

Year-End Tax-Saving Tips

This year your tax planning involves predicting the future. There's a good chance, according to many, that we will see an increase in taxes next year. Depending upon what the changes are, you could find yourself in a higher bracket. If that happens, strategies such as deferring income and accelerating deductions would be just the opposite of what you should be doing—making it all the more important to discuss with your tax advisor any moves that you might be considering.

With that fact in mind, here's a look at some steps to consider taking before December 31 to keep your tax bill as low as possible.

Defer Income

It's usually better to pay taxes later rather than sooner. Following that approach, you should try to postpone receipt of any income that you can until next year. Unfortunately, for many taxpayers there is little room to maneuver.

Professionals and self-employed individuals who operate on a cash basis may be able to push income forward into 2009 by delaying some year-end billings. However, salaried individuals should avoid this approach. The IRS is known to scrutinize bonuses that are



payable at year-end but not received until the beginning of the next year.

Another possibility: If you have U.S. savings bonds that mature in late 2008, you can defer taxation of that income by waiting until 2009 to cash them.

Accelerate Deductions

If your marginal tax rate will be the same next year, paying deductible expenses now allows you to reduce your income (and your taxes) sooner. If you expect to be in a lower bracket next year, taking the deduction in 2008 is worth more to you because it protects income that is taxed at a higher rate.

Homeowners may want to make their January mortgage payment in December. Some states allow you to prepay some property taxes. If you are in the process of buying a home and can close by year-end, you may harvest additional write-offs if you itemize your deductions.

Some itemized deductions are available only when you cross a certain minimum threshold of expenses, usually measured by your adjusted gross income (AGI). Thus, for example, medical expenses are deductible only to the extent that they exceed 7.5% of AGI; certain miscellaneous expenses, 2% of AGI.

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When you have some degree of control over when you incur and pay these kinds of expenses, you may be able to “bunch” them in a way that allows you to cross the barrier and obtain a deduction for expenses that exceed the threshold.

What about the AMT?

The alternative minimum tax (AMT) was established initially to make certain that the highest-income taxpayers would pay at least some amount of tax. Unfortunately, many taxpayers who are far from “rich” are being hit by the AMT.

Congress has attempted to ease the AMT burden by adjusting exemptions from the tax annually, but, generally, later rather than sooner in the year. This year, the extension of higher exemption amounts was included in the just-enacted financial rescue package.

Because of the complicated nature of the tax, it’s advisable to review your tax planning strategies in light of the AMT rules before making any moves. Your tax advisor will be able to tell if, and how, the AMT may affect your year-end planning.

Expired Deductions Revived

Certain tax breaks expired on December 31 of last year but, as with the AMT, were just extended through 2008 as well, including:

- The above-the-line *deduction for qualifying higher education tuition and fees.*
- The *choice to deduct either state and local income taxes or state and local sales taxes.*
- The *above-the-line deduction of up-to-\$250 for certain out-of-pocket expenses for teachers and others in the field of education.*

It’s never too early to start planning.

We are ready to help you address your tax planning questions. With TCK, you can see the future from here. Call today to schedule an appointment for yourself or share this article with a friend.

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Welcome To The TCK Advisory Website

TCK is often asked questions about financial security, planning for the future, and preparing for retirement. We are always happy to answer individual questions, but we thought it would be helpful to publish some of the more common life situations that our clients often face, and offer some advice and suggestions for preparing financially for the future, whatever it may bring.

So, whether it’s a question about the benefits of a trust or related to more complex issues such as providing for your heirs in perpetuity, we have answers. We will add information to the TCK Advisory site on a regular basis, so check back often. The site’s latest updates include **TCK’s Investment Process** which begins with **Understand**. Check it out today at www.TCKadvisory.com!

If you need more information than you find online, please feel free to call on us to answer your questions.

Personal Briefs

Martha Linsner attended the Executive Women International (EWI) Leadership Conference & Annual Meeting in Palm Springs September 16-21. The conference was an amazing opportunity to embrace EWI’s mission regarding Connections, Careers and Community: Connections with others throughout the conference, enrich careers by learning from excellent speakers, and take pride in EWI’s service to community.

Dianne Allison, Michal Emory and Sheryl Hammond participated in the 2008 Stock Market Challenge sponsored by Junior Achievement. Our team, TCKadvisors.com, took 1st place in the event which is a simulated investment contest to see who can obtain the highest earnings. What a fun way to support JA!!

TrustUpdate is a quarterly report of:

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Why Use An Independent Trust Company

TCK is a charter member of the Association of Independent Trust Companies, Inc.

The following article is pulled from the AITCO website: www.aitco.net



Safety - An independent trust company must undergo a high level of regulatory oversight, and must establish and maintain policies and safeguards to avoid the misappropriation of client funds and provide for the proper management of a client's account. Client funds cannot be commingled with the capital of the independent trust company. Regulators require that dual controls be maintained over client assets. All independent trust companies must maintain insurance to protect clients from losses due to inappropriate actions of employees.

Professional Expertise - Independent trust companies are staffed by individuals experienced in the management of assets as well as knowledgeable about the laws that have been established to administer these assets. AITCO member trust companies boast financial and estate planners, investment managers, and administrators who are trained and skilled in the administration of a wide variety of accounts. Most individual trustees do not have this kind of expertise.

Perpetual Administration - An independent trust company is an organization of professionals. While individuals within that organization may come and go, the trust company will continue to be there to service the needs of our clients. The organization is not dependent upon any one individual. Rather, the trust company will draw upon the collective resources of all employees to ensure that clients' needs will be met.

Objectivity - An AITCO member independent trust company administers assets under its control objectively and without the emotion that may be present if a family member is asked to serve in the capacity of trustee. This objectivity can avoid costly legal battles and can ensure that each beneficiary is treated fairly. Also, since AITCO member trust companies sell a service rather than a product, you can be assured that investment decisions will be based on the actual needs of the client.

TCK Bridge Club

TCK Bridge Clubs Break for November/December

The busy holiday season is upon us. TCK's bridge clubs will take a break for the months of November and December. We will reconvene in the new year (see current schedules below).

Are you a bridge player? Plan to join a TCK Bridge Club when we begin playing again in January. *Now would be a great time to startup TCK Bridge Clubs in TCK's Lawrence and Leavenworth markets!* Come and enjoy a complimentary lunch while playing cards with friends each month.

Please call or email Shelli Nestelroad at 316-491-6127, 800-530-5254 or snestelroad@TCKansas.com if you would like to join us as a regular member or a sub.

Clients and friends welcome!

2009 Bridge Details:

Arkansas City

Fourth Thursday of Each Month – Union State Bank-North Branch – Basement

11 a.m. – 1 p.m. Lunch Provided!

1/22/09, 2/26/09, 3/26/09, 4/23/09, 5/28/09, 6/25/09, 7/23/09, 8/27/09, 9/24/09, 10/22/09

Wichita

Fourth Monday of Each Month – Petroleum Club of Wichita – 100 N. Broadway St., Ste. 900

11 a.m. – 1 p.m. Lunch Provided!

1/26/09, 2/23/09, 3/23/09, 4/27/09, 5/25/09, 6/22/09, 7/27/09, 8/24/09, 9/28/09, 10/26/09



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Learning Never Ends

Becca Riley-May and **Mary Rupp** attended the Schools of Banking Trust & Financial Services School in Omaha, Nebraska September 22-26. The curriculum provided broad trust instruction designed to increase understanding and further knowledge of all the functions in the trust area. They explored current issues and trends in the trust industry and learned skills and approaches for improving client relationships. The school offered an excellent foundation for continued study in their individual trust fields.



Dianne Allison, Janis Bunker, J.R. English, Steve English, Paul Fowler, and Pam Ryser attended the Kansas Trust Conference October 9-10 in Junction City, Kansas.

Carol Lindner and **Lisa Huskin** attended the Sungard Annual Wealth Management Summit September 10-13, 2008 in San Antonio, TX. Sungard is TCK's trust accounting software provider.

TCK sponsored the Professional Seminar presented by Lawrence Memorial Hospital Endowment Association, Douglas County Community Foundation and Douglas County Estate Planning Council on November 18, 2008. The seminar covered the topic of planning for and disposing of unique personal property assets.

TCK Supporting The Arts



Dianne Allison, Steve English, Sheryl Hammond and **Martha Linsner**, along with several guests attended Music Theatre of Wichita's Standing Ovation fundraiser September 26th at the Wichita Scottish Rite Center. TCK was an event sponsor.

TCK sponsored the South Kansas Symphony in Winfield, Kansas on October 5, 2008. **Steve English** attended the event which featured Richard Kilmer from Austin, TX. Richard studied violin in Brussels, Amsterdam and Aspen and has played at Carnegie Hall.

Steve English and **Martha Linsner** attended the Wichita Art Museum Artfully Done Book Release and Celebration on Friday, September 12th at the Wichita Art Museum.

TCK is providing refreshments for the December 5th, 5:30-7:30 p.m. reception to celebrate the Charles Steiner Gallery Exhibit at The Friends University Riney Fine Arts Center Gallery in Wichita. Steiner's artwork will be on exhibit from November 10 – December 21, 2008. (TCK also provided refreshments for the Steiner reception held at the Hutchinson Art Museum on October 9, 2008. **Bill Mills** attended on behalf of TCK.)

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ADVISORS