

Notes from John & Susan

It is that time of year again! I am told that November starts a number of "holidays" — Veteran's Day, Opening Day of Deer Hunting, Thanksgiving, Christmas, Happy New Year 2012 and **107 Days of Tax Season**. Where has the year gone? John and I trust that as you look over this past year you have a number of things that you are thankful for.

We want to take this opportunity to thank you for allowing us to work with you. Over the years we have developed so many friendships and we appreciate each of you — Thank You!

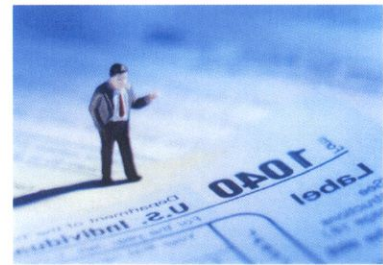
We look forward to seeing each of you in just a few weeks.

John and Susan

FEDERAL TAX LAW UPDATES

Here are **SOME** of the new federal tax law changes for 2011

- Personal Exemptions for 2011 \$3700
- Standard Deductions: MFJ \$11600, Single \$5800, Head of Household \$8500
- Tax Brackets for 2011 10%, 15%, 25%, 28%, 33%, 35% (No Change)
- Capital Gain Rates 0% and 15% (No Change)



*******Form 1099-B Proceeds from Broker and Barter Exchange Transactions (Stock and Mutual Fund trades) - there are additional reporting requirements from your brokers on these forms. A major change for this year is that these forms are no longer due to you by January 31st but February 15th. So be aware that if you had any sales of stocks, mutual funds, options etc. we will not be able to complete your return until you receive this form. You can keep your appointment but we will have to put your return on hold until you receive the required forms. It is currently unclear whether you will receive a 1099-B per trade or a comprehensive worksheet showing the required information for all trades on one form.**

Check out our Website at:
www.thornapplefinancialcenter.com

A screenshot of the Thornapple Financial Center website. The page features a navigation menu at the top with links for Home, About Us, Services, and more. The main content area is titled 'YOUR APPOINTMENT CHECKLIST' and contains a list of items to check for an appointment, such as 'Bring your 2010 tax returns' and 'Bring your 2011 tax returns'. To the right of the checklist is a 'NEWSLETTER SUBSCRIPTION' form with fields for name, email, and phone number, along with a 'Sign Up' button. The website header includes the name 'THORNAPPLE FINANCIAL CENTER, INC. AND MONEY CONCEPTS' and the tagline 'WEALTH MANAGEMENT AND FINANCIAL PLANNING'. There is also a search bar at the bottom right.

M

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Rates:



This year we had a change in mileage rates halfway through the year; therefore, it will be necessary for you to supply us with **two** mileage figures this tax season.

- Business mileage 01/01—06/30 (.51)
- Business mileage 07/01— 12/31 (.555)
- Medical mileage 01/01—06/30 (.19)
- Medical mileage 07/01—12/31 (.235)
- Charity mileage was one amount for the entire year. (.14)

Remember that a mileage log allows us to maximize the mileage that you are entitled to deduct.

“Enter into His gates with Thanksgiving,
and into His courts with praise. Be thank-
ful to Him and bless His name.”

Psalm 100:4

We wish you and your family a very
Happy Thanksgiving!

FORM 2106 EMPLOYEE BUSINESS EXPENSE

This form is where we report employee business expenses that are not being reimbursed by your employer. This is a form that is currently being highly audited. A number of you are truck drivers or individuals who work at temporary work locations where you receive “per diems” for meals. Please note that you must prorate your transit travel days. That means that the day you leave and the day that you return to your home you DO NOT get a full day of per diem. So this year you will need to give us transit days and whole days gone. The transit days will be 2/3 of the per diem rate if you leave your home in the morning because breakfast can be eaten at home. If you leave at noon you will get 1/3 because you could eat breakfast and lunch at home. The same takes place on the day that you return home. If your 2106 would be chosen to be audited you will be asked to supply a copy of your employer’s “Reimbursement Policy”. Remember that “Per Diem” applies to meals only and that all hotel stays require actual reimbursement and receipts.

We want to make sure that you get all of the expenses that you are entitled to, but we need you to keep very good records in order for us to document and calculate what you are entitled to.

Charitable Contributions

Please remember that all of your charitable contributions must be made to “Qualified Organizations” and not individuals. Monies given to nonqualified organizations or people are considered “gifts” and are not a write off to you and are not taxable to the individual receiving the gifts. **ALL gifts MUST BE receipted.** If a onetime gift is \$250.00 or greater you must have a receipt from the organization — your canceled check will not work. This area is unforgiveable by the IRS, there is no such thing as I gave \$10 cash to my church and I figure I went twice a month for a total of \$240. IRS says “No receipt = No deductions! No exceptions!” If you want to gift a car please contact our office prior to giving it away so that we can explain the tax law in regard to this issue. Also remember that gifting things to a charitable organization need to be itemized out if you have given away more than \$500 of household goods and clothing.

Contribution Tax Tip: If you usually drop dollars into the Salvation Army bell ringer pails, write one check for the dollars that you usually give through the Christmas season. Your cancelled check counts as a receipt if under \$250.00.



Medical Issues:

HSA's 2011 contribution limits are \$3,050 for a self-only and \$6,150 for a family contribution. The 2012 contribution limits are \$3,100 for a self-only and \$6,250 for a family contribution.

If you make a distribution from your HSA you receive a 1099-SA form. **Please note that if you make a nonqualified distribution from your HSA your penalty has increased from 10% in 2010 to 20% in 2011.**

Medical expenses are deductible if you can itemize using Schedule A if your paid medical expenses are greater than 7.5% of your Adjusted Gross Income (AGI) for 2011. This percentage is increased to 10.0% for 2012. There is an exception to this as long as you or your spouse is 65 or older until 2016.

Medical Tax Tip: Have your physician write a prescription for you even though it may be an over the counter drug if you think that you are able to write off any of your out of pocket expenses so that it will count as a deductible expense.

HOMEOWNERS

If you purchased a home in 2011 OR refinanced a home in 2011 we ask that you bring your closing statements and HUD statements with you to your tax appointment. This will allow us to accurately pick up all of the expenses that you are entitled to write off on your taxes. These statements give us amounts for points, interest, property taxes etc.



Energy Credits.



The energy credit bill was renewed; **HOWEVER**, the bill renewed was the 2006 bill. The 2006 Energy Credit has a \$500 lifetime limitation of energy credits given per tax filer unit (a husband and a wife are a unit) and is not per home owned. What this means is that we have to look back at your 2006, 2007, 2009 and 2010 returns and if on any of those returns you received an energy credit we must add them up and if they total \$500 or greater you will not be eligible to receive any credit on your 2011 return. If you have purchased any energy efficient items for your home please bring in receipts so that we can complete the Energy Credit form.

*We would like to invite each of you
to a*

Christmas Open House

From 3:00 to 5:00

At

Our Middleville Office

Thursday, December 15, 2011



2012 STATE OF MICHIGAN TAX CHANGES

It is a good thing that the State of Michigan has a seatbelt law because you need to fasten it with all of the changes that will be taking place for 2012. I believe that I am safe in saying that these new tax laws will effect most taxpayers. The tax rate has been left the same, but there are a lot of other changes. John, Trevor and I will be working with each of you this tax season to give you a rough estimate of how much your tax will change. If you receive a pension you may have received a W4-P and we will help you to fill that out after assessing your tax situation for the upcoming year. Some credits are being eliminated, we have to compute a "Total Household Resources" number which will decide what credit and/or exemptions you will be allowed. Our goal is to help you make the necessary changes in your withholdings or estimated taxes so that we will not have any major surprises when we file your 2012 income tax in 2013.



Attention Business Owners

We would like to show our appreciation for your business and are hosting a Christmas luncheon along with updates on tax law changes concerning you and your businesses.

Susan, John, Trevor and Beth will be hosting this on Thursday, December 15th from 11:30 to 1:30 in our offices.

We ask that you please call and R.S.V.P. to reserve your place.

269-795-3387



"The Savior — yes, the Messiah, the Lord — has been born today in Bethlehem, the city of David!" Luke 2:11

We wish each of you a Blessed Christmas!

John, Susan, Trevor, Beth, Jessee, Kris,
Joy and Jasmine



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