



**SPECIAL POINTS OF INTEREST:**

- **Buster's latest**
- **Insider's Circle Call-In Times**
- **Referrals**
- **Is your credit score = the I Love Debt score?**
- **Who's the problem, if not the IRS?**

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# Taxing Times

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

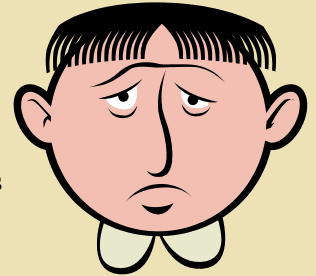
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## The Worst Day of My Life

The day I was fired was the worst day of my life.

I was in charge of marketing and I had recently placed a print ad that, instead of being the traditional black and white, included color. I was trying to make it "pop" and stand out from all the other ads, but my boss used it as an example of wasteful spending. Yes the company was struggling. The sales were plummeting and our costs were skyrocketing. But I didn't know we were heading into the deep abyss.



My boss sat down in the chair next to my desk and said, "I think you should find another place to work."

I was shocked! How could he fire me? I had been with the company since its founding, 15 years before. I started out doing the simplest, dirtiest grunt work there was. I swept the floors, made the product, polished the product, and installed the product. Then I "graduated" to the office and moved into sales, marketing and administration. I worked at and

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## (Maybe) The IRS Isn't the Problem

*"It is not enough to stare up the steps, we must step up the stairs." - Vaclav Havel*

The tax code today is at least 73,954 pages long. Which is about **185 times longer than it was in 1913.**

I say this simply because some of my friends wonder why it is that I don't just sip margaritas by the pool all summer. No, my work doesn't end.

There are two big reasons why we work so hard around here at Team Lindsey...

**1) The tax code is not only incredibly long and complicated -- but it carries contradictory incentives for taxpayers.** Sorting through all of them is indubitably not a task for a computer software program. It requires sitting down with an individual, a business owner, a family -- and determining what they care about most, and how to plan for it properly.

*Really, that's the only way to do it.* Everything else is just 'after the fact' clean-up work.

**Which is why it's so critical to meet with someone NOW to make sure that you're set up to hold a tax position which represents the real picture of where you are going.** This is the essence of tax planning. Some may say that this is overstating it -- but after years of doing this, I've become convinced that it's the truth. I'm in the business of helping you fulfill your dreams by helping you hold onto as much income/revenue as possible!

**2) The other big reason this job is no cupcake is what's required to stay up to date with how the law \*changes\* ... and it's made much worse by what happens in Congress.**

Yes, the IRS as an institution has not grabbed great headlines this last year. That's a problem. But it's not the source.

(By the way, **there IS hope for this problem, especially for our clients.**)

Despite what certain voices would claim over the internet, the truth is that we don't have the choice to "not file" or "not

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## **(Maybe) The IRS**—*continued from page 1*

pay" what the tax laws say we owe. That's why the IRS audits returns and has all sorts of mechanisms (liens, refund offsets) to encourage us to file by each April 15, and to do so correctly.

But even with payroll deductions, etc. we U.S. taxpayers are trusted to fill out the forms, ensure the correct amount was withheld and let the IRS know what our true final bill was. That's called tax filing. **And if we discover that we owe the U.S. Treasury, then our system, as it stands now, relies on us to send in the necessary payments.** This, of course, is what we spend much of our time on around here at Team Lindsey -- helping YOU do this ethically, but ensuring you're not overpaying.

But Congress seems to encourage tax cheating.

They do this -- probably unintentionally -- by tinkering with our tax laws so much. **They change them, sometimes slightly, sometimes quite a bit, and they do so constantly.** What's worse is the annual rite of *procrastination* in the House and Senate. I see this all the time. As a regular course of business.

And these delays in tax changes -- or the decision to make some laws retroactive months later (extenders, estate tax, etc.) -- totally screw up basic tax planning, sometimes negating options that could have been used to legally lower a tax bill.

*(Which, incidentally, is why I have to pay so much attention to what's happening in the legislation NOW, during the offseason. I do this so you don't have to!)*

So some people cheat. And, unfortunately, they feel justified in doing so.

One recent example was the first-time homebuyer credit that was created back in 2008 ... then revised ... and revised again. Many homebuyers had to "pay back" a credit that was taken under existing law -- then later cancelled.

And, I know (from conversations) how many felt justified in finding ways to "skim back" (*read*: cheat) that \$500 into their returns because they were annoyed by how Congress handled it.

And there are plenty other tax laws with similar histories that tick off filers enough so that they look for ways of getting payback when they fill out their 1040s.

Now I'm not AT ALL condoning these taxpayers' decisions to "even up" the tax code where they may find it unfair. Life is unfair and taxes are a huge part of life.

But Congress can do a lot to prevent such "they hurt me, so I'll hurt the tax system right back" attitudes, by doing its tax-writing job in a more rational and professional manner.

Until it does, then Capitol Hill is going to keep creating tax cheats.

**But here's where the hope comes in...**

*For my clients and readers, you can rest assured that we are paying attention ... and will be on top of (even) the procrastinating legislators. We'll do all we can to make sure you don't make moves that you'll regret after the fact.*

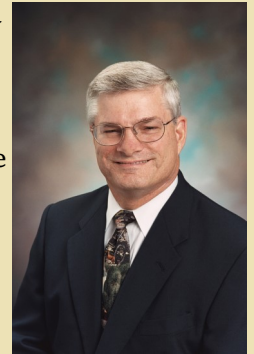
**And the best way to help us help YOU, is by giving us a call to talk things through NOW, while we can still make a difference. 251.633.4070. \***

## Looking for Someone You Can Rely On?

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.

- ◆ Plumber
- ◆ Mortgage Broker
- ◆ Cultured Marble
- ◆ Welding Supplies
- ◆ Senior Living Community
- ◆ Printer
- ◆ Attorney
- ◆ Pest Control
- ◆ Auto and Home Insurance
- ◆ Remodeler
- ◆ Home Inspector
- ◆ Realtor
- ◆ Lawn Service
- ◆ Identity Theft Protection
- ◆ Civil Engineer
- ◆ Diving Bell Fabricator
- ◆ Used Auto Dealer
- ◆ Fitness Coach



*"You wouldn't worry so much about what others think of you if you realized how seldom they do."  
~Eleanor Roosevelt~*

**This month's special Member-Only call-in times for Lindsey's Insider's Circle will be 8/25/14 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!**



I want to tell you about a tax law that really gets under my fur. There's no deduction for all the money spent to take care of dogs! You take care of your dog like your kids, right? You feed them, take them to the vet, buy them toys and love them— just like your kids! There's a reason we're called man's best friend, right? There's a deduction for kids, why not dogs?

Hey, I'm barking mad and I'm not going to put up with it anymore!

I've started an online petition to revive the HAPPY Act (short for Humanity and Pets Partnered Through the Years) and I hope you'll sign it.

After I started this column I ran it by Richard just to be sure I was right: Is there a deduction for pet expenses or a dependency exemption? He gave me his favorite answer when it comes to taxes...

"It depends."

Turns out if you've got some showoff who actually earns money for their owner by being a flea collar model, then related ordinary and necessary expenses are deductible. Richard reminded me that he recently wrote about a business deduction allowed for cat food used by a junkyard owner to attract feral cats, which in turned kept the population of mice and snakes in check.


Then I found out you might also get a deduction if you raise guide dogs for a charitable organization, such as Guide Dogs for the Blind. Or if you foster or rescue animals for an approved charity, your expenses for food, litter and vet bills may be deductible.

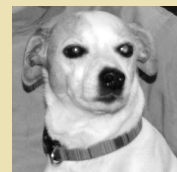
Yea, how about that? Now there's a couple of great things you could do! You may even qualify to deduct other supplies, like the paper towels you may need to clean up after your foster pet and for mileage for trips made solely for the organization.

Now I know, even without asking, Richard's gonna tell you to document everything. — He's so anal sometimes. — So keep your receipts and cancelled checks and keep track of any not-so-obvious expenses. And by all means, get an acknowledgement from the organization for expenses over \$250.

I also know that nothing is gonna raise Richard's hackles more than seeing "four dependents" listed on the Z&L Tax Organizer of a widow with a dog, two fish and a cat.

Your Canine Friend,

 Buster



## The Worst Day of My Life

*continued from page 1*

learned nearly every facet of that business, from the bottom up.

Here I was: 33 years old, two little girls at home, a wife, a mortgage, very little savings and my father had just sent me packing. My father!

I was at a loss. I had a marketing degree, but I didn't feel like a salesman. I couldn't imagine working in an advertising agency.

After some soul searching, it dawned on me - I enjoyed understanding what made a business tick. That led me to accounting, the language of business. So, I decided to go back to school and become a CPA. I earned a Master of Accounting Degree from the University of South Alabama. It's abbreviated MAcc and pronounced like Mac of Mac and Cheese. It's more common now than it used to be but for an old guy like me it was a little unusual. In fact, I was in South's first class that was offered the MAcc and I graduated at the top of my class... of two.

This month marks the 10<sup>th</sup> anniversary of Dad's passing. Maybe that's what started the reflections. Maybe without that push out the door I wouldn't be writing to you today. Maybe that's the core of my passion. Maybe it's a large part of who I am.

Looking back...

Maybe it wasn't such a bad day after all. \*

## The Truth About Your Credit Score

### Can you really live without it?

The dreaded FICO score. It's that number that's associated with every credit report. We all know about it -most people have one- but what does the credit score really mean?

Like it or not, your credit score is not an indicator of winning financially. All it tells you is whether you are good at borrowing money and paying it back. That's it.

But let's take a deeper look. How is your FICO score determined?

- 35% of your score is based on your debt history.
- 30% is based on your debt level.
- 15% is based on the length of time you've been in debt.
- 10% is based on new debt.
- 10% is based on type of debt.

It's the I love debt score.

Your FICO score is an I-love-debt score, isn't it? Does it factor in your income or, even better, your debt-to-income ratio? Nope. Does it factor in your savings account, net worth, anything other than debt? Absolutely not.

The only way to have a good credit score is to go into debt, stay in debt, and continually pay your account perfectly -without adding too much debt or paying too much off. In other words, stay in debt for as long as you can. How ridiculous is that?

Now, if you are on Dave's plan -paying off old debt and not opening any new debt -then you will eventually reach the point of being debt-free. *Continued on back cover* ➡

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**Be Kind To Humankind Week is August 25-31.  
(Shouldn't this be every week???)**

## The Truth About—*continued from page 3*

At first, you'll pay off credit cards, car and student loans and things like that. Then, one sweet day, you finally knockoff that mortgage.

After killing all of that debt, your credit score will become "indeterminable." This is great news! By this point in your life, you haven't taken out a loan in years, you saved a ton of money, and you're paying cash for everything. So **you don't need a credit score, anyway, since you don't plan on using credit!**

## Getting a mortgage without a credit score

Let's go back a few years, though -back before you paid off that mortgage. How can you get a mortgage without a credit score in the first place? Isn't this magic number your key to the world of mortgages and home ownership?

Actually, no, it isn't. **You can get a mortgage without a credit score.** How so? Manual underwriting.

Not every lender is going to do manual underwriting-which is basically when they use a little common sense and look at factors like your income and not just your credit score. Churchill mortgage is one lender we recommend for manual underwriting.

Now, this doesn't mean that just anyone can walk into a bank or mortgage lender and walk out with a home loan using manual underwriting. Remember, this is the way weird people do it, so there are some requirements you've got to live up to. Specifically, you must:

- Put at least 20% down on your home.

- Choose a 15 year, fixed-rate conventional mortgage.
- Have a strong employment history and personal income to support the loan.
- Demonstrate 4 to 6 trade lines that span 18 to 24 months. These are just regularly recurring expenses such as rent, electric bills, water bills, cell phones, etc.

Also, your old credit history has to be in good shape. Even if all you have is a zero score, the old history is still there and impacts the loan decision. If you have an old history of late or missing payments, then you could have some problems.



## You can live without it!

Now don't go out and trash your credit score and say "Dave Ramsey told me too!" That's not what we're saying. But we will tell you not to bow at the altar of

the "Great FICO." In other words, **don't worship your credit score** -because you can live without it.

Dump debt, save money, and pay cash. Do that and you will be well on your way toward building wealth -not your credit score. And what's more important?

Get started now dumping debt and building wealth the right way! Dave's best-selling book *The Total Money Makeover* is a great place to start. \*

*Reprinted with permission from DaveRamsey.com, June, 2010. Dave Ramsey is a personal money management expert, national radio talk show host, and New York Times best-selling author. He's helped millions of people get out of debt and build wealth. He is today's voice of financial wisdom and exclusively recommends me to help you! To learn more about Dave Ramsey visit him online at [DaveRamsey.com](http://DaveRamsey.com).*