Tri-Valley Executives Association

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August 1, 2013

Next Week:

The **next meeting** of the Tri-Valley Executives' Association will be held on **August 8th** at Vic's All-Star Kitchen at 7:00am.

GREETERS will be **Sheri Facciolla** of Patriot Pest Management and a volunteer.

The SPOTLIGHT will hopefully be on **Pleasanton Financial Advisors** by **Dave Silva,** and on **Harvey's Cleaners** by **Andy Anaya**, and maybe even on **Pease Tax & Accounting Service** by **Phil Maser**.

If there's time after all of the spotlights, **Thomas Tong** will lead the group DISCUSSION.

Upcoming:

8/15 – Lawrence Ling of QES Computers

8/22 – The CFPs of Pleasanton Financial Advisors

8/29 – NO MEETING (Labor Day weekend)

9/5 – Larry Brumm, Real Estate Appraiser

Looking Farther ahead:

10/10 – Membership/Guest Breakfast

The Weekly "Pot" Report:

This week, the TVEA's 50/50 raffle is at **$54.00** with 9 white marbles ($5), 1 blue marble ($10) and 1 red marble (winner takes all).

Did you INVITE a potential member to the Meeting?

Classification:

Since the age of two, **Jim Pease** has lived in Pleasanton, when it was a town of only 14,000 people and hops were still being grown near Hopyard Road. As a teen he worked with the Streets Department for the City of Pleasanton, mainly doing leaf vacuuming and repairing potholes. In the summers he would take off two weeks to work for the Alameda County Fair as a parking attendant in the jockey lot.

He played a lot of sports growing up and went to St. Mary's on a football scholarship. Having enjoyed writing, he studied journalism and thought of becoming a sports writer, but ended up getting an accounting degree.

After graduating in 1985, he worked with his grandfather at his accounting business. He found accounting was in his "blood", and needing outside experience began his accounting career working for Arthur Young (now Ernst & Young) where he worked as an auditor.

Personally, he met his wife in the 6th grade and married her in 1987 after attending St. Mary's together. They have 4 children: a 23-year-old daughter who just graduated from Chico State, one daughter in college at Chico State, an 18-year-old son, who is getting ready to start Chico State, and a 16-year-old daughter who is in drama.

He became a CPA in 1990 and went to work for his grandfather's firm, W.H. Mayer Accountancy Corp. where he worked for the next 20 years. In December of 2010 Jim decided to go out on his own and launched Pease Tax & Accounting Services, Inc.

Jim has been a CPA for the past 20+ years and got his master's degree in taxation in 1995. He is uniquely qualified to represent people in tax matters, and strongly recommends that business owner's meet with their CPA prior to the end of the year to ensure that they are able to use the maximum deductions and pay the minimum in income tax. In general, the best way to cut income taxes is to fund retirement accounts. It is also a good time to look at selling stock in order to offset losses from prior years and avoid paying capital gains tax.

Pease Tax & Accounting works with individuals, businesses, estates and trusts. Many people are unfamiliar with a Fiduciary Tax Return, which is something that is prepared for the executor of an Estate for the time between when the trustees have passed and the assets are transferred to the beneficiaries. They also do reviews and compile financial statements for businesses, in accordance with the Sarbanes-Oxley Act of 2002.

To stay current, CPAs must have 80 hours of continuing education in accounting and fraud detection every two years. To avoid fraud, although difficult in small companies, make sure that there is some separation of duties and manage oversight.

There are many Bush-era tax cuts that were set to expire at the end of 2010, but uncertainty in the economy led the Obama administration to keep the tax laws the same through the end of 2012, when the country faced the fiscal "cliff". In the early hours of January 1, 2013, the government passed the American Taxpayer Relief Act, which made most of the temporary tax cuts become law.

Although loosely defined, the changes mostly affect high-earning tax payers and those with S-Corps, whose top brackets increased from 35% to 39.6%. High-income earners are those with earned income of $400,000+ per year ($450,000 for 2-earner households). Tax payers in this category will also have reduced deduction/write-off ability.
Other changes:

- Dividends and Capital Gains tax stayed at 15%, but went up to 20% for high earners
- Employee portion of Social Security tax will go back up to 6% from 4%
- Estate tax exemption is now set at $5.25 million for an individual
- New Medicare tax on investment income (dividends, annuities, rental income) of 3.8%

Income tax rates are based on levels of income. The highest rate was during World War II, when it was 94% for income earned above $250,000. The average rate today is somewhere around 35%. However, the entire income is not taxed at the same rate, only that level of income. For example, if a person made $10-25,000 in a year the tax might be 10%; for the person who made $26-30,000 they would be taxed at 10% on $25,000 and 15% for the income between $26-30,000. So, each level is taxed at a different marginal rate; the effective tax rate is lower than the highest margin/bracket.

Make sure you consult Jim before you make any significant financial changes that could have tax consequences as the laws and tax code are always changing.

To make Jim Pease your tax professional or to refer friends and family, call him at Pease Tax & Accounting Services, Inc. at 230-9380 to set up an appointment.

DID YOU GIVE A REFERRAL THIS WEEK?
