the *Star Wars* saga, doesn't need to be admonished by Yoda for spending his life dreaming of the future, "never his mind on where he was... what he was doing." By cashing out now, Lucas has spared his family the gargantuan task of selling off the pieces of his empire after he's gone.

It was probably no accident that Lucas struck the deal in 2012 since long-term capital gains are expected to rise in 2013. Of course, Lucas is wealthier than the average American business owner. The owner of a restaurant or mortgage brokerage probably doesn't have the opportunity to sell to a Fortune 500 company, but plans for succession planning, other than walking away, can still be made.

Lucas has said, "I am dedicating the majority of my wealth to improving education." ❁



The Last Flight Out of Dodge Truth is, I wasn't at all apprehensive when I first settled into seat 34D out of Gulfport. (Sorry Mobile, I really prefer to fly out of Bates Field. I am, after all, mere minutes from there, but Delta offered me a \$170 cheaper ticket if I'd only drive to Gulfport. Who am I to turn that down?) I was bound for Elizabeth, New Jersey and some continuing education at the Crowne Plaza only 4 miles from Newark International Airport.

Yes, I had seen the forecast: Tropical Storm Sandy was growing along the Florida coast and expected to become a Hurricane and impact the Mid-Atlantic region by late Tuesday night. No problem, I was scheduled to return Monday morning at 7. Those predictions always change. Plenty of time to skedaddle as my Daddy would say.

That was Friday morning. By Friday night I was comfortably checked into the hotel and mingling at a pre-event soirée. Saturday morning the local news was doing just what ours does: standing at the Jersey shore talking about the growing waves. Big deal, I'd seen it all before and dismissed it for the most part. I'd only just arrived. I wasn't about to turn and high tail it home yet. Plenty of time for an escape later.

As Saturday worn on, the forecast became more and more troubling. Now, Hurricane Sandy could make land fall as early as Tuesday morning. Now some anxiety began to set in. But just a little. I was still scheduled to fly out more than 24 hours before the storm hit, right? I checked Expedia for flights scheduled from Newark to Gulfport on Sunday night. I had looked for that when I booked, but who knows, I could have overlooked something. But there is nothing. Well, how bad could it get? Still plenty of time to get out of Dodge, right?

Sunday morning dawned and the forecast was now downright ominous. Shortly after sitting down at my meeting, I got the dreaded call from Delta. My flight had been cancelled. Immediately I went back on Expedia and Delta looking for any flight that day to Gulfport. There were two. Both at 6:45 am! So I call Expedia to see about rescheduling and I got a recording. They will cheerfully return my call sometime between ... (get this) 7½ and 13½ hours from now. Delta's next on my call list. At least they promised to return my call within 2 ½ to 3 ½ hours. So I wait. Time is running out.

When Delta calls, I leave my lunch for later and seek out the business center so I can hear and talk. It doesn't do any good. There are no flights from Newark to Gulfport. None to Mobile, Pensacola, New Orleans, or even Atlanta. Time is gone. I do not wish to reschedule at this time. Am I not flying home?

In talking to my wife, Carita, over the weekend she had first asked what I was going to do if my flight was cancelled and then suggested, I could rent a car and drive home. Not relishing the thought of a 19 hour drive home, I put her off, claiming that as a last resort.

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11 All-Important Facts – *continued from page 1*

- 2030, there will be 2.1 workers per retiree.
- 7) When the Social Security Act was created, life expectancy was 67. So only a few people collected Social Security for more than two years. The life expectancy today is considerably different. The average life span of a man is approximately 81 years and the average woman lives to be approximately 84 years old. Therefore many people are now collecting Social Security for decades. Life expectancies are projected to increase, so later retirement ages are an attempt to offset this.
- 8) Currently Social Security has enough funds to pay scheduled benefits through 2032.
- 9) Social Security is currently paying out more than it is receiving and this is expected to persist for the next 75 years. At this rate, Social Security will be out of money by 2033.
- 10) The trustees forecast inflation rates to increase from 1.8 percent to 3.8 percent. If this occurs, Social Security will run out of money faster.
- 11) In 2033, taxes will only cover 75 percent of promised benefits. When the trust fund reserves are depleted, it will not be allowed to borrow money. The current law states that the benefits paid should match the income received.

Reform of the Social Security Act is desperately needed for the future workers of America. Hopefully a solution can be found, before we have to resort to an increase in tax or a decrease of benefits to the recipients. As a working American, you should closely monitor the Social Security Act and explore additional options of saving for your retirement. ☻

I check out of the Crown Plaza and cancel my reservation for that evening. Yes, I know it was a late checkout, but I wasn't going to get stuck in Jersey for 4 or 5 days with the power out. The next shuttle to the airport is leaving and I'm on it.

Upon being dropped off at the Delta gate, I walk straight to the counter, there wasn't even a line. And like an Amazing Race contestant, I announce I want to reschedule my cancelled flight and get home as early as possible. "Here, call this number, it's the cancelled flight service number" the ticket agent said in a practiced voice. At least this time Delta answered on the third ring. Hope springs eternal, right? But just as quickly as my hopes were raised, they were dashed. "Sorry sir, no flights at this time." I do not wish to reschedule at this time. I guess I'm driving home after all.

After making my way to the baggage claim area, I spy the rental car kiosk, if you can call it that. It's a phone on a pole. The phone connects you to the rental car counters located elsewhere at the airport with the simple touch of a button. In theory at least. I press the button for Hertz and no one answers. I press the button for Enterprise and no one answers. So I push the button for the last rental car company listed, National, and lo and behold, a live person, with cars! "Yes sir, come right over." It's going to cost \$451 plus gas for the rental car, but I don't care. I'm driving home.

What fun! How do I get out of town? I don't even take time to open a map. After all I'm a guy, right? The assumption is, should I need it, there is always MapQuest on my iPhone. There it is! There's I-95 and I know I-95 heads south, so off I go.

I-95, at least in that part of the country has toll booths and service plazas a lot like the Florida Turnpike. Every so often I'd pull into one and talk to Carita on the phone. About 50 miles north of Baltimore she offers the suggestion that I look for a flight home out of Baltimore or Washington, D.C. or someplace, instead of driving for 3 days. Brilliant! I should of thought of that. Since I'm driving in the wind, rain and growing darkness, I ask her to see if they have any flights available. She calls the regular Delta phone number on the house phone and the cancelled flight service number on her cell... and she waits. After being on hold for over an hour and half, Carita reports that there is indeed a flight available out of Reagan National Airport in Washington, D.C. at 7 the next morning. Hallelujah, I wish to reschedule at this time. Hold on, she's booking it now.

The cost of the rental car when I turn it in at Reagan: \$51. Alright! After checking in at a hotel, I check in with Carita one more time. Say, thank you, I love you and good night. The alarm is set for 4:45 am. Normally, I don't use an alarm clock, I just wake up, but since this is nearly an hour earlier than my usual wake up time, I'm taking no chances. There will be no missing this flight because I'm late or got hung up in security.

As is my habit, the news is on while I'm dressing and the local anchor reports: "Most flights out of Reagan National Airport have been cancelled today." Nooooooooooooo.

At Delta's website, my flight is still listed as "on time." The first shuttle to the airport is at 5:30 and I'm climbing aboard when the driver asks: "Flying out today? All the boards have been cleared."

"Yes, my flight is still listed. Either that or I'm driving."

We are only minutes from the airport. When I arrive, there is what seems to my inexperienced eye, a relatively small crowd for such a major airport. Nervous is an understatement. But that just makes check in go that much smoother and security was a breeze. And yet, I still almost miss my flight. There are only three people working at McDonald's (three in total, not three at the counter) and the service couldn't beat a sloth in a 5 legged sack race.

The seatbelt is buckled at 29D. The seat is in its upright position. All electronic devices have been turned off and stored. It is finally time for takeoff.

As Delta flight 829 climbs through the howling winds and darkening sky a voice booms throughout the cabin: "Ladies and gentlemen, this is your captain speaking. Congratulations! We are the last flight out of Reagan National. All flights after us have been cancelled. Enjoy your flight."

I've never enjoyed one more.



This month's Special Gold Member call-in times for Lindsey's Insider Circle will be 12/31/12 from 2:00 to 4:00 pm. To schedule your appointment, contact Kristen at (251) 633-4070.

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The Zevac & Lindsey Team would like to wish you all a very safe and **HAPPY** holiday season!



Looking for Someone You Can Rely

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.



"Santa Claus has the right idea. Visit people only once a year."

- Victor Borge

- Welding Supplies
- Home Insulation
- Optometrist
- Financial Advisor
- Hair Dresser
- Home Cleaning
- Realtor
- Chiropractor
- Massage Therapist
- Auto /Home /Life Insurance
- Dentist
- Land Surveyor
- Veterinarian
- Printer
- Mortgage Broker
- Attorney
- Plumber
- Cultured Marble

The End of a Tax Holiday Will Mean Less Money In Your Pocket

Your paycheck is going DOWN! One might be wondering, DEMANDING some explanation for the reason of less money in his or her pocket. As an employee you should know that since 2010, your share of Medicare tax has been reduced from 6.2 to 4.2%. Medicare is what forms the basis of the Federal Social Security Program, which provides monthly income to recipients (based on the recipient's contributions made during his or her employment period). This tax reduction (tax holiday) is scheduled to expire after December 31, 2012. Therefore starting January 1, 2013, as an employee, your share of Medicare tax will return to 6.2 percent. Although this won't increase your income taxes, it will definitely result in less money in YOUR pocket! ❁

