



SPECIAL POINTS OF INTEREST:

- Are you providing for children and parents?
- Tunnel vision in business
- Quotes
- Referrals
- Call in times
- And, much more...

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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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Baseball, Mardi Gras, and the Voice

The sun ducked behind the clouds as quickly as an IRS auditor's smile. One moment it was there and then, poof, it's gone. But no worries, this was not to be an afternoon negotiating across the table from an auditor, it was an early spring afternoon to be spent at Stanky Field watching the Jags play baseball. Well, truth be told, it wasn't even spring yet by the calendar, but it just doesn't seem right to talk about baseball and late winter, so just go with me.

I had barely turned the corner of the Luis Gonzales Indoor Batting Facility when the sun disappeared and the voice of authority commands me to halt in my steps: "Sir have you been drinking today?"

Now, much later in the day, I decide my response could have been: "Not yet." But my upbringing won't let me get there until much later in the day. I was, after all, a hall monitor. So my response is the somewhat more respectful: "No?" But the instant the response is out of my mouth, I recognized the voice. The voice has brought similar pauses for nearly 30 years. It is the voice of long-time Mobile police officer, now University of South Alabama officer and former high school class mate David Turpa.

Turpa has the advantage. He is sitting in the shade, inside his patrol vehicle and I'm walking from the sun into the shade. He can see me long before I bothered to look at the vehicle's driver. He, of course, doesn't think I've been drinking, he just uses that tactic to grab my attention. And it does.

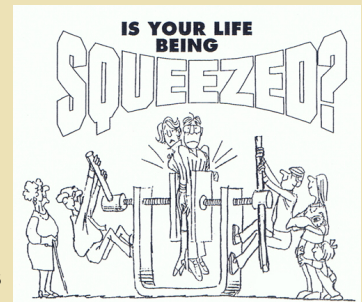
I think policeman must be taught that command voice at the academy. For those old enough, there was that scene in the 1984 movie *Police Academy* where the cadets are attempting to **Continued on page 2 ➡**

Caught in the Middle: The Sandwich Generation

Today's sandwich generation is squeezed between the obligation to care for their aging parents and their grown children.

It's hard enough to pay your bills and save for retirement, but it's even tougher when you have to juggle responsibilities, providing for your own financial needs while lending a helping hand to your elderly parents or grown children -- or both.

A recent study estimated that one in eight Americans between the ages of 40 and 60 are simultaneously providing some financial assistance to both a child and a parent. Other studies have shown that more than 50% of Americans expect to provide assistance to both. The obligations of taking care



of aging parents demand considerable time and money, sometimes as much as your children. But, are they your dependents?

From a tax standpoint, a dependency exemption deduction is available for each person who is a dependent of the taxpayer for the year. A dependent is defined as either a qualifying child or a qualifying relative.

To be a qualifying child of a taxpayer, an individual must satisfy five tests:

1. Relationship. A qualifying child must be the taxpayer's son, daughter, stepson, stepdaughter, brother, sister, stepbrother, stepsister, or a descendent of any such individual.
2. Residency. Have the same principal residence as the taxpayer for more than half the tax year.
3. Age. Be under age 19 at the end of the tax year, a student under age 24 at the end of

Continued on page 3 ➡

Fishing Where the Fish Are Biting

RadioShack announced last month that it would be closing 1100 of their stores nationwide. That amounts to 20% of all their stores in the nation. Believe it or not, it's because they made a common mistake. They abandoned the niche that made them a success in the first place. Instead of embracing who they were, they tried to become "Best Buy Jr." and what a costly error it was.

All too often business owners are blinded by the segments of their business that aren't performing as well as they'd like. Tunnel vision ensues and before you know it, while chasing a marginal increase in a marginal segment, they've totally neglected the customer base that was succeeding. This is such a silly mistake.

I'm not speaking out against expanding your business, in fact quite the opposite. I think you should constantly expand your business, but in a way that makes sense. Instead of focusing on making your weak areas strengths, you should spend more time and resources on growing the area of your business that is already kicking tail. ❁

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.

To the right, 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.

- ◆ Signs
- ◆ Self-storage Building
- ◆ Home Insulation
- ◆ Kitchen Remodeler
- ◆ Marketing Coach
- ◆ Dentist
- ◆ Fitness Coach
- ◆ Realtor
- ◆ Bathroom Remodeler
- ◆ Financial Advisor
- ◆ Mortgage Broker
- ◆ Used Auto Dealer
- ◆ Printer
- ◆ Chiropractor
- ◆ Massage Therapist
- ◆ Auto/Home/Life Insurance
- ◆ Advertising Specialties
- ◆ Attorney

This month's special Member-Only call-in times for Lindsey's Insider's Circle will be 4/28/14 from 2:00 to 4:00 pm. To schedule your appointment, contact Kristen at (251) 633-4070.

Not a member yet? Find out how to become one today!

Baseball, Mardi Gras, and the Voice — *Continued from page 1*

learn the voice, but I digress. I remember a long-ago trip to Mardi Gras before there were barricades on the streets and you could just about touch the floats as they went by. I was engrossed in catching beads when an emblem necklace eluded me and landed about four feet in front of me in the street. As I moved toward the beads, I'll never forget this, the strongest, the most commanding voice I can ever remember, and my dad was an Air Force Lt. Colonel, boomed, "Stop!"



Instantly I froze. When I returned to my senses, I realized the voice had kept me from getting flattened by the oncoming float. That commanding voice however, came from a 5'4" female police officer who couldn't have weighed more than 150 pounds with all her gear on. The voice of command; it gets your attention.

Many business owners try to imitate that voice by shouting at you in their marketing. But it is not the same. It's a lot harder to be the expert, to be the voice of authority than it is to shout. It doesn't take any particular training or expertise to shout, it just takes a willingness to do so. A willingness that comes about many times, like trying to be the lowest cost provider of anything, out of fear. Fear that the business has nothing unique to say so they shout just to try to get your attention. I'm sure you can tell the difference.

Oh, by the way, the Jags won. ❁

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.

Caught in the Middle

continued from page 1

- the tax year, or permanently and totally disabled at any time during the tax year,
- 4. Support. Did not provide more than half of such individual's own support for the tax year.
- 5. Married child. The individual, if married, cannot file a joint return with his or her spouse except as a claim for refund.

Individuals who do not meet the test for being a qualifying child of the taxpayer may still qualify as a dependent of the taxpayer as a qualifying relative. A qualifying relative is an individual who passes the following three tests:

1. Is a specified relative of the taxpayer, or if unrelated, has as his or her principal residence the taxpayer's home and is a member of the taxpayer's household. Under this rule, a dependency exemption may be allowed for a domestic partner and a domestic partner's children, provided all the other tests for a qualifying relative are met.
2. His or her gross income for the year is less than the exemption amount. This test disregards tax-exempt income such as certain scholarships and the nontaxable portion of social security payments.
3. The taxpayer provides more than one half of the individual's support for the tax year. While a supported person's nontaxable income (e. g., nontaxable social security benefits) is not considered when computing that person's income for the gross income test (see number 2 above) it is considered when determining the amount of support the person provides under the support test, to the extent such income is actually used for support.

Therefore, a qualifying relative can be a:

Child	Brother	Father-in-Law	If related by blood:
Grandchild	Sister	Brother-in-Law	Uncle
Great Grandchild	Stepbrother	Sister-in-Law	Aunt
Stepchild	Stepsister	Son-in-Law	Nephew
Parent	Stepparent	Daughter-in-Law	Niece
Grandparent	Mother-in-Law		

Even if a child of the taxpayer does not meet the definition of a qualifying child, the child may still qualify as a dependent of the taxpayer as a qualifying relative.

Example: Paul's son, Samuel, is 22 years old and is not a full-time student or disabled. Samuel's gross income is \$2,500 and Paul provides 75% of his support; Samuel's grandmother also contributes to his support. Samuel is not a qualifying child of Paul or his grandmother because he fails the age test. However, Samuel is Paul's dependent because he meets the definition of a qualifying relative (i.e., he meets the relationship test because he is Paul's son, he meets the gross income test because his income is under the exemption amount, and he meets the support test because Paul provides more than half of his support).

If the dependent is related to the taxpayer, it does not matter where he or she resides for the year, as long as the gross income and support test are both met.

Example: Cindy is 20 years old and not a full-time student or disabled. She lives with her friend for the entire year, and her grandmother Gigi provides more than 50% of her support (she has no gross income). Gigi can claim Cindy as her dependent because Cindy is a qualifying relative. Cindy does not have to live with Gigi during the year.

In determining the amount of support provided to an individual, the value of lodging is included in the support test.

Example: David and Michelle Butler help support Michelle's widowed mother, Mona, who is 72 years old. Mona lives rent-free in one side of a duplex the Butlers own. The fair rental value of the dwelling is \$8,400 a year. Mona provides her own furniture, but the Butlers paid utilities, which were \$1,200 in the current year. Mona's income consists of \$8,000 of social security benefits and \$300 of interest income, all of which she spends for her own support. The annual fair rental value of Mona's household furnishings is \$1,200.

The Butlers provide more than half of Mona's support for the current year. Their support is \$9,600 (\$8,400 value of dwelling plus \$1,200 utilities), while the support Mona provides for herself is \$9,500 (income of \$8,300 plus \$1,200 value of furnishings). Mona also meets the other test for dependency as a qualifying relative (i.e., relationship and gross income). Thus, the Butlers can claim Mona as a dependent on their form 1040 and take an exemption deduction for her.

Note: Mona's social security benefits are included in determining the amount of support she provides for herself, but are excluded for the gross income test since they are not taxable income to her. ☼

“Your business is never really good or bad ‘out there.’ Your business is either good or bad right between your own two ears.”
- Zig Ziglar

“If I were given the opportunity to present a gift to the next generation, it would be the ability for each individual to learn to laugh at himself.”
- Charles M. Schulz

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APRIL 15TH



Be Sure Everyone Knows "Who's the Boss"

Be sure everyone knows where their paycheck comes from. A large corporation did a survey of their employees and asked where their paycheck came from. Eighty percent answered accounting, 10% answered the bank. After hearing about this survey, I asked our team members where their paycheck came from. I'm happy to say that, because they were trained to know the answer, 93% answered 'Our Customers.' Be sure everyone in your company understands 'Who's the Boss.'

Who's the Boss?

There's only one boss, and whether a person shines shoes for a living or heads up the biggest corporation in the world, the boss remains the same— THE CUSTOMER.

She is the person who pays everyone's salary and who decides whether a business is going to succeed or fail. She doesn't care if a business has been around for 100 years. The minute it starts treating her badly or taking her for granted, she'll put it out of business.

The boss, THE CUSTOMER, has bought, and will buy, everything you have or will have. She's bought all of your clothes, your home, your car, pays for your children's education, and your vacations. She pays all of your bills and she pays in exact proportion to the way you treat her.

The man who works inside a big office building or plant might think he works for the company that writes his paychecks, but he doesn't. He is working for the person who buys the product at

the end of the line. In fact, THE CUSTOMER can fire everybody in the company from the president on down. And she can do it simply by spending her money somewhere else. Some of the largest companies that had flourishing businesses a few years ago are no longer in existence. They couldn't or didn't satisfy THE CUSTOMER. They forgot who the boss really is.

Excerpt from *Out-Nordstrom Nordstrom: Creating the World's Best Customer Service* by Keith Lee. Reprinted with permission. In the early 1980s in an effort to answer the question, "Why should someone do business with me versus anyone I compete with?" Keith determined the answer should be, "Because we have the best customer service." That's what everyone says, right? But Keith really delivers, and in fact has made it his professional crusade to educate and provide strategies to keep independent business people ahead of the competition. If you would like to learn more about how to train your Team to provide World Class, Exceptional, Out-Nordstrom Nordstrom Customer Service, check out www.KeithLee.com.



"If you love what you are doing, and always put the customer first, success will be yours."

- Roy Kroc