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CEREFICE NEWS:

Tom Corley has passed the rigorous CFP (Certified Financial Planner) Exam. It took Tom over six months of self-study followed by a ten hour exam. We, at Cerefice, are constantly seeking ways to improve our skills in order to provide our valued clients with superior service. This is just another example of our dedication to quality in the services we provide.

JOB LOSS:

If you have experienced a job loss there are a myriad of financial issues that could affect your retirement and your tax situation. Cerefice offers its Job Transition Consultation Program, free of charge, to its valued clients. Issues, such as what to do with your old 401(k), can have serious retirement and tax consequences if not handled correctly.

If you know of anyone who has experienced a job loss, Cerefice will extend this free service to those individuals referred to us by our valued clients.

INVESTMENT MATTERS:

To minimize risk and maximize return on investment you may want to invest in stocks that have historically paid dividend yields of 5% or more. Companies with a long history of preserving and increasing their dividends include:

Briggs & Stratton (BGG)

General Electric (GE)

Diageo (DEO)

Mattel (MAT) and

Microchip Technology (MCHP).

Small companies generally perform better than large companies during a recession. Some solid small companies to consider include:

Charter Communications

NutriSystem

Bankrate

Allstate is offering a savings account that pays 4% for 90 days. After 90 days the rate drops to 2.47%. If you are interested in this product please call Cerefice to find out more.

With the recent collapse of the financial markets, many close to retirement fear that they will outlive their retirement funds. There are products available in the marketplace that offer a hedge against downturns in the financial markets (protect the downside by guaranteeing your investment dollars), while allowing individuals the opportunity to participate in upswings in the market. Call Cerefice to find out more.

COLLEGE COSTS:

The average cost of a year at a private school runs \$34,132 per year, up 5.6% over a year ago. Unfortunately, most New Jersey residents make too much money to qualify for need-based grants or subsidized loans, such as Stafford Loans. 529 College Savings Plans are a great way to save for future college costs. Funds withdrawn from 529 Plans are tax free if used to pay for qualified education expenses. Call Cerefice today to learn more about 529 Plans.

2009 STANDARD MILEAGE RATES:

Business: 55 cents per mile

Medical: 24 cents per mile

Job-Related Move: 24 cents per mile

Charity: 14 cents per mile

SOCIAL SECURITY BENEFITS 2009:

The Social Security Administration recently announced several cost-of-living adjustments for 2009. Retiree benefits will rise 5.8% in 2009. If you elected to receive your retiree benefits early you must keep your 2009 earnings below \$14,160. If you exceed this threshold you will be required to return \$1 of benefits for every \$2 of earnings above this amount.

IRS AUDIT RATES:

In 2008 the IRS audited 1 out of every 99 returns (1.01%). For those with incomes less than \$200,000 the rate was .95%. S Corporations experienced an audit rate of .4% in 2008. Partnership audit rates were .42% in 2008.

WHAT BANKERS LOOK FOR IN COMMERCIAL LOANS:

1. **Current Ratio** - Current Assets divided by Current Liabilities. This is a liquidity test. It measures whether or not a company has sufficient current assets to pay off its current debts. The higher the ratio the better.
2. **Profitability Ratio** - Net Profit divided by Net Sales. Here lenders are looking for an increased trend in a company's net profit margin.
3. **Debt Service Ratio** - Net After Tax Profit + Depreciation + Amortization + Interest Expense divided by Total Debt Service (Principal + Interest). The higher the ratio percentage, the better.
4. **Leverage Ratio** - Total Liabilities divided by Total Net Worth. The lower the ratio the better.
5. **Average Collection Period** - Total Accounts Receivable divided by Average Sales Per Day. Lenders are looking to see if this ratio exceeds 1.33 X your existing collection period (i.e. 30 days). If it does than that is a negative.

Retro Fitness Franchise for sale. Anyone interested in acquiring this franchise please call Tom Corley. Very profitable business.

IRA MATTERS:

Be careful not to name a revocable trust as your IRA beneficiary. Such trusts are not creditor protected. Instead, name an irrevocable discretionary trust as the beneficiary, which is creditor protected. Another option is to name your spouse as the beneficiary of your IRA, as a number of courts have held that an IRA inherited by a nonspouse beneficiary is still subject to the nonspouse beneficiary's creditor claims.

In today's shakeup of financial firms, errors by IRA custodians may increase. Please review all IRA statements to insure their accuracy.

The designated beneficiary of your IRA must be specified, by name, in your IRA beneficiary form. Specifying an IRA beneficiary, by will, has no legal effect and the IRS will deem your estate as the default beneficiary, which has significant negative tax consequences.

A nonspouse beneficiary of a qualified retirement plan can transfer the account to an inherited Roth IRA, as long as such a transfer is permitted under the terms of the qualified plan.

ESTATE & GIFT TAX MATTERS:

The federal estate tax exemption increased to \$3.5 million in 2009. As a consequence many taxpayers mistakenly believe they will not have any estate tax. Remember that New Jersey's estate tax exemption is still only \$675,000; so planning for estate tax purposes is still necessary.

We thank each one of our clients for their numerous referrals.

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