



**SPECIAL POINTS  
OF INTEREST:**

- A summary of the new health care reform law
- Take charge in order to succeed
- Special tax incentives for employers



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# Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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## The Most Significant Changes to Health Care Since LBJ A Summary of the New Health Care Reform Law

Recently, two pieces of legislation, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were signed into law. Together these pieces of legislation make the most significant reform to health care in the United States since the enactment of Medicare under the Johnson administration in 1965. The Congressional Budget Office estimates that by 2019, approximately 32 million currently uninsured Americans will have health insurance, at a cost of about \$940 billion. A major component of the reform legislation is the creation of state-based American Health Benefit Exchanges and Small Business Health Options Program Exchanges to provide health insurance for low-income individuals and small businesses. The following is a brief description of some of the most important provisions of the health care reform legislation.

**For Individuals**

- ◆ U. S. citizens and legal residents will be required to have health insurance by 2014, with some exceptions. Those without insurance will face a tax penalty of as much as 2.5% of taxable income.
- ◆ Existing employer-sponsored health insurance plans will be allowed to remain essentially the same except the plans will be required to extend dependent coverage to qualifying children through age 26, lifetime limits (and eventually, annual dollar limits) on coverage must be eliminated, waiting periods for coverage cannot extend beyond 90 days, and insurers will not be able to deny

coverage or charge higher premiums to people based on their health and gender.

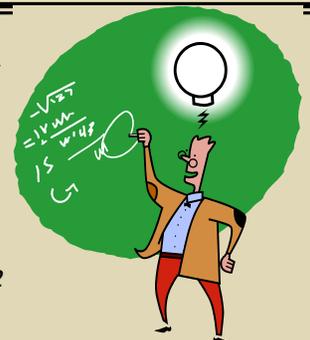
- ◆ Medicaid eligibility will be expanded to include individuals under age 65 whose income is less than 133% of the Federal Poverty Level. *Note: At this writing, the Federal Poverty Level for a family of four in the continental United States is \$22,050.*
- ◆ For families with incomes up to 400% of the Federal Poverty Level, tax credits and subsidies will be available to purchase health insurance through state-run exchanges, and to offset out-of-pocket costs.
- ◆ Contributions to a health flexible spending account will be limited to \$2,500 per year. Reimbursements from FSAs and HRAs for over-the-counter drugs will be restricted, and tax-free reimbursements from HSAs and Archer MSAs for over-the-counter drugs will not be allowed, while the tax on HSAs and Archer MSAs increases for distributions not used for qualified medical expenses.
- ◆ A rebate of \$250 will be available to Medicare Part D (drug coverage) beneficiaries who reach the coverage gap (donut hole) and the coinsurance for costs within this gap are gradually reduced to 25%.
- ◆ Adults with pre-existing condition will be able to purchase coverage from temporary high-risk pools until 2014, when coverage cannot otherwise be denied for pre-existing conditions.
- ◆ A national program will be established to provide limited reimbursement for long-term

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## Miracle Success Formula Discovered

Author and professional speaker Dan Kennedy says he has found a miracle formula for taking charge of any aspect of your life. At the very first seminar he ever attended, more than 30 years ago, the speaker talked about the most unpleasant success principle in the world. He said repeatedly, "You are exactly where you really want to be."

*Continued on page 2*



## Looking for Employees?????

If you're looking for new workers, Uncle Sam may chip in to help you hire those who are currently jobless. The HIRE (Hiring Incentives to Restore Employment) Act, which President Obama signed into law on March 18, created two new tax benefits designed to stimulate the hiring of employees in addition to retaining them. The Act encourages the hiring of "qualified employees" by exempting the employer from the normal social security match of 6.2% of gross wages for the 2010 year. The Act also allows up to a \$1,000 credit for retaining these workers for 52 weeks. So what qualifies an employee? A qualifying employee is one who:

- ◇ Is hired after February 3, 2010 and before January 1, 2011;
- ◇ Is not hired to replace another employee unless the replaced employee left voluntarily or for cause;

◇ Is not related to the employer;

◇ And certifies under penalty of perjury that he or she has not been employed for more than 40 hours during the 60-day period ending on the date that employment begins with the new employer by completing Form W-11.

The next question is how do you, the employer, get these credits? First, have the newly hired employee complete Form W-11. This is a single page affidavit that the employee completes certifying that they have not worked more than 40 hours in the



prior 60-day period. Then, for any payroll the employee earns after March 18, 2010, the employer can exclude from their payroll tax deposit the 6.2% social security match portion. If you do your own payroll, it would be a good idea to check your software to see if it has made provisions for the update.

The second part of the tax incentive lies in employment retention. For each unemployed worker retained for at least a year, businesses may claim a new hire retention credit of up to \$1,000 per worker when they file their 2011 income tax returns. These two tax benefits are especially helpful to employers who are adding positions to their payrolls.

This is a great opportunity if you need employees. Don't miss out! ❁

## Miracle Success Formula Discovered - continued from page 1

That wasn't what Dan wanted to hear, but after thinking about it he wrote down this formula: Control= Responsibility, Responsibility= Control. Everybody wants more control. Greater control over your finances, time and lifestyle. Ironically, as much as we desire greater control, we are the ones who give it all away. Every time we say... It's the location of our business... It's the season... It's the competition... It's the economy... It's my partner/co-worker/spouse, etc.

Each and every time we say "it's the..." we really do two things simultaneously: (1) we push away a small weight of responsibility, and that makes us feel better, but (2) we give up an equal-sized amount of control. Get rid of a "pound" of responsibility, lose a pound's worth of control.

A few years ago, Kennedy did a speaking tour of all the CEO Clubs in the country. On that tour he talked with groups of corporate presidents in nearly a dozen different cities. He says, if heard it once, he heard it a dozen times: "It's getting harder and harder to find worthy people to promote from within." When asked why, the response from the corporate executives was that generally only about 5% of all the people we employ consistently exhibit self-reliant behavior.

One president put it this way: "Take the typists in our office. They know that a proofreader checks their work for errors, so they rely on her rather than bothering to check their own work and consistently present her with typing done right the first time. Then we've got fifty sales reps in the field. Accounting has to constantly chase and nag every one of them to get their paperwork. My Sales Manager told me the other day that we've got one guy who we give wake up calls to."



*Steve Clark presents "Magnetic Marketing for the New Economy" to a packed room at the Mobile Chamber of Commerce. Clark is the author of "Profitable Persuasion" and the co-author with Dan Kennedy of "Secrets of Peak Performers" and is a nationally and internationally renowned speaker, author and business leader. The April 8<sup>th</sup> workshop was co-sponsored by Zevac & Lindsey.*

When you think about what these CEO's said, you have a simple answer to a long list of questions... How can I move ahead in my career? How can I get a better job? How can I start my own business? How can I make more money? ... and so on. The answer to those questions and many more like it is: Self-reliant behavior.

General Norman Schwarzkopf put the question this way: If you are put in charge, *when* you are put in charge, what should you do? TAKE CHARGE! ❁

## We Believe in Referrals

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.

- Home Insulation
- Residential Organizer
- Travel Agent
- Dentist
- Fitness Coach
  
- Realtor
- Financial Advisor
- Mortgage Broker
- Used Auto Dealer
  
- Interior Designer
- Bathroom Remodeler
- Florist
- Printer
  
- Chiropractor
- Web Development
- Massage Therapist
- Auto/Home/Life Insurance
- Advertising Specialties

## Buster's Corner

Heg, it's me again.....Buster! Got a question for you.

What's up with Groundhog Day?

I don't mean the February holiday ... I understand the general concept. You people are experiencing winter doldrums and looking for some glimmer of hope that sunny days are just around the corner. But why a groundhog? I mean really! What, they couldn't get a regular dog? Or, say ... a llama?

Could they have chosen a worse looking animal to promote this holiday? It's not even a real dog! Even a llama would be better. Come on people, throw me a bone on this one. We're supposed to be man's best friend. Can't you just picture Beethoven (from the movie of the same name) delivering the good news of "warm weather on the way?" Not that you could pull that one out of a little tiny hole in the ground, but work with me here.

After all we dogs spend most, well some, of our lives outside. Who better to make a prediction of the coming weather than someone who spends so much of their time sitting in the yard? A dog would be so much cuter with her tail wagging, running in circles, jumping on the Mayor or Governor or whoever drew the short straw that year, licking them in the face. What could be better?

Easter has a bunny. Christmas has reindeer. Thanksgiving has the turkey. -Which, by the way, has to be the dumbest bird God ever made.- I went looking for a dog holiday and all I can find is the "Dog Days of Summer." A period of doldrums and lack of progress. OMG. No respect whatsoever. Well, at least cats don't have one either.

What??? Hold on. Richard just told me it's the Chinese Year of the Tiger!! I cannot believe it!! Until next time.

Your Canine Friend,  
Buster



## The Most Significant Changes to Health Care Since LBJ — *continued from page 1*

care expenses for individuals who participate by contributing **Tax Changes** to the program's cost through voluntary payroll deductions.

### For Employers

- ◆ Employers with 50 or more employees that do not offer health insurance coverage will generally have to pay a premium tax of up to \$2,000 per full-time employee.
- ◆ Employers with more than 200 employees must automatically enroll employees in health insurance plans from which employees may opt out.
- ◆ Employers providing health insurance must offer a voucher to qualifying employees to purchase health insurance through an exchange.
- ◆ Qualifying employers may receive a tax credit for providing health insurance to employees.
- ◆ The threshold for itemized deductions for qualified medical expenses will be increased from 7.5% of adjusted gross income (AGI) to 10% of AGI, though a temporary exception will be maintained for those 65 and older.
- ◆ The tax for Medicare Part A (hospitalization coverage) is increased to 0.9% for individuals with earnings exceeding \$200,000, and for couples with joint earnings greater than \$250,000. Also, high-income taxpayers will be subject to a surtax of 3.8% on unearned income, such as capital gains, dividends, annuities, and rental income.
- ◆ The law imposes a 10% tax on the amount paid for indoor tanning services.
- ◆ Some of the provisions are effective immediately while others will be implemented over the next several years. ❁

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If and only to the extent that this publication contains contributions from tax professionals who are subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, the publisher, on behalf, of those contributors, hereby states that any U.S. federal tax advice that is contained in such contributions was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purposes.

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We would like to wish you a Happy Father's Day!

*Thank you for peace of mind. I know I have nothing to be concerned about.*  
— Carolyn T., Retired

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*Zevac + Lindsey is professional and reliable.*  
— Sarah J., Retired

*Zevac + Lindsey is reliable, practical and accessible. I recommend them to all of my clients.*  
— Katheryn S., Forensic Auditor

*I like the personal attention. You are always quick to respond to any questions we may have.*  
— Larry S., Dentist

## Successful Entrepreneurs Never Quit—and Always Listen

Nineteenth century publisher Cyrus H. K. Curtis had a passion for the newspaper business, but he didn't always have a lot of success with it. He published his first weekly paper at age 13 and built it up until he had 100 customers. Unfortunately, a fire wiped out his business, but his determination to succeed in the industry endured.

By 1870, he was a successful advertising salesman for a small Boston newspaper. He was so good at his job that the owner offered to sell the paper to him for \$250. Curtis turned the offer down, but the owner eventually gave it to him for nothing. Unfortunately, that publication failed too.

Undaunted, Curtis founded a new one, *The Tribune & Farmer*. One day his wife asked him who wrote the feature called "The Woman's Page."

"I do," said Curtis.

"It's utterly ridiculous!" exclaimed his wife.

Instead of arguing, Curtis challenged his wife to write the page herself. Mrs. Curtis accepted the offer and soon her page became the most popular section of the periodical.

Recognizing a hot commodity, Curtis expanded the feature and ultimately fashioned the publication around it, giving it a new name: *Ladies Home Journal*. ❁

