



SPECIAL POINTS OF INTEREST:

- Have you delayed saving for retirement?
- Fraud & tax evasion
- Buster's Latest
- Referrals and other tidbits

INSIDE THIS ISSUE:

Getting a Late Start? Here's What To Do	1
Real Housewife in Real Trouble	2
An Extra IRS Notice	3
Buster's Corner	3
Identity Theft Happens Everywhere...Even Alabama	3
Looking for Someone You Can Rely On?	4
Word Find	4

Taxing Times

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

VOLUME 5, ISSUE 9

SEPTEMBER 2013

Getting a Late Start? Here's What To Do...

"Without risk, faith is an impossibility." -Søren Kierkegaard



School is back in session and summer is unofficially over (I know -- big relief for many parents and others out there!). *It all happens so ... fast.*

And so does moving towards retirement.

And I know for a fact that many people both among our current client base, and outside of it, are worried about it. It's almost a cliché these days, to be honest, among those of us professionals in the tax and financial world.

And while some tax professionals lie awake thinking about their own retirement accounts, we spend our time worrying about our clients'.

Because, to be honest, the national numbers aren't good.

Forty-two percent of those surveyed in a recent Bloomberg national poll said that they need to increase their retirement savings this year, but can't afford to do so. A subsequent National Institute on Retirement Security (NIRS) poll produced similar results. NIRS found that those near retirement have only \$12,000 in total individual retirement account and defined contribution plan balances.

For younger workers, the news is worse. Their median retirement accounts balance was just \$3,000. Overall, according to the NIRS survey, the retirement savings gap for working-age households is \$14 trillion.

Whoa! That's a lot of old folks who'll be eating cat food. And that's not to make light of it. But these numbers are shocking, are they not?

Knowing how much you should save for retirement is critical. But what if you are late getting started? The longer you delay, the shorter the time that compound interest can do its magic on your savings.

We typically recommend that you save 15% of your take-home pay each year. Money in the bank isn't compounding. So invest the money in an age-appropriate portfolio and reevaluate regularly. Make sure your investment choices have low fees and expenses. Assuming you start at age 25, you should have sufficient assets to retire at age 65 after 40 years.

Retirement planning is like the pioneers who set forth on the Oregon Trail. The hardy souls who began their journey in early spring had to average 15 miles a day to reach their goal. But those who delayed until summer needed to maintain a faster pace. The same is true of saving for retirement.

Beginning at age 25 and retiring at 65, the appropriate savings rate is 15.4%. But starting just five years earlier, you could reach the same goal by saving just 11.1% each year. Because starting early is more important than saving more.

If you start at age 20, you will have saved nearly an

Continued on page 2 ➡

Getting a Late Start? Here's What To Do...—*continued from page 1*

entire year's salary by the time the couple delaying is putting in their first 15%. **In fact, the family starting earlier will be ahead of the family starting later all the way up until age 65.** This is true even though they will be saving 5.3% less of their salary each year.

Deferred consumption is the definition of capital. When a family defers consuming and saves and invests instead, they put that capital to work. Having more money invested early means their investments are making money and adding to their savings, which reduces the amount they need to add. Money makes money.

Late April or early May was the best time of year to begin the arduous trek to the West. If you waited too long, you would have to push farther each day or risk getting trapped in the mountains by an early snowstorm.

The same is true of retirement planning. **The later you start in life, the higher the percentage of your lifestyle you must save.** Starting at age 25 you should save 15.4% of your lifestyle each year to reach financial independence by age 65. For every year you delay, add about 1% in your 20s and 2% in your 30s.

Starting at age 30, we suggest you save 21.4% each year. By age 35 it rises to 30.1%. And at age 40 it is 43.2%. Saving half your salary is difficult at any age. Lowering your standard of living to begin saving at age 40 is even more challenging.

By age 45 the percentage rises to 64.2%, and at age 50, you must save 100% of your lifestyle to reach retirement at age 65.

Saving 100% of your lifestyle sounds impossible, but it is not. If you earn \$100,000 after taxes, you must limit your lifestyle to \$50,000 and save the remainder. This strategy will allow you to retire at age 65 with a lifestyle of \$50,000.

Changing your lifestyle by spending less and saving more is always the fastest way to catch up from a slow start. Most important, it reduces the amount you must save to reach financial independence. Lowering your lifestyle is like traveling twice as fast and cutting half the distance you need to reach your destination.

Social Security can also provide a larger percentage of your retirement. If you are willing to retire on an average monthly income of \$1,230, you probably don't need to save at all. But that certainly is not what any financial planner would recommend.

So start early, and enjoy a more leisurely trip. But if you have delayed, don't give up. Make a commitment to adjust your lifestyle as needed.

And lastly -- do let us know if we can help you. It's what we're here for. ❁

***Real Housewife* in Real Trouble**

***The Real Housewives of New Jersey* stars Teresa and Joe Giudice are accused of exaggerating their income, while applying for loans before their reality TV show debuted, and then hiding how well they were doing in a bankruptcy filing after the first season aired.**

The Giudices were recently indicted on several types of fraud, making false statements on loan applications, defrauding lenders to illegally obtain mortgages and other loans, and bankruptcy fraud by hiding assets and income during bankruptcy court. Joe is also charged with failure to file his tax returns for tax years 2004 through 2008. During these tax periods Joe allegedly earned approximately one million dollars.

"Everyone has an obligation to tell the truth when dealing with the courts, paying their taxes, and applying for loans or mortgages," said U.S. Attorney Paul J Fishman. "That's reality."

The Giudices pled not guilty.

"Just because you've made mistakes doesn't mean your mistakes get to make you. Take notice of your inner critic, forgive yourself, and move on."

- Robert Tew

This month's special Member-Only call-in times for Lindsey's Insider Circle will be 9/23/13 from 2:00 to 4:00 pm. To schedule your appointment, contact Kristen at (251) 633-4070.

An Extra IRS Notice

If you recently received an IRS notice you might be thinking, "Really???" Why would I be getting ANOTHER one?" If you received an IRS notice between the dates of July 1st and July 8th then you should be on the outlook for a special mailing from the IRS. The first notice you received contained an IRS error in the calculation of interest owed on proposed taxes from under reported income. The interest calculated on the first notice is lower than what it should have been. The IRS will be mailing a special notice the end of July to those taxpayers. If you receive this special mailing, you should follow the directions on the new notice. The notice will encourage these taxpayers to either call or write the IRS to receive the corrected interest amount. 🌸

Hesitant to promote your business? Well, you're in luck. September is Shameless Promotion Month. This is the month for you to go out and promote yourself, your business, your book or your product shamelessly.

Ask the Taxpert

Do you have a question for the Taxpert that you'd like to see answered in a future *Taxing Times*? Or perhaps just an issue you'd like the Taxpert to address?

Send the Taxpert a note:

Taxing Times
1050 Hillcrest Rd.
Suite A
Mobile, AL 36695

Send the Taxpert an email:

taxpert.zl@comcast.net



My nightly slumber was pierced by a frantic phone call. The baby's coming, the baby's coming! I didn't really understand what the big deal was. Now, obviously, I've never had puppies, (if you don't know why, go ask Dr. Ruth) but canines have been having them for a long time all by ourselves, so I assumed the same was true for you humans. My mistake.

The late night phone call was followed by an early morning phone call. I can't tell time but I heard Richard say it was 2:30 in the morning and now he could try to go to sleep for a few hours. Go to sleep? Who is he kidding? He's not fooling anybody. Unless of course, his "staying awake" involves repeated snoring episodes. Yeah right.



By the time the sun was up, Richard was off to work and Carita was off to Springhill Memorial Hospital to wait on the new arrival. I heard Richard squeezed in a few hours of work before getting another frantic call to "come now!!" I even heard Richard ran around in a circle like a chicken with its head cut off trying to re-schedule his *A Moment With the Experts* interview call with Steve Adams. Naturally, Steve was accommodating and rescheduled for later that afternoon.

By early afternoon, both Richard and Carita were in the Labor and Delivery waiting room when baby Evan was presented to the world. Baby Evan is the first born to Richard and Carita's daughter Lauren and her husband Matt. Evan was 12 days old when I first put my peepers on him and I guess now I agree...

He is a big deal! Welcome Evan.

Until next time,
Your canine friend...



Identity Theft Happens Everywhere...Even Alabama

Millbrook, Alabama resident Janika Bates obtained names and social security numbers of student loan borrowers from electronic databases of a former employer, and used them to make false claims for tax refunds. Bates was sentenced to 94 months in prison following her conviction of aggravated identity theft, wire fraud, and conspiracy to make false claims for tax refunds.

But what about the victim?

The consequences of having your identity stolen can be numerous. If your identity is stolen, your tax refund will be more than likely held up by the IRS. A victim sometimes won't see his refund for a minimum of eleven weeks, or until he can convince the IRS that he really is a victim of identity theft. The burden of proving you have become a victim of identity theft is primarily placed on you. An identity theft victim is faced with the possibility of lost job opportunities, being refused loans, education, housing or cars, or even being arrested for crimes he didn't commit.



Over the past year the IRS has put filters into place to address different issues or flags of identity theft. In 2012, the IRS

Continued on back cover ➡

ZEVAC & LINDSEY

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."

1050 Hillcrest Road, Suite A
 Mobile, AL 36695
 (251) 633-4070—phone
 (251) 633-4071—fax

PRSR STD
 U.S. POSTAGE
PAID
 PERMIT NO. 1343
 MOBILE, AL



September 5th is "Be Late for Something Day!"

Identity Theft Happens— *continued from page 3*

planned on spending approximately \$330 million to fight against identity theft, but due to limited resources additional funds are needed. The filters that were placed in service this last year help to differentiate justifiable returns from counterfeit ones and prevent recurrence. If a return is caught by a filter, it is reviewed manually to validate the information. To validate the information the IRS may contact the taxpayer to verify the correct information, or the IRS may send a correspondence audit notice to the taxpayer. ❁

SEPTEMBER

The ninth month used to be the seventh month. September used to be the seventh month on the Roman calendar, but became the ninth month with the move to the Gregorian calendar. It had 29 and 31 days, but it later was changed to 30 days by Emperor Augustus. It is National Chicken Month, National Rice Month, and National Potato Month. Dinner anyone?

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.

Taxing Times Word Search

R M E B I W O J F H L Y N D I	Word List
P E N A L P B H O G I R O D A	DEFERRED
W L T X T Y N U Y G F E T P D	DELIVERY
O C H I R R S J R V E V I M V	HOUSEWIFE
Y D E R R E F E D Y S I C L T	IDENTITY
X T G B W E A N B O T L E W Y	LIFESTYLE
L U I I G T M L T I Y E L T D	NOTICE
U N F T H M E E I Q L D T P P	PLAN
L E C E N L J F N T E A D C O	REALITY
S K F R B E B V L T Y P D X E	RETIREMENT
O T A U H G D X R U U O F T H	SPEAKER
G P O H Y X G I S P E A K E R	THEFT
V R X D H Z G H S G Q M F S T	TROUBLE
T C T D P I U A I E N N C K N	
R I C Q Y B I V B W V U W O L	

- | | |
|-------------------------|-----------------------|
| Architect | Used Auto Dealer |
| Port Facility | Remodeler |
| Printer | Realtor |
| Advertising Specialties | Web Developer |
| Attorney | Hair Stylist |
| Auto and Home Insurance | Marketing Coach |
| Florist | Insulation Contractor |
| Civil Engineer | Financial Advisor |
| Diving Bell Fabricator | Attorney |

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.