



THE ELLS OUTLOOK

July-August 2010

Financial Reform Arrives

Long-awaited financial reform arrived in July by way of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Like the Health Care Act, the far-reaching implications of the law will take many months, even years, to be fully felt and by the time the rules are completely written the waters could muddy considerably. Despite these uncertainties, there are some clear ways that financial reform will impact us in the near future.

One of the most important changes to be ushered in by financial reform is the creation of a Consumer Financial Protection Bureau (CFPB), which will be an independent body that draws its funding from the Federal Reserve, not Congress. It will be charged with safeguarding the public from shady business practices, predatory lending practices and abusive financial products. Everything from credit counseling and payday loans to mortgages and credit cards will come under its jurisdiction.

The Securities and Exchange Commission (SEC) will also ramp up its efforts. While much of the SEC's focus will be on corporations, three key initiatives target individual investors. The first is the appointment of an "Investor Advocate" by the SEC, intended to reinforce the agency's mission to put the public's interest above that of Wall Street. Additionally, they will review the current practice of mandatory arbitration on Wall Street and if it deems it to be unfair, it could limit or ban it, which would allow spurned investors to sue in court when they feel wronged by their stockbrokers. Lastly, the SEC now has the power to mandate that your stockbroker serve as a fiduciary, acting solely in your best interest, the same as financial advisors are required to do.

On the home front, the new legislation requires lenders to fully document a home buyer's income – preferably with tax records from the IRS, thereby eliminating "stated income" loans, a practice felt to have contributed to the housing market collapse. Also, when you head to the mall this holiday season, the financial reform bill allows merchants to give you a

... continued on Page 2

Bleeding Dodger Blue



Glen Schnablegger of Reliant Financial, Sherry Radmore, Diane Kimbro of Stone Tarpert Financial Services, & Maria Arriola bask in the glory of Dodger Blue.

It was a great day to be at the ball park, and we all know that **Sherry Radmore** always feels at home when she's at Dodger Stadium! So, it was an especially festive occasion when she and **Maria Arriola** attended the Dodgers Fantasy Day event as the guests of Diane Kimbro of Stone Tarpert Financial Services on June 23rd. Guests participated in batting practice and were treated to a guided tour of behind-the-scenes Dodger Stadium, including hanging out in the Dodger dugout. Added icing on the cake were up close and personal appearances from past Dodger greats Steve Yeager, Ron Cey and Maury Wills. It was a very memorable day.

Sherry Radmore Urges You To Begin Your "Year End" Tax Planning Now!



The news out of Washington isn't what is happening, the news is what is NOT happening. We could be looking at the largest tax hikes in history. In 2001 and 2003, the GOP Congress enacted a series of tax cuts for investors, small business owners, and families. These will all expire on January 1, 2011 unless Congress acts, and it is facing a stalemate that may render it powerless to do so, even in this election year. The current six tax rate brackets of 10%, 15%, 25%, 28%, 33% and 35% will be replaced by five new brackets with rates of 15%, 28%, 31%, 36% and 39.6%. The maximum rate on long-term capital gains will increase to 20% from 15% and the maximum rate on dividends will skyrocket to 39.6% from 15%. The estate tax is scheduled to return with a top rate of 55% and an exemption of \$1 million per individual. Of particular interest to small business is the scheduled reduction to the Section 179 expense deduction in 2011. For 2010, the maximum amount of equipment placed in service that businesses can expense is \$250,000. This will revert back to the \$25,000 maximum in 2011. The fact is, over 100 tax breaks either have expired or will expire at the end of this year. If you want to implement tax strategies to take advantage of the current lower tax brackets, now is the time to become proactive. Waiting until December might be too late. We urge you to call your ELLS advisor this month and set up an appointment to review your tax position and plan the necessary steps to maximize your current tax advantages, while you still have them.

Financial Reform

(continued from Page 1)

discount on your purchase if you pay with cash, check, or a debit card as opposed to a credit card. Further, retailers can impose no higher than a \$10 minimum on credit card purchases if you do decide to bring out the plastic anyway.

Many other financial safeguards are written into the bill which will unfold as the CFPB gets into full operation. You can count on us to keep you updated. Meanwhile, if you have any questions, call your ELLS advisor.

QuickBooks 2010 Is Here!

Get powerful new organization tools. New and improved 2010 features help you get organized and keep accurate records for tax time.

The new **Document Management** feature helps you organize and share information by allowing you to store all of your business documents in QuickBooks. Attach electronic or scanned documents to any customer, vendor, employee, account or transaction.

You can now add or edit multiple entries in QuickBooks from one spreadsheet view on the new **Add/Edit Multiple List** feature. Using Microsoft Excel you can edit or add large amounts of data at one time to customers, vendors, and other accounts.

The improved **Company Snapshot** feature allows you to get an instant view of your bottom line utilizing graphs and five new comparison reports.

The new **Favorites Menu** enables you to create shortcuts to favorite menus for each user.

Improve online banking with **Intuit Solution for QuickBooks**. Eliminate almost all the time you spend depositing and accounting for check payments. (Requires a subscription and purchase of a scanner, which are sold separately.) "Scan. Deposit. Done!"

It's easier than ever to stay on top of your accounting tasks. **Laurel Morrison**, ELLS accounting software specialist, can assist you in upgrading your present QuickBooks version. Give Laurel a call to discuss the many other new features and ways you may be able to benefit from using the updated Quickbooks 2010 version. She is standing by to schedule an appointment at your convenience.

Thank You For Referring Us
To Your Friends &
Business Associates!

Small Non-Profits Could Lose Tax-Exempt Status

The IRS is encouraging small not-for-profit organizations to file any missing tax returns for the years 2007, 2008 and 2009 to be in compliance with income reporting requirements. For 2006 and earlier years, non-profits with annual receipts of \$25,000 or less were exempt from filing returns with the agency. Starting in 2007, charities are required to file *regardless* of the size of their income. Smaller charities may be eligible to file the so-called electronic postcard (Form 990-N) or the shorter Form 990-EZ. The IRS is providing a special grace period: as long as all returns are filed by October 15, 2010, non-profit organizations will be able to keep their tax-exempt status. If you belong to, or know of, a charity that may be remiss, contact your ELLS advisor for further information about this important issue.

Estate Tax Changes for 2010

In view of the zero estate tax for 2010, you may want to consider making some temporary changes to your estate plan, especially if you plan to donate a larger portion to charity than you would have under the present circumstances. A word of caution! Remember to reverse the changes next year, as the estate tax will be higher than ever when it returns. As these changes are quite drastic, be sure to consult with your ELLS advisor and estate attorney to make sure you make the right choices.

ELLS Visits Bank of America



Maria Arriola was joined by Shareholders **Ed Lieber** and **Ron Stumpf** on July 8th when she gave a Tax Update presentation. Her topics included Healthcare Reform, Distressed Real Estate, and the HIRE Act.

It's Tee Time!



Greg Lewis made up a foursome with Larry Rolapp of Fieldman Rolapp, Doug Tipping of Citizens Business Bank, and Stuart Freidman of SLF Insurance Services, at the annual Anaheim Rotary Golf Tournament on June 23rd.

—Around The Calculator—

Anniversary congratulations to internal accountant, **Yen Nguyen**, who celebrated her 3rd on July 2nd. On July 10th we saluted tax staff member **Suresh Narayanamoorthy**, CPA, on his 4th anniversary, followed by cheers to tax manager **Yana Weaver**, CPA, on July 29th for having completed 8 years with ELLS. **Laurel Morrison** paraprofessional and software specialist, rings up a whopping 28 years on August 16th. The month's celebrations culminate on August 21st when paraprofessional and pension specialist **Karen Kush** proudly boasts a milestone 15 years on the ELLS team. It's been a busy 2 months!

Shareholder **Ron Stumpf** has lots to look forward to, as he'll be both Father of the Bride and Father of the Groom. Daughter Jennifer and son Steven recently announced their engagements. No dates have been announced for the weddings.

Every so often we have an amazing story about one of our clients. Reuland Electric, a manufacturer of electric motors in the City of Industry, celebrated the 60th Anniversary of their valuable employee, 81-year old **Dale Cummings** in June of this year. Dale started as a line worker back in the year 1950. He is now a special technician with them. Our congratulations to Dale and to Reuland Electric!

In compliance with Treasury Department Circular 230, unless stated to the contrary, any Federal tax advice contained in this newsletter, including attachments and enclosures, was not intended or written to be used and cannot be used for the purpose of avoiding penalties. Articles included herein are brief and necessarily not complete discussions. They should not be acted upon without seeking further professional advice. This newsletter is available to other interested parties by contacting our office.



CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

1611 E. FOURTH STREET, SUITE 200
SANTA ANA, CALIFORNIA 92701
T: 714.569.1000
F: 714.542.1040
WWW.ELLSCPAS.COM
EMAIL: INFO@ELLSCPAS.COM

PRESORTED
STANDARD
POSTAGE
PAID
Santa Ana, CA
Permit No. 4767

RETURN SERVICE REQUESTED

This publication is intended to provide accurate and authoritative information on the subject matter covered. It is distributed with the understanding the publisher and distributor are not rendering legal, accounting or other professional advice and assume no liability whatsoever in connection with its use. Copyright 2010

ELLS Offers Training Facility to Clients



It's always a challenge to find just the right room in which to hold your training meeting and ELLS may have the perfect solution for you! We invite our clients to consider using our state-of-the-art training facility in our building on 4th Street here in Santa Ana. It is conveniently located, it has seating and monitors for up to 16 people, and offers the privacy and quiet environment you want in order to get the most out of your training sessions. For further

information, a call to Lindsay Fleumer, Marketing Director, will get the process started. In the photo above, Laurel Morrison is conducting a training session on QuickBooks 2010's new features with ELLS team members giving her their full attention.
