Financial Services, LLC

Professional Service with a Personal Touch

Accounting • Tax • Financial Planning

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It's been three weeks since my surgery and I am once again beginning to feel the itch to get back up and running. Although I still get tired relatively easily, I have recently noticed a progressive increase in my energy level almost on a daily basis. I met with my oral surgeon at Shands today and he assured me that everything was looking real good and that I should be able to continually regain strength with each passing day. So maybe it won't be much longer before I am back up to 100% capacity.

Even though incapacitated somewhat since my surgery, I have been able to complete about 25 hours of EA CPE courses, digested a 600 page manual on Personal Financial Planning, kept current with most of my accounting clients, written three Quarterly Analysis Reports, and prepared the 2004 Corporate Minutes for two of my corporate clients.

Connie and I will be taking a few days next week to visit our grandchildren and hopefully by the time we return I will be able to hit the ground running to finish up some tax returns of clients who needed to file extensions this year, get my website up and running, and prepare to begin the financial planning curriculum at either Kaplan University or Oglethorpe University (I haven't decided yet) that will complete the education requirements leading to the Certified Financial Planner designation. This curriculum should take from 12 – 15 months to complete, so hopefully by this time next year I will be preparing to sit for the CFP exam.

Thank you all for your notes of encouragement during this time. They have been very uplifting and have played a major role in my improvement.

Charlie

CWR
Frequently Asked Questions

Q. **What is an Enrolled Agent (EA)?**

A. An Enrolled Agent (EA) is a tax professional who is authorized by the Director of Practice to fully represent his/her clients in any tax manner pertaining to the Internal Revenue Service.

Q. **How does one become an Enrolled Agent (EA)?**

A. There are two ways to become an Enrolled Agent:

1. Those individuals who pass a difficult 2 day 11 hour exam, administered by representatives of the Internal Revenue Service, covering Individual, Sole Proprietorships, Partnerships, C Corporations, S Corporations, Estates, Trusts, Gifts and Generation Skipping Transfer taxation, as well as IRA's, Retirement Plans for Small Businesses, IRS Administration and IRS Procedures. After successfully completing the Enrolled Agent exam, the candidate is subjected to a rigorous background check before he/she is authorized for enrollment to practice. The Enrolled Agent must also complete 72 hours of IRS approved continuing education over each 3 year period to retain his/her authorization to practice as an Enrolled Agent.

2. Certain past employees of the Internal Revenue Service who apply within 3 years after separation from the IRS who were employed for a minimum of 5 years with the Service in which he/she was regularly engaged in applying and interpreting the Internal Revenue Code and the regulations thereunder relating to income, estate, gift, employment, or excise tax can be authorized to practice before the Internal Revenue Service as an Enrolled Agent.

Q. **How does an Enrolled Agent's credentials compare to a CPA's?**

A. In matters of taxation, both the Enrolled Agent and the CPA are equally credentialed in the eyes of the Internal Revenue Service because both the Enrolled Agent and the CPA are governed by the same rules (Treasury Circular 230) and both can fully represent clients before the IRS. The difference between the two is that the CPA is licensed by the state in which they practice, whereas, the Enrolled Agent is licensed by the Internal Revenue Service and can practice in all 50 states.

Q. Are Alimony and Child Support payments deductible?

A. Alimony payments are deductible for the spouse paying the alimony and are taxable taxable to the spouse receiving the alimony payments. Child support payments are neither deductible for the payer nor taxable to the recipient of the payments.

Q. **What are the benefits of filing my return electronically?**

A. The primary benefits of filing your return electronically are (1) the return is validated for errors immediately, (2) you don't have to remember to file your return, and (3) you receive any refund due much more quickly. By using the direct deposit election, you can generally receive your refund between 18 and 28 days.

Accounting

Q. Which business form should I use to set up my small business?

A. The business entity you choose should be carefully considered before making the decision to form your small business. The type of business you will be doing, tax issues, liability issues, and capital needs issues all enter into the equation of deciding how to organize your business. It is best to discuss this with an attorney and/or tax professional prior to deciding how to form your business.

Q. **Why do I need an accountant?**

A. Quite honestly, an accountant is a professional in record keeping, financial analysis, and tax law. The discipline requires continuous study to stay on top of the ever changing rules and procedures associated with the varied financial affairs of an individual or a business. The benefit of the services that an accountant can provide you far outweigh the cost of the services.

Q. **How often do I need financial statements prepared?**

A. Financial statements are summary reports of the financial condition of your business over a period of time or at any given point in time. Financial statements assist you in making financial decisions to correct or improve particular areas of your business. For financial statements to be effective in preparing year to date comparisons and to make timely financial decisions, CWR recommends that financial statements should be prepared on a monthly basis, regardless of the size of your business.

Q. Which accounting software should I use?

A. After reviewing many different accounting software programs, CWR has found that QuickBooks® offers the best accounting software packages for most small businesses. As a Certified QuickBooks ProAdvisor®, CWR can guide you in the selection of the program that is right for your business, assist you in its set up, and train you in the use of the program.

Q. What services can you provide?

A. The laundry list of accounting services that CWR can provide is long and exhaustive. Some of the more prominent services are listed as follows:

- New business set up, including entity selection and organizational filing requirements
- Accounting software selection, set up, and training
- Automated bookkeeping and accounting services
- Automated payroll services
- Financial Statement Preparation
- Monthly, Quarterly, and Annual Tax Reporting
- Monthly, Quarterly, and Annual Recap and Analysis Reports
- Bank reconciliations and cash balance reports
- Customized reports preparation
- Corporate minutes preparation

Financial Planning

Q. **What is financial planning?**

A. Personal financial planning is the development and implementation of comprehensive plans for achieving your overall financial objectives. Some of these objectives might include: purchasing a home, preparing for your children's college education, starting your own business, providing financial protection for family members in the event of death or disability, planning for your retirement, or planning for your estate.

Q. Why would I need the services of a financial planner to reach my financial objectives?
A. Most people are in need of some form of financial planning. They have certain financial goals they want to attain. How to get there becomes the real challenge. A bewildering array of investments, insurance coverages, savings plans, tax-savings devices, retirement plans, charitable giving arrangements, and others are constantly being offered to the public, but most often are presented in piecemeal fashion. The services of an independent, objective financial planner can help you assess your current position and can help you develop a coordinated plan to accomplish your financial objectives.

Q. How much do financial planning services cost?
A. The costs of preparing a comprehensive financial plan to reach your objectives depends largely on the level of planning you require and/or desire. CWR can assist you in any level of financial planning services from basic services such as helping you develop a family budget to more comprehensive services involving risk management assessment, planning for your children's education, planning for your retirement, and estate and gift planning.

Q. What is meant by the term personal risk management?
A. The term risk management normally means consideration of all alternative methods for dealing with a person's exposure to risks. Personal risks can include anything from personal liability to potential losses that can arise from health issues, disability or death. While not all risks are insurable, there are many potentially serious events that a person be insured against. In essence, insurance is a means of eliminating or reducing the financial burden of such events by dividing the losses they produce among many individuals exposed to any number of risks and developing a comprehensive program to insure against those risks.

Q. When should I begin to develop a personal financial plan?
A. Personal financial planning is essentially a process that should be practiced a person's entire life. The key is to begin where you are presently. To understand how to get to where you want to go you have to understand your starting point. As in business, financial statements give you a snapshot of your current financial position and offer insights into how to accomplish the financial goals that you have established. Two personal financial statements that CWR recommends developing are a personal budget and a personal cash flow statement. While these two personal financial statements are not exhaustive and other statements are often used in the planning process, the personal budget is an advance plan for anticipated expenditures and income and the cash flow statement shows the sources and timing of a person's or family's cash receipts and of cash outlays.

Summary

This is a new format that I have decided to use over the next few months. My goal is to provide some insightful information in each of the primary areas of service offered by CWR Financial Services, LLC.

By using a frequently asked question format, hopefully I can cover some topics of all of CWR Monthly Newsletter readers. In addition, I would like to solicit your support to increase the effectiveness of this newsletter. If you have questions that you would like to have answered, please feel free to submit them to me either through my email address or my mailing address. I will do my best to include them as quickly as possible in upcoming newsletters.

I hope to have my website up and running by mid summer. The website address is www.cwrtax.com. You may want to check the website periodically to determine its status.

Once again, it's good to be up and running again and I look forward to bringing you next month's edition of CWR Monthly by mid June.

Til next time,

Charles W. Register, EA
CWR Financial Services, LLC