

# Lassus Wherley

*Building Better Futures*

## People News

The whole gang is back again this year, with as usual, a few new faces. **Pat Gottheimer** has joined the administrative staff and will be helping us with scanning during tax season. Pat is a neighbor who offered to help out during our busy period.

**Deborah J. Rivosa, CFP®, CFA**, joined the staff in January of this year. She has been helping us look at marketing, analyzing survey results, and examining internal processes. Her primary focus will be business development, but she will also work in the area of compliance. Deb was an executive with Wachovia Bank in her former life.

**Chad Domingue** joined us last summer as an intern and developed a lot of executive compensation materials, including an internal website. He joined us full time in January as well, and will work in the investment operations area doing rebalancing and account reviews. Chad graduated from Northeastern University in December with a BS degree in Finance and Entrepreneurship.

**Peter Cintula** can be seen around the office most days. Pete's skills are in the technology arena. He has developed a very sophisticated Universal Account Interface update process to keep account transactions downloaded and reconciled. Working with Kevin, he has also developed several very neat tools for getting simple but cumbersome tasks done electronically.

**And last but not least, we have a new puppy. Her name is Abigail Rose, and she is the cutest ever! We had a contest to name her, and the name Abigail Rose just narrowly beat out Capital Gains (Cappy)! Yes, you did read that correctly. On one of the inside pages we have her picture. So when you come by to see us—yes—there really are three.**

## Client Survey...

**We sincerely thank all those who responded to the survey!** The following are highlights of a 2007 client survey:

Our response rate was 62%. This is considered a very good response rate for surveys of this kind.

Our overall satisfaction rate is a strong 4.8 out of 5.0.

Our clients indicated they are very comfortable discussing their situation with another team member. This is a testament to the degree of professionalism in our staff and an indication that our well executed team approach is a driver of client satisfaction.

We clearly focus on high-net-worth clients and have done a good job of positioning ourselves as the primary advisor of our clients; 80% of our clients have more than 75% of their investable assets managed by us.

We have a high percentage of long-term and loyal clients. The majority of them have indicated a willingness to support us in building our business through referrals of prospective clients and high levels of interest in a variety of additional service offerings.

We also got some great feedback on ways to continue to improve our service.

**Carol Kaplan** was the winner of the drawing. A \$500 contribution in her name was made to CASA, Court Appointed Special Advocates of New Jersey. CASA helps children in out-of-home placement (foster care) find a caring environment in which to grow and thrive, receive the services they need while in foster care, and ensures that children who are victims of physical, sexual and psychological abuse, or outright abandonment, have a voice in court proceedings that determine their fates. Carol, an active volunteer with CASA, asks that anyone interested in this organization call her at 201-217-3110.

Congratulations Carol!

NewsNotes

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## LWA News

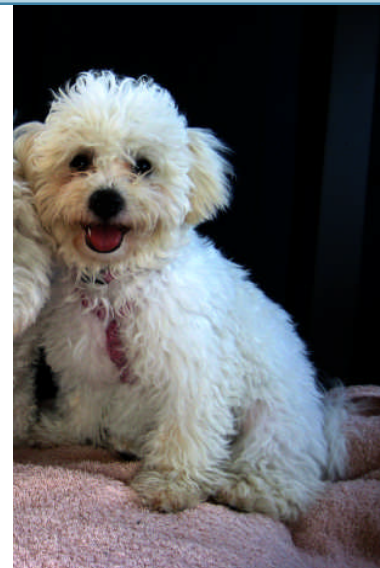
Hopefully, this will be the last year of construction for awhile. As you can see from the pictures, our parking lot is STILL being completely redone. The town's new rescue squad taj mahal is the reason for the redo. Construction on the new building began around January of last year, and the latest rumor is that they may begin occupancy by the end of January, 2008—maybe. The lot is being done in two phases, our phase being last. You may have to use the side door for tax appointments. It will all depend on the weather. I'll apologize in advance for any inconvenience.



CPA **wealth** PROVIDER Financial Planning Awards

**It is with great pleasure we announce that Lassus Wherley has been judged the winner in the Fifth Annual CPA Wealth Provider Financial Planning Awards.**

**Abigail Rose** was born May 14th, 2007. Her AKC name is Mexicali Abby Rose. She was in a litter of two females and four males. She joined the firm at the age of 12 weeks and has been an enormous hit with employees and clients alike. She has earned the title of "office dog" and has charmed her way into the hearts of all. Her favorite thing is "Treats"!



## Diahann's Doings

Diahann's doings came to a screeching halt on December 4, 2007, when she slipped and fell on the ice and broke her ankle. One major surgery and 4 hospital days later she found herself pretty much confined to a rented hospital bed working year-end capital gains remotely using her laptop and our virtual server. This has truly been a successful test of our technology and our team! By the time you read this she will hopefully have had a full recovery, but if you see her hobbling around, you'll know why. **A special thank you to all those who sent cards and letters wishing her a speedy recovery!**

Wheelchairs and crutches aside, the break did not keep her from speaking at the AICPA annual conference in

January. Her session addressed the needs of women business owners.

On New Year's day the Star Ledger ran a great tax overview of changes for 2008. Diahann was one of three contributors prominently featured on the full-page article.

Diahann's attention, recently, as NAPFA Chair of Industry Issues, has focused on calling attention to the SEC for its insensitivity to the plight of consumers and their lack of understanding regarding investment fees, choices and the industry in general. See an excerpt on the next page.

# NewsNotes

## In The News

### InvestmentNews

The Leading News Source for Financial Advisers

By Diahann W. Lassus, Chair NAPFA Industry Issues  
January 7, 2008

The following is an excerpt from Diahann's letter to the Securities and Exchange Commission.

"It is commonly argued that the financial world has changed. Yes, it has. With continuing evolution of modern portfolio theory and its offshoots, tens of thousands of mutual funds and other products — among them exotic products designed to either assume or alleviate risks — have been created, many of which have hidden fees and costs. All of this has led to a world that is far more complex for consumers than that which existed in 1940. The "knowledge gap" between consumers and financial advisers has never been greater. Fiduciary principles that apply when there is a placement of trust and a substantial disparity in knowledge will be even more relevant in 2008 and beyond.

"It is time for the SEC to reverse course and apply broad fiduciary duties to all those holding themselves out as trusted advisers, to everyone who undertakes financial planning (whether "comprehensive" or "discrete") and to all other investment advisory activities.

"Consumers deserve trusted advice. If they cannot make reasoned decisions about financial planning and investments, in 2008 and the years ahead there will be greater pressure on governments to provide for their future welfare. While major forces oppose application of fiduciary standards, securing a better future for all Americans simply requires the common sense to see the compelling need for fiduciary duties to apply to all financial advisory activities."

### The Star-Ledger

THE VOICE OF NEW JERSEY

#### GET A CLUE ABOUT 2008 tax changes

**Karin Price Mueller  
and Allison Murphy**

Experts: Diahann Lassus  
certified financial planner and certified public accountant/personal financial specialist  
Lassus Wherley, New Providence

Brokerage firms and other investment custodians soon may have to report cost basis in addition to proceeds for the sale of securities starting in 2008, thanks to Congress. Lassus says it's possible this reporting may be effective for returns filed in 2009 or 2010, making life easier for investors.

"Many brokers and custodians already track cost basis, saving the taxpayers time and headaches trying to calculate it," she says.

Congress is also considering legislation that would require some form of continuing education and certification for tax preparers. There are currently no regulations, registration or minimum education standards that need to be met by tax preparers. Lassus welcomes a change, saying that while enrolled agents, CPA's and attorneys often handle tax matters, absolutely anyone can hang out a sign and say they prepare tax returns.

"This is good because many low-income taxpayers or immigrants unfamiliar with the U.S. tax laws have relied on low-cost but often fraudulent tax preparers to handle their returns," Lassus says.

# Tax Changes

- **New Jersey Enforcing Professional License Requirement:** If you receive 1099's, you are considered a "business entity" and must be registered as a business with the state of New Jersey and be a licensed professional. This appears to be an old rule that has new revenue potential.
- **Contributions must be documented:** Beginning with 2007 all charitable contributions must be substantiated with an acknowledgement from the charity, a canceled check, credit card record or receipt. The biggest impact will be on cash contributions. When you provide us with your data, be sure to include all of your documentation.
- **AMT Credit Carryovers may be harvested:** Beginning in 2007 those taxpayers who have credits carried over from prior years may be able to apply a portion of those credits against the 2007 tax bill. Many taxpayers with these credits have not found themselves in the position of being able to use them. A law enacted several years ago provided for up to 20% of the credits being applied to taxes due over a five-year period starting in 2007. We've identified those individuals who may benefit from this new provision.
- **Health Savings Accounts increase in popularity:** Each year more and more employers are offering Health Savings Accounts. The general idea is that a health insurance policy covers only major expenses, and the cost of office visits for minor conditions like colds or flu are covered using money contributed to an HSA account. Usually, the employer contributes money to the account instead of paying higher premiums for insurance, and the employee is also allowed to contribute. Money in the account can earn interest tax free if the money is used for medical expenses. AND, money not used in one year can be rolled forward and used in future years.
- **Upper income taxpayers get a break:** Taxpayers with incomes over \$159,950 for single and \$239,950 joint generally lose a significant portion or all of the exemption deduction, and the itemized deductions get phased out. Starting in 2008 the exemption cutback will be limited to one third of the amount, and the phase-out rate will be cut in half from 2% to 1%. Small changes but not insignificant.
- **Medicare Part B premiums are rising:** The basic premium jumps to \$96.40 monthly for 2008. Married taxpayers with incomes above \$164,000 and single taxpayers whose incomes exceed \$82,000 will pay premiums starting at \$122.20 and maybe as high as \$238.40.
- **IRA contribution limits rise:** 2008 contribution can be \$5000 for individuals under age 50. The "catch up" amount is unchanged at \$1000 for individuals 50 and over.
- **Kiddie Tax rules change again:** After raising the kiddie tax age limit from 14 to 18, Congress revisited the rule and raised the age to 24 for full-time students whose earned income is less than half of their support. The change was driven by the capital gains rate drop to zero for taxpayers in the 15% bracket. The changes have effectively eliminated the benefits of gifting stocks to children to pay for education.

Did you ever notice that when you put the words "The" and "IRS" together, it spells "THEIRS?"  
Author Unknown