

“Nobody owes anybody anything; it's up to each individual to set high standards for himself or herself, and to set about working hard and creating a solid future.” ~ Katherine Hepburn ~

The Truth About “Tax Freedom”!

The Tax Foundation, a nonprofit research organization based in Washington, D.C., recently reported that the average American had to work from January 1 through April 19th just to pay their taxes in 2003. The good news is that this day of tax freedom (the day where you stop working for the government according to the Tax Foundation) has dropped back a few days in the last three years. The bad news is that Americans, on average, have to work through mid April to reach tax freedom day. Recent tax cuts and a slower economy are contributing factors to the slight reduction in the average tax burden.

Now keep in mind this tax freedom day is for the “average” American. If you make above an average income, your tax freedom day is extended out even further!

"Americans will work longer to pay for government in 2003 than they will for food, clothing, and shelter combined," said the Tax Foundation. Even in the wake of slightly falling overall income taxes in the last decade, taxes have exceeded spending on these basic necessities. In fact, *federal taxes alone* cost Americans more (74 days worth of work) than any other budget item!

Think about this: Can you imagine what would happen if the U.S. Government announced a "new method of funding the deficit" by forcing every taxpayer to work more than four months a year at no pay, and then begin working for himself or herself around May each year? People would go ballistic! The truth is that is EXACTLY what's going on. *The Tax Foundation says that the average taxpayer is forced to work about 20 years' labor in his or her lifetime just to pay taxes!* Can you fathom this?

Let's talk a little history. In 1913, the Constitution was amended - with very little debate - to supplement domestic consumption taxes with a Federal income tax. The new tax had a ceiling of 7% and covered only 1% of the US population.

This tax was originally intended to be the principal source of Federal revenue. But the government was much smaller back then. As the government became more and more involved in our lives, they had to keep changing (increasing) the amount of tax collected. Much of the tax collection was (is) used to further pork barrel projects, special interest groups, social agendas, etc. This taking of money from the public is nothing new in history.

Many people think that we are more sophisticated than people who lived in the Middle Ages, for example. But are things really any better when it comes to confiscation of our hard earned dollars? The "regular" people of Medieval Europe labored under a system of taxation that often made it impossible for them to make ends meet. There were poll taxes (a fee paid to prove your loyalty to the king), land and produce taxes, inheritance taxes, tolls on ships and seamen, and a variety of other fees and fines. (Sound familiar?) In addition to collecting taxes, the state also supervised all commercial and

industrial activity. Wages, retail prices, markets, profits and even the purchase of raw materials were state-regulated. There was a regulatory agent of the government lurking around every corner. (Sound familiar?)

Let me give you an example. The bread tax is a perfect illustration of how bad taxes really were. The citizens had to pay 300 pieces of gold per year...just for the right to purchase grain to make bread, which was a primary staple of their diet. There was no way to avoid the bread tax - grain to make bread couldn't be purchased elsewhere. Such a large number of crops were taken to pay taxes that famines often resulted. Some were barely able to pay what was demanded in taxes even after selling their children!

The old income tax systems, like ours, always had exceptions to the strict, unfair rules for the average person. Some people or activities were exempt. Others weren't so lucky.

Immunity from taxes was granted for various reasons to many rich lords and noblemen. These exceptions became so widespread that the burden of taxation fell heavily upon the peasants. The kings and tax collectors lived on the backs of the oppressed, and made no apologies for it.

The US. Constitution gives the House of Representatives - modern-day noblemen - the power to raise taxes as needed. The only stipulation is that a majority vote must be achieved. A few years ago, the House of Representatives voted on a proposal recommended by The Cato Institute to amend the Constitution to require a two-thirds vote to raise taxes. This requirement - a supermajority - would have done much to stop the existing bias which favors raising taxes.

Even with this supporting evidence, the supermajority amendment failed to pass. Why? It couldn't draw it's own two-thirds vote needed to pass a proposal to amend the Constitution! In times such as these, a supermajority provision is especially important to taxpayers. Lawmakers are under great pressure to rein in deficits and balance the budget. If they can't borrow to spend more, the only other option is to raise taxes. With the seemingly endless wars on terror and the associated hundreds of billions in costs...HUGE deficits are a lock. A supermajority vote required to raise taxes would've made it more difficult to raise taxes. It would've meant that a simple majority of bureaucrats could not continue to spend other people's money while shirking the fiscal responsibility.

It's just so unfair. The taxpayers that pick up the bulk of the tab for the myriad of abused social programs, foreign aid, and Congressional outings - among other things - do not get to enjoy these services. Instead, they work hard all their lives, and pay more and more and more in taxes.

Since our elected "representatives" (Whatever happened to the notion that taxation without representation is

bad?) won't do anything about this, you have to take care of yourself!

Your only chance is tied to how well you keep informed ... and use that information to plan, plan, plan! As always, we keep a close eye on this stuff because the more we know, the more you'll know, and the better chance we'll all have of taking care of ourselves and our families. So, if you want to make sure you pay as little in taxes as possible...NOW IS THE TIME TO ACT!

Tax planning in February gives you the best chance to save the MAXIMUM in taxes for 2004! Starting to plan

early in the year assures you can take the highest advantage of any and all legal tax savings strategies! Having almost a full year of tax advantaged income, for example, saves WAY more in taxes than removing the needless taxable income in December, when you only get a few weeks of tax savings. Let's get together NOW to do planning. (If you haven't been in for your annual update...we *are* going to find you). REMEMBER – WE WANT YOU TO CONTACT US WITH YOUR “HERE’S WHAT WE’RE THINKING ABOUT DOING QUESTIONS”, NOT YOUR “GUESS WHAT WE JUST DID!” COMMENTS!

Financial Tips Of The Month...

Are IRA's Right For You? Some Little Known Facts About IRA's You Might Not Know!



What's the number one goal for investors? The number one goal for investors is retirement, according to most polls. You may want to look at IRA's (Individual Retirement Accounts) as an alternative to spending all your money even if you have a retirement savings plan at work! Let me explain.

If you don't contribute to some retirement plan, whether an IRA or other plan, how do you plan on paying for your time off down the road? Social Security? Your company's traditional pension plan? (If they even have one any more. Many companies and organizations dumped those plans. Do you still have one?) See, for nearly everyone, those retirement income sources probably won't give you near enough retirement income. Social Security pension plans were really not intended to be your only sources of cash in retirement. Plus as we've discussed before, Social Security has mind-boggling funding problems, depending on your age and who you work for. So...if you want a realistic chance to enjoy retirement...you'll need to add in a bunch of personal savings! But where do you put these funds?

Well, if you're in an employer-sponsored plan (e.g., 401(k), 403(b), 457) instead of an IRA, this type of plan might be the right choice if your company or organization matches your contributions to the plan. However, if that's not the case, you might be better off in a Roth IRA (if you're eligible), at least for a portion of your savings. (We can help you figure this out!) Generally a Roth IRA is more flexible and might provide more after-tax retirement income than a company sponsored plan.

Your adjusted growth income (AGI) determines whether you're eligible for a deductible traditional IRA (which means lower taxes now and until you retire) or a Roth IRA (which means no deduction, but you never pay taxes on the investments in the account).

To see how powerful this tax savings can be, consider the following example. A 40-year-old who contributes \$3,000 a year to an investment account and earns 8% annually on his investments would receive the following after-tax income upon retiring at age 67:

*Taxable account - \$15,335, *Traditional IRA - \$20,039, *Roth IRA - \$24,438! An IRA would provide 30% to 60% more annual income than a regular investment account! Plus, an IRA or Roth IRA can give you more control over your investments inside the plan. Company-sponsored plans often limit your choices to a few not so exciting funds. Your own IRA can give you way more flexibility.

Finally, IRAs can be treated differently than other accounts. For example, assets parents hold in a regular account can reduce the financial aid award their children receive for college. However, most financial aid formulas ignore retirement savings. Also, IRA assets may be shielded from creditors. IRAs also have estate-planning benefits, especially Roth IRAs.

As usual, with any financial issue like this, we'll be glad to work with you on determining if any of these strategies will work for you and your family! Please keep in mind that this tip is designed to be of help for you, but is not to be relied upon as advice. It is merely a reminder that there are many choices you have available to you, and that planning is the only way to find the right answers for your situation! As with any financial issues, make sure you get the right information before making a decision if you have any questions, we'll be glad to help you! Call Phil at 702-258-1995 for more information.

Read The Fine Print On Credit Card Offers!



It's nice to see those zero percent interest credit card offers and blank checks come in the mail. However, before you sign up for a new card or use a check offered by one you already have, read all the details of the offer.

Companies offering zero interest on checks usually charge a fee for using them. It could be 3 percent or more of the check amount. Some have a maximum of \$50 or \$75; some have no maximum. One man used such a check to buy a car for \$12,000 and the initial fee came to more than \$500.

Additionally, the zero rate can last only for up to six months. Read the fine print, and you'll see you pay far more after that. If you have another card you can transfer the high-interest balance to, you could come up with another six months of low interest. But there is no guarantee that such offers will be available at that time. You could be stuck paying a very high rate on the balance.

As usual, with any financial issue like this, we'll be glad to work with you on how to avoid paying unnecessary expenses like bank charges and income taxes! Please keep in mind that this tip is designed to be of help for you, but is not to be relied upon as advice. It is merely a reminder that there are many choices you have available to you, and that planning is the only way to find the right answers for your situation! As with any financial issues, make sure you get the right information before making a decision. If you have any questions, we'll be glad to help you!

SUCCESS STORY OF THE MONTH!

(Note: The details of these stories have been changed to maintain confidentiality, and some compilations are used to accomplish anonymity.)

“Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down.” ~ Oprah Winfrey ~

Ed Turns A Broken Childhood Into Success!

Ed was a big success by the time he was in his mid twenties. He had made it big in real estate, and had amassed quite a pile of cash and assets at an age when most people are struggling to buy their first "nice" car.

Ed grew up in a broken home. His dad left when Ed and his sister, Camille, were little toddlers. Their mom had a drinking problem, and Ed and Camille came home from school many days with no one home. They had to take care of themselves. Their grandparents were both out of state, and didn't really know what was going on.

Ed, the older sibling, became a man way too early. But, he did what he had to do. He took jobs like delivering papers, mowing lawns, bussing tables, and so on. Anything he could get to put money into his hands. Camille also worked baby-sitting and as a laborer at a landscaping/plant nursery place.

When Ed finished high school he went to work for Charlie, a man who owned a bunch of properties. Charlie took a fatherly role towards Ed. Camille, who was a year younger than Ed, wanted to go to college, but took a job waitressing because she didn't have the money for college.

Charlie taught Ed the inside secrets he learned about how real estate really works. He showed him the real ways to make money with real estate that most people never figure out.

We met Ed last year when he came in to see us. He wanted to get some help managing his financial situation. He wanted to know how to:

- Establish an education fund for Camille so she could attend whatever college she wanted, without having to worry about money.
- Save taxes on all the income and capital gains he was getting.
- Find out how to have the right amounts and types of insurance from an objective point of view.

- Find out how much he could sock away in retirement plans to save taxes and how to manage the money that goes into those plans.
- Explore how to protect his assets from being attacked by lawsuits or other liability problems.
- Set up a fund to take care of his mom, who was sick a lot, and to see if there were any tax breaks available for doing so.
- Develop an estate plan to make sure things went where and how he wanted if he were to pass away early.

Ed was young in age, but old in maturity and experience. He understood that he had done well, but that making it was only half the battle. Managing the money he made was the other half.

We were delighted to help him manage the estate he had built up, and to show him different strategies to accomplish his goals.

We know many ways to skin the financial planning cat. Our job with Ed was to show him the different options he had available to him, and let him make decisions from an educated base of knowledge.

Ed was a smart guy. He knew that just because he had done well, that didn't mean he didn't need to diversify, and protect what he had made, and to make it work as hard as it could for him.

Camille is in school, and can devote all her energies to studying, instead of having to worry about money during her college years.

Their mom is being taken care of properly.

And Ed has a solid plan for his future, that will be there for him regardless of how well, or poorly he does with real estate.

Even though they had a rocky start in life, Ed and Camille are going to be fine. Ed's real intelligence isn't as much in how to make money in real estate, as it is in knowing that you have to plan your finances carefully and thoroughly.

And who said youth was wasted on the young?

So...if you are interested in learning more about how you can save money in taxes or other expenses you might be overpaying for...or want to sit down with us and have your plan reviewed or updated, give us a call! We're here to help you, and to help you keep on track with your planning. Don't be a stranger. Call us, and we'll assist you in having the best shot possible at reaching your goals, and having peace of mind! Don't wait until it's too late!

Did You Know...

(Our monthly feature of tidbits of news and info to make your life easier, your money work harder and so you're healthy all the time!)

1.) Outsourcing work at home! While some people clean and do laundry because they enjoy it, others do it because they think they can't afford to have it done. But when people work long hours, the trade-off isn't wise. Studies by the Department of Labor show this is how much you have to earn to make it worthwhile to hire someone: Laundry: \$12,000; dog grooming, \$40,000; grass cutting, \$47,000; house cleaning: \$57,000; grocery shopping, \$85,000; Car washing and vacuuming, \$140,000; closet organizing, \$190,000.

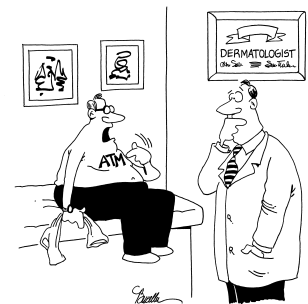
2.) Why pay off the mortgage? The main reason many people like to pay off their mortgages is that it gives them peace of mind. Making an extra payment on a mortgage with an interest rate of 6 percent or less, however, isn't wise for people with loans or credit card debt that carry a much larger rate of interest. If a home equity loan has cheaper interest than other debts, and the rate is fixed, it could be wise to use it to pay off credit cards and other debts. Similarly, if you're making extra payments on your mortgage to pay it off faster, you may be better off to pay off higher interest loans than to make the prepayments. Check with us to make sure you're handling your mortgage and other debts correctly for your personal situation.

3.) Check older gas connections! Gas connectors are corrugated metal tubes used to connect gas appliances to natural gas supply lines. Some older uncoated brass connectors have a flaw in the end pieces. Over time, they can separate from the tubing and cause a gas leak, fire, or explosion. The Consumer Product Safety Commission says uncoated connectors haven't been made for 20 years, but many are still in use. They should be replaced with a new plastic-coated brass or stainless steel connector. All connectors wear out from moving, bending, or corrosion. They should be replaced whenever the appliance is moved or relocated.

4.) Deciphering money slang! According to the American Numismatic Association:

* **Buck:** Originated in 1740s when deer hides were traded.

* **Dough:** Used since 1851 to indicate that money was one of life's necessities.



"All my kids are grown and have moved out. How much would it cost to remove this tattoo?"

* *Dollar*: The German thaler was used throughout Europe and Britain from the 1500s to the 1700s. They were large silver coins. The English called them dollars.

* *Sawbuck*: This name for a \$10 bill is from the sawhorse whose crossed legs formed an X, the Roman numeral for 10.

* *Grand*: In the 1920s, it was short for "grand amount," or \$1,000.

5.) The top five most dangerous jobs! According to government statistics, these are the five most dangerous jobs in the U.S. in order of fatalities recorded: lumberjack, fisherman, pilot (including crop dusters), structural metal worker, and driver. The first four jobs are not surprising. They look dangerous and they are. How about number five, the driver? The category includes everyone who drives a car or truck on the job. That put big rig drivers, salespeople, and pizza deliverers into the same class. When you drive, you may not consider yourself to be in the top five most dangerous jobs, but you are. Remember that when you get behind the wheel.



Health Tips Of The Month...

(These tips are not for everybody and should not be taken as specific recommendations. Before you take any action regarding yours or anyone's health, we strongly suggest you consult a qualified physician!)

February Is American Heart Month!

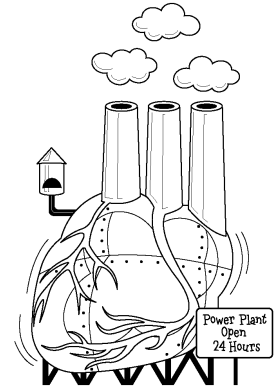
Your body's powerhouse: The heart!

Located behind the breastbone and in the middle of the rib cage, the heart is the body's most protected organ. This little powerhouse pumps 2,000 gallons of blood through the circulatory system each day by expanding and contracting more than 100,000 times.

Though the heart is one of the body's most resilient organs, it needs a little help. Often it doesn't get it, which is one of the reasons heart disease is the leading cause of death for both men and women, according to the American Heart Association.

Decide now what your risk factors are and what you can do about them. You can't control your age or family history, but there are risk factors you can control:

- * Quit smoking. Smoking is one of the most hazardous things you can do.
- * Control your blood pressure. Take prescribed medications and be serious about it.
- * Lower your blood pressure by getting your weight under control and eating less salt. Put exercise on your daily to-do list, and limit alcohol to a drink or two a day.
- * Eat better. Eat fewer foods containing trans fats (hard margarine, baked goods), and more fruits and vegetables. Use olive oil instead of butter or margarine for cooking.
- * Include folate. It lowers levels of homocysteine in the blood, a big risk factor for heart disease. Cold cereal is fortified with it. Vegetables, fish, and beans have folate.
- * Get out. Brisk walks are good. A combination of vigorous activity, resistance training, and flexibility exercise is better. It helps your heart, controls your weight, and makes you look and feel good.
- * Don't be jaded. You have heard some of this advice before. Actually think about it now. No matter what your age, this is the best time to start preventing heart disease.



Great News! Vacations & Exercise Keep Brain, Body Young!

Whether you just hit 30, are a baby boomer determined not to get "old", or are ready to retire, you can keep your body fit and your mind sharp.

Body Savers

- * Get seven or eight hours of sleep. Not getting enough causes human growth hormone levels to take a dive, say doctors at the University of Maryland. Your body makes less muscle and burns less fat.
- * Stay limber. Sports doctors quoted in Men's Fitness say stretching keeps muscles in shape so they can work through a complete range of motion, and it keeps tendons lubricated. Stretch for five minutes a day.
- * Watch your weight. Being overweight increases risk for many diseases.

* Work out in a variety of ways. After age 25, metabolism slows at a rate of 4 percent every 10 years. Alternate between walking and strength training. Add aerobics, dancing or a sport to keep metabolism high.

* Control stress. Prayer, meditation, slow exercises can help.

Brain Savers

* Evaluate similar things. Michael Gelb, author of Discover Your Genius (HarperCollins) says comparing one truck to another or deciding which technique makes the sale keeps the brain working.

* Do different things. Take an exotic vacation. Use visual and spacial skills to read a road map and decide which turns to make.

* Learn something new. The more you work your brain, the more connections brain cells will have. Learning a skill, a game, or a language is exercise for the brain.

* Have smart pals. Trade ideas online or with other people. We learn by imitation.

* Move your eyes. Writing in Fortune, University of Toledo researchers say you activate recall by moving your eyes back and forth for 20 seconds.

Here Are The February 2004 Quiz Questions!

Q. How did the number of U.S. personal bankruptcy filings for the quarter ending Sept. 30, 2003 compare to that for the quarter ending Sept. 30, 1994?

1.) Down 10% 2.) Unchanged 3.) Up 10% 4.) Up 50% 5.) Up 100%

Q. How many tax returns were filed before the deadline set for the nation's first income tax in 1913?

A) 1,500 B) 4,000 C) 9,000 D) None of the above

For Answers email will@nevadabenefits.com

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- "The 11 Biggest Mistakes People Make Before Or After Retiring...And How You Can Avoid Them!"**

Please contact me to set up a review of my financial situation NOW for 2003!

Name _____

Address _____

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Best time to Contact _____

- Please send me additional pass along cards.**
- Please add a FREE subscription to your monthly newsletter for the following people. I understand you will send them a note explaining I suggested they get this FREE subscription, and that all they have to do is contact us if they wish to cancel.**

1. Name _____

Address _____

City _____ State _____ Zip _____

2. Name _____

Address _____

City _____ State _____ Zip _____

Please use additional paper if necessary! Thanks, and don't forget to send in your Client Quiz answers to win a FREE dinner!
