



The Update

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Spring 2009

Sannerud, Savarese & Associates, P.A. – “Certified Public Accountants”
1207 Constance Blvd. N.E. • Ham Lake, MN 55304 • (763) 434-5929 FAX (763) 434-8833 • www.sannerudsavarese.com



FROM SUE'S DESK

Did you notice a slight increase in your paycheck or monthly pension income?

The American Recovery & Reinvestment Act of 2009 included provisions to get money into the taxpayers pocket now, by reducing their federal withholding. This may cause some taxpayers to have a reduced refund or owe at year-end.

Please review your tax situation carefully and let your employer know if changes should be made to your W-4 filing for withholding.

Call our office if you need help!

Celebrating 35 Years In Business

We are happy to announce this year brings us to our 35th anniversary!

Al Sannerud founded the business in 1974, after working in corporate accounting for many years. His philosophy for operating a successful business was “the hallmark of our business is showing a genuine interest in each client.” Managing Partner Susan Savarese, CPA became involved in this type of business because she enjoys working with people, educating people, and helping them achieve their goals. Al gradually removed himself from the operations of the company with Susan and Pauline Mittelstaedt, Firm Administrator, taking over the company during the 1990s.

Specializing in serving closely held and family-owned businesses, we have earned the trust of our clients, providing services tailored to their individual and/or business needs. Approximately 90 to 95 percent of our business is based on referrals from our satisfied customers! “Thank you” for that!

Our firm currently has 11 experienced employees, that hold themselves to the highest corporate standard. What we believe makes our business unique, is our focus on building relationships with our clients, to understand and support their business/individual goals, and ultimately create financial independence.

FYI...

*Starting May 26 – September 8, 2009
We will be closing at NOON on Fridays.*

Summer Office Hours

Monday-Thursday 8:00 a.m.-4:30 p.m.

Friday 8:00 a.m.-Noon

or by appointment

763-434-5929

REMINDER...

For Those Who Have Filed An EXTENSION

Corporations and Partnerships who are on extension for 2008 have until September 15, 2009 to file their return. Individuals who are on extension for 2008 have until October 15, 2009 to file their return.

Please don't wait till the last minute. The months of June, July and August are the perfect time to get caught up on your taxes.

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TAX NEWS

Where's My Refund?

Whether you opted for direct deposit to one account or asked the IRS to mail you a check. You can track your refund through this secure web site www.irs.gov. To get to your personal refund information, you will need to know the following: **Social Security Number** (or Individual Taxpayer Identification Number), **Filing Status** (Single, Married Filing Joint Return, Married Filing Separate Return, Head of Household, or Qualifying Widow(er) and **Exact Refund Amount** shown on your return.

If you don't receive your refund within 28 days from the original IRS mailing date shown on *Where's My Refund?*, you can start a refund trace online. If *Where's My Refund?* shows that the IRS was unable to deliver your refund, you can change your address online.

Didn't File Or Request An Extension On Time: If you owe taxes and didn't file your tax return or request an extension by the April 15 deadline, you may face interest on any unpaid federal taxes you owe and a failure-to-file penalty. Interest and penalties add to the total amount you owe. The sooner you file, even if you can't pay all or some of the taxes, the less you will owe.

Filed But Haven't Paid: If you filed on time but didn't pay all or some of the taxes you owed by the deadline, you could face interest on the unpaid amount and a failure-to-pay penalty. Interest and penalties add to the total amount you owe. The sooner and the more you pay, even though it's late, the less you will end up owing.

You Can't Pay: If you can't pay all or some of the taxes you owe, you can apply for an installment agreement. The agreement allows you to pay any taxes you owe in monthly installments. If you owe \$25,000 or less, you may apply for a payment plan electronically, using the Online Payment Agreement Application. The IRS charges \$150 for setting up the agreement or \$52 if the payments are deducted directly from your bank account (\$43 for qualified lower-income taxpayers). There will be interest plus late payment penalties if payments are not received by the monthly due date.

First Time Home Buyers Credit

To qualify, you are considered a first time home buyer if you, and your spouse if married, did not own any other main home during the three year period ending on the date of the purchase. This credit applies only to homes used as a taxpayer's principal residence.

For 2008 Home Purchases:

The Housing and Economic Recovery Act of 2008 established a \$7,500 tax credit for first time home buyers. This affects tax payers who purchased a home in the U.S. after April 8, 2008 and on or before December 31, 2008. The maximum credit remains at 10 percent of the purchase price, up to \$7,500, or \$3,750 for married individuals filing separately. If you bought in 2008, the credit for these 2008 purchases must be repaid in 15 equal installments over 15 years, beginning with the 2010 tax year. In effect, this credit is basically a no-interest loan.

For 2009 Home Purchases:

The American Recovery and Reinvestment Act of 2009 expanded the first time homebuyer credit. Qualifying taxpayers who purchase a home after December 31, 2008 and before December 1st 2009 can get up to \$8,000, or \$4,000 for married filing separately. Taxpayers do not have to repay the credit, provided the home remains their main home for 36 months after the purchase date. They can claim 10 percent of the purchase price, up to \$8,000. The amount of the credit begins to phase out for taxpayers whose adjusted gross income is more than \$75,000 (or \$150,000 for joint filers).

If you purchase a home this year, you can amend your 2008 tax return to take advantage of this credit. There's no need to wait until 2009. Just give us a call and we'll be glad to amend your tax return!

Are You Eligible For The Earned Income Tax Credit?

The IRS recognizes that many people may be having difficult times financially. There can be a tax impact to events such as job loss, debt forgiveness or tapping a retirement fund. If your income decreased, you may be newly eligible for certain tax credits, such as the Earned Income Tax Credit. – a refundable federal income tax credit for low to moderate income working individuals and families. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return. Find out if you are eligible for the EITC by answering some questions and providing basic income information using the *EITC Assistant* at www.irs.gov.

TAX NEWS

Spring Tax Tip:

Don't forget to bring in your 2008/2009 property tax statement to see if you qualify for a refund. If you had your 2008 taxes prepared here at our office, the property tax refund processing is a free service we provide to our clients.

TAX DEDUCTION AVAILABLE FOR NEW VEHICLE PURCHASES

The American Recovery and Reinvestment Act of 2009 allows an income tax deduction paid for state and local sales or excise taxes on qualified new vehicle purchases only.

This is effective for purchases after February 16, 2009 and before January 1, 2010. This deduction is applied before adjusted gross income. This applies to new purchases of cars, light trucks (gross vehicle weight less than 8500 lbs.), motorcycles or motor homes of any weight.

It is limited to the 1st \$49,500 of the purchase price of each new vehicle purchased. The phase out starts at \$125,000 for single filers and \$250,000 for married filing jointly filers. This is not available if the taxpayer is deducting the sale on schedule A instead of income tax. This is not a business tax deduction ... only a personal tax deduction. It can also be used on the purchase of more than one vehicle. If you're thinking of purchasing a new vehicle, 2009 may be the time to buy!

PROPERTY TAX REFUNDS

HOMEOWNERS : Minnesota has two property tax refund programs for homeowners. The regular property tax refund is for people who own and reside in their home on January 2, 2009 (January 2, 2008 for the 2007 filing). If the home is not "homesteaded," your application for homestead must be made before December 15, 2009. Your total household income for 2008 must be less than \$96,940 (for 2007, less than \$93,480). The maximum refund is \$2,310. The special property tax refund is for people who own and reside in their home on both January 2, 2008 and January 2, 2009. There is no limit on household income in this program. Your property taxes payable in 2009 must have increased by more than 12 % and be a least over \$100 over your 2008 taxes. The increase must not be attributable to new improvements. The maximum refund is \$1,000.

RENTERS: For purposes of the property tax refund, 19% of the rent you paid during the year is considered the portion paid for property tax. Your landlord is required to give you a completed Form CRP, Certificate of Rent Paid, no later than January 31 of the following year. You will need the CRP when you apply for a property tax refund. You may be eligible if your household income is under these limits (the maximum refund is \$1,490): For households with no dependents, the limit is \$52,300 (for 2007, less than \$50,430). For households with dependents the limit increases with family size, up to \$73,300 or households with five or more dependents. College students that pay rent do not typically qualify for this refund as they are a dependent of their parents.

FILING DUE DATE: August 17, 2009. Returns can be filed up to a year after the due date. After that, you cannot claim a refund.

CAN YOU LOWER YOUR PROPERTY TAX?

Due to the rapid decline of home prices, consumers that live in areas that have been affected, may be able to reduce their property taxes. Below are some steps to take if you want to question the value of your home:

- 1. Do your homework** – You can begin your research by obtaining a copy of your assessment records from your local assessor's office. The American Homeowner's Association reminds homeowners that The Freedom of Information Act entitles homeowners to have access to all documents regarding their property. Try visiting the web site for your local community. Some counties and municipalities offer online database property records.
- 2. Verify your home's description** – Once you obtain a copy of your property assessment, ensure that all of the information is correct.
- 3. File an appeal** – If your assessment does not contain any errors, you can still dispute the value of your home. Inquire at the assessor's office about how to appeal a property tax assessment. In most cases, you will have to do more research, which may involve gathering data on comparable properties in your area. Before making the decision to file an appeal, consider if it will benefit you. Researching will help you determine if your home is actually over-assessed. Keep in mind that winning an appeal will most likely lower the assessed value of your home. This may reduce the amount of taxes that you pay, but may negatively affect you if you plan on selling your home in the near future.

BUSINESS TIPS & MONEY MATTERS

Most Workers Will See Bigger Paychecks This Spring

For most taxpayers, an additional credit will automatically start showing up in their paychecks this spring due to the Making Work Pay Credit. Available for tax years 2009 and 2010, the Making Work Pay Credit is 6.2 percent of a taxpayer's earned income with a maximum credit of \$800 for a married/filing joint and \$400 for other taxpayers. The credit is phased out for higher income taxpayers (married/filing joint: adjusted gross income between \$150,000 - \$190,000 and other taxpayers: adjusted gross income \$75,000 - \$95,000).

The credit may be claimed either as a reduction in the federal income tax that is withheld from a worker's paycheck or through a credit claimed on the taxpayer's income tax return. Although eligible taxpayers will need to claim the credit when they file their 2009 income tax return next year, the benefit will generally be spread out over the paychecks they receive beginning this spring and continue until the end of the year.

Employers and payroll companies will handle this change but, to ensure enough withholding is held to cover the tax for your income, go to www.irs.gov and click on "Individual" then "IRS Withholding Calculator" or give us a call...we would be happy to help!

\$ MONEY SAVING WEBSITES \$

www.Livingonadime.com

www.hip2save.com

www.Smartmoneytips.com

www.choosetosave.org

www.spendster.org

Sales and Use Tax Rate Will Increase to 6.875% Beginning July 1, 2009.

The Minnesota state general sales and use tax will increase by three-eighths of one percent. Beginning July 1, 2009, the new rate will be 6.875 percent (local sales taxes will still apply above and beyond this amount). The funds will be used to protect our drinking water sources; protect, enhance, and restore our wetlands, prairies, forests, fish, game and wildlife habitat; preserve our arts and cultural heritage; support our parks and trails; and protect, enhance, and restore our lakes, rivers, streams and groundwater.

For local sales and use tax rates and additional helpful information go to: www.taxes.state.mn.us.

Budget for Taxes Due and File Timely



One major mistake many new business owners make is not allocating enough money in their budgets for taxes due. Failure to include the correct amounts for payment of taxes almost ensures the business owner will have a tax liability. Better to gather your records and file your tax forms by their due dates, even if you can't pay the full amount. Partial payments will help to reduce the amount of interest and penalties that will accrue.

HEALTH SAVINGS ACCOUNTS (HSAs)

2009 LIMITS:

Health Savings Accounts (HSAs) are designed to help individuals save for qualified medical and retiree health expenses on a tax advantaged basis. Any adult who is covered by a high-deductible health plan may establish an HSA. *Below are the 2009 contribution limits:*

For self-coverage:

- You can contribute up to \$3,000.

For family coverage:

- You can contribute up to \$5,950.

For more info.: www.irs.gov

BUSINESS TIPS & MONEY MATTERS

SENDING E-MAILS CUSTOMERS WILL READ

Useful ideas to make sure your messages stand out and get read:

Use your subject line: If your message is not lengthy declare your message in the subject line or try an intriguing question or phrase.

Make it easy to read and keep it short:
1-3 sentences.

Make it easy to reply:
Ask for yes or no questions.

End on action: Use the last sentence in your message to say what happens next. If no action is necessary, write that.

*Whether it's the best of times or the worst of times,
it's the only time you've got.
Art Buchwald*

HOW LONG SHOULD I KEEP OLD TAX PAPERWORK?

The Internal Revenue Service suggests keeping tax records for at least three years (Minnesota 3½ yrs.) after the filing date. That's the time period the IRS typically has to examine filed paperwork or perform an audit on taxpayers and also the time allowed for you to file an amended return should you discover errors on a past return. If fraud is detected in those three years, the IRS can go back seven years. If you own a business, it's advisable to keep supporting documents for tax returns for six years. Keep the actual tax returns indefinitely because you'll need them if you apply for new loans or disability insurance.

PAPER SHREDDING

Achieve Services, Inc. in Blaine, MN., a training and rehabilitation agency serving adults with developmental disabilities, provides confidential document paper shredding. They charge \$0.20 per pound, provide a 64 gallon cart and pick it up when it's full. For more information please call (763) 783-4911.

FINANCIAL TASKS & TIPS:

Have you made some financial resolutions or goals this year. Below are some financial tasks and tips to help you meet those goals.

- Kick off your spring cleaning by hosting a garage sale.. Or for a little extra cash, sell those unwanted items on www.ebay.com or www.craigslist.org.
- If you plan on doing any home improvements, do-it-yourself, "DIY." Search online or visit your local library to find instructions on miscellaneous jobs such as cleaning your gutters or installing new light fixtures.
- If you use an air conditioner, consider weather stripping the seams around the unit to prevent air leaks. Visit www.energy.gov for more energy saving tips.
- Use travel sites such as www.orbitz.com or www.travelocity.com for planning trips. Or consider checking out attractions in your local area.
- Make it a goal to save your spare change on a regular basis. At the end of the year, you may be able to make an extra loan payment.
- Consider using "back-to-school" shopping trips as a financial lesson for children. Give them a list and a budget and tell them they have to stick to it. It puts into perspective wants vs. needs. For college textbooks/software discounts check out www.textbookx.com or www.journeyed.com.
- Review your bank statements for unnecessary fees. If you are paying monthly checking account fees, find a bank that offers free checking.
- Plan your meals and consolidate trips to the grocery store. Use only coupons that save you money on products that you normally purchase-don't buy just because it seems like a great deal.
- Establish a system that will help you to remember to pay all bills on time each month (mark the dates on your calendar or send yourself e-mail reminders). Also, pay your bills online - it may help avoid late fees and save on postage.

HEALTH & HOME

Looking for a way to contribute to your community or a great way to spend your spare time? Become a volunteer at Anoka County Retired Senior Volunteer Program (RSVP)

Anoka County RSVP connects people age 55 and over who want to volunteer with non-profit and social service programs in Anoka County who need volunteers. To enroll, volunteers complete a skills and interest checklist, and these are matched to needs in the community. The volunteer chooses which opportunities to pursue.

Below is a sampling of volunteer opportunities in Anoka County:

Lend a Hand – Get involved with your local food shelf in providing emergency food or clothing to people in need.

Coffee Anyone? – Volunteers operate the snack and gift shop at the Anoka Metro Regional Treatment Center.

Volunteers work 1-2 person teams weekday morning hours.

Tutor Adult Learners – Share your love of reading and skill-building with others at Metro North Adult Basic Education. Tutors receive training to work with adults needing help with basic reading and English as a Second Language.

Indoors & Outdoors – Local nature centers seek volunteers to assist with special events, program set-ups, newsletters and office tasks.

Keep Fit & Serve – Within the 18 courtrooms in three buildings of the Anoka County Court Administration, volunteer as a courier, walking files from courtrooms to different divisions of Administration for processing.

Hospital Help – Mercy and Unity Hospitals offer a variety of opportunities working in the gift shop, family lounge, coffee shop, information desk or messenger services.

If you would like to become a volunteer, Call Anoka County RSVP 763-422-7090.

TIME TO GET OUT THAT PICNIC BASKET:



If you're planning a picnic or an outing, why not plan a healthy one!

Here are a few suggestions for a healthy summer picnic.

For entrees try: Chicken or turkey breast sandwiches, whole-wheat pita bread and hummus or a green salad topped with grilled chicken. For sides and desserts try: A variety of cheeses, fruits and crackers, a variety of sliced vegetables or angel food cake. Remember to keep your perishables chilled to keep them safe.

** Remodeling Hints **

In today's tough real estate market you definitely need an edge on the competition. Upgrades to outdoor areas that expand the living space, adding curb appeal and using high-quality material throughout your home can improve value and salability. You need to make the whole package appealing, which means it has to be long-lasting, low maintenance and visually attractive.

Choose timeless, not trendy. Traditional popular materials for your renovation can help ensure your house is appealing to a wide variety of buyers through years of evolving fads. One trend worth tapping, is the movement towards more eco-friendly homes. Many buyers are looking for homes that incorporate recycled materials or new ones drawn from renewable sources, energy-efficient design and a minimal carbon footprint. When choosing products, consider the steps the product took to reach your home. Synthetic materials such as vinyl and plastic are manufactured with nonrenewable materials. Minerals making up cement, stucco and metal are mined from the earth and not replaced. Woods such as a pine, fir and western red cedar are renewable resources, grown and harvested sustainably. The environmental costs of wood production are also much less than mineral or synthetic materials. Production of concrete requires 70% more energy than wood building products and releases 67% more pollution into the air. Wood also has a lower environmental impact throughout its life cycle than other building materials.

Even if you have no immediate plans to sell, and are remodeling to improve your enjoyment of your home, remember that someday you may want or need to compete for buyers in a tight market. The right remodeling enhancements, done with the right high-quality materials, can help any home become more attractive to buyers and sustain its value through conditions such as the current market.

Courtesy of ARA content

FYI...For 2009 and 2010, the amount of tax credit for qualified residential energy efficient improvements (such as new windows) has been increased from 10% to 30%. The maximum amount of credit is \$1,500 in total for both years.

ODDS & ENDS



NATIONAL ICE CREAM DAY SUNDAE, JULY 17, 2009

Since 1984, when President Reagan proclaimed that National Ice Cream Month be celebrated annually, every July has been a focus for greater attention to ice cream. In the United States the 3rd Sunday of July each year is National Ice Cream Day!

WHAT'S COOKING?

BACON-AND-EGG CASSEROLE

Ready in: 1 hr

Servings: 6-8

Ingredients

¼ cup butter or margarine	4 cups (16 ounces)
¼ cup all-purpose flour	shredded
1 cup cream	cheddar cheese
1 cup milk	18 hard-cooked
¼ tsp. dried thyme	eggs, sliced
¼ tsp. dried marjoram	1 lb. sliced bacon,
¼ cup chopped fresh parsley	cooked and crumbled
¼ tsp. dried basil	Bread crumbs

In a medium saucepan, melt butter and blend in flour. Gradually add cream and milk. Cook, stirring constantly, until thick. Add thyme, marjoram, basil and cheese; stir until cheese is melted. In a greased 13 x 9 x 2 inch baking dish, layer six eggs and one-third each of bacon, parsley and cheese mixture. Repeat two more layers. Sprinkle bread crumbs over top. Bake, uncovered at 350 degrees for 30 minutes. (This casserole can be assembled the day before and refrigerated until baking.)

Betty made this casserole for the Sannerud Savarese & Associates Staff...it was WONDERFUL!

Complete Payroll Services

Sannerud, Savarese & Associates, PA.'s

full payroll service includes:

- Payroll Processing
- Direct deposit available
- Electronic deposit of all payroll taxes
- Preparation of all payroll reports & filing electronically as required
- Preparation of yearend payroll reports and required forms including Form 940, W-2's, W-3, 1099's and 1096
- Providing copies for corporate files
- Reporting new hires to the state

Sannerud, Savarese & Associates, PA. can take the

worry out of payroll for you by:

Applying for payroll related identification numbers (Federal, State, and State UC)
Providing you with W-4s and I-9s.

Accurate – Cost Effective – Timely

***“Let us help you use your time
to do what you do best!”***

Office Hours

Monday – Friday 8:00 AM to 4:30 PM
or by appointment (763) 434-5929

E-Mail: staff@sannerudsavarese.com
Web Site: <http://www.sannerudsavarese.com>

Ahh Choo...ALLERGY SEASON IS HERE, AGAIN!

- **Wash your hair before bedtime.** You'll remove any pollen and keep it from settling on pillows and bedding.
- **Take antihistamines before symptoms start.** Remember some allergy medications may cause sleepiness. So never take one when safety requires you to be alert.
- **Dust mites love to nest in area rugs and make you sneeze and itch.** Place area rugs outdoors in direct sunlight for a few hours until they are warm and dry (mites dry up and die).
- **Moving to another location is not guarantee of allergy relief.** People usually develop allergies to their new region's pollens and molds within a few years and most allergy-provoking grasses are widespread throughout the world.

History Facts:

In the 1940's, young inventor Chester Carlson took his idea to 20 corporations, including some of the biggest in the country. They all turned him down. In 1947, after seven long years of rejections, he finally got a tiny company in Rochester, N.Y., the Haloid Company, to purchase the rights to his electrostatic paper-copying process. Haloid became Xerox Corporation, and both it and Carlson became very rich.

LOST & FOUND:

**All you ladies – If you lost
a dark grey, shiney glove
this winter...we have it!
Give us a call!
(763) 434-5929**

STAFF NEWS & EDUCATION

Staff News...

Jamie Aker-Anderson officially received her CPA notification, February 9, 2009, from the MN. State Board of Accountancy. Jamie has also been distinctively selected to serve on the MNCPA Leadership Cabinet. *Congratulations Jamie!*

FYI...Tax Organizer Now Available On Our Website:

www.sannerudsavarese.com

Save time by filling out the NEW Tax Organizer on your computer. It is PDF document that you can fill out and print, or save to your computer to modify and print in time for your 2010 tax appointment. We will mail you an organizer (listing your tax appointment time on the back page) in January unless you notify us not to.

Remember...The organizer is meant to help you prepare for your appointment. The more organized you are, the more time we have to work with you and plan for the future!



From All Of Us At Sannerud Savarese & Associates, P.A....
 "Thank You" For Your Business!

The staff has attended the following classes:

Dawn Smith: 1040 In-Depth Tax Seminar (MN. Society of CPA's)
 Jamie Anderson: 105 Concepts Benefits Plan, Tax Stimulus Bill Update (Jennings Seminar), Cancellation of Debt (National Phone Forum), Retirement Plans For Small Businesses (Ameriprise Financial)

* Staff *

A.M. Sannerud, Founder . . . Certified Public Accountant (Inactive)
 Susan E. Savarese, Managing Partner . . . Certified Public Accountant
 Dawn Smith Senior Accountant
 Jamie Akerson-Anderson Senior Accountant
 Pauline Mittelstaedt Firm Administrator
 Paulette Hynes Enrolled Agent
 Ruth Hunter Staff Accountant
 Jody Newlander Accounting Clerk
 Tracy Slepica Receptionist, "Update" Editor
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 Mary Lou Michels Custodial Services

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The Update
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 Ham Lake, MN 55304

The Update is published for our clients and friends. It is designed to provide accurate information with respect to the subject covered. Before any action is taken based upon this information, it is essential that competent, individual, professional advice be obtained.