Volume 2, Issue 1, January 2009

Keats, Connelly and Associates, LLC

Bridging the Border to Your Financial Future

2009 WINTER E-UPDATE NEWSLETTER

KCA February 2009 Workshop Dates – Mark your calendars now!

2009 Cross-Border Living Workshops

2/3/2009 -Palm Springs, CA

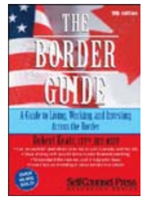
2/10/2009 - Phoenix, AZ

2/17/2009 - Naples, FL

2/19/2009 - Palm Beach, FL

To register, call KCA at 1-800-678-5007

The 9th Edition...



*Bob Keats' book — **The Border Guide** is on sale now and available through Self Counsel Press website www.selfcounselpress.com.*

KCA has moved their West Palm Beach, Florida office to:

Keats, Connelly and Associates, LLC
Renaissance Commons
1880 N Congress Ave, Ste 302
Boynton Beach, FL 33426

The phone and fax numbers have remained the same:

Phone: 561-659-7401
Fax: 561-659-7089

No Time for Tax?—*by Wayne Tibbetts, Director of Tax Services*

It seems that every year the U.S. government increases your filing requirements and, of course, life gets more complicated in efforts to comply with the mandates. I thought that I would pass along the length of time that the U.S. suggests it would take to prepare some of the tax forms that are used on many of your returns. Keep in mind that this is just one of the forms that is included—not the whole return.

Having a corporation in Canada, the Caymans or the Bahamas is not an unheard of idea for many of you. As a U.S. taxpayer, *(Continued on Page 2)*

2008 Nursing Home Costs— *by Virginia Dhondt, Staff Planner*

A market survey of the cost of nursing home care across the country is updated each year by the MetLife Mature Market Institute. The results do not include all facilities; however, the survey indicates trends and averages by location. The results include private and semi-private room daily rates at nursing homes, as well as monthly rates at assisted living facilities.

Nursing home care can be temporary for a short-term rehabilitation or, more often, permanent for chronic conditions requiring skilled nursing services. Typical nursing home care includes room and board, medication management, personal care, and social / recreational activities. The U.S. Census Bureau in 2007 reported that 68% of nursing home *(Continued on Page 2)*

The Border Guide Forum – *by Roxana Bye, Executive Assistant*

The Border Guide Forum is a new idea and place for you to discuss *The Border Guide* topics, share issues of concern regarding Canadian / U.S. border crossing, ask questions, submit news and take part in our international community of Forum guests. All Forum users, as well as Keats, Connelly and Associates, LLC (KCA) staff, will be able to view and respond to your submissions and questions to create interesting global discussions.

Log into www.keatsconnelly.com\forum and follow the simple instructions provided to set yourself up as a Forum member. *(Continued on Page 3)*

Newsworthy Numbers

$60K The family income threshold below which Harvard University provides undergraduates with free tuition. **(Source: Associated Press)**

$299.96B New York Stock Exchange member firms' customer margin debt as of Sept. 30, 2008, down from $329.5 billion in September 2007. **(Source: NYSE Euronext)**

$9T The total amount pledged globally by central banks and by governments to contain the financial crisis. The United States accounts for 50%. **(Source: BlackRock Inc., International Herald Tribune)**

$50T An estimate of total worldwide professional managed assets, down from $58.9 trillion at year end 2007. **(Source: Boston Consulting Group)**

No Time for Tax? *(Continued from Page 1)*

there is a form to report the activity and ownership of your foreign corporations—Form 5471. The Internal Revenue Service (IRS) says that it should, on the average, take about 82 hours to do the recordkeeping, about 18 hours to learn about the law and the forms, and another 26 hours or so to actually complete the forms. This is per corporation, so luckily, we only have to learn about the law once.

More and more of you now have Canadian Trusts that were established prior to exiting Canada and these trusts carryover for a period of time until they are either closed or become U.S. Trusts. There are actually two different sets of forms that have to be completed for each Trust; a Form 3520 and Form 3520A. Not only are they separate forms, but each have different due dates, and of course, each has its own set of penalties for being late or having wrong information. The IRS thinks it takes, in total, about 80 hours of recordkeeping for each Trust, another seven hours learning about the law behind these forms, and then finally 10 hours to complete the forms.

Naturally, there are forms to report the activity of foreign Partnerships, as well as the Unlimited Liability Corporations in Canada. Here we call them Foreign Disregarded Entities, and you guessed it—there is a form to report them too! For foreign partnerships, the IRS says it would take about 40 hours to complete the forms after you learn about the law and get the records straightened out. The disregarded entities, they chalk up about 4 1/2 hours alone to complete the forms.

With all of the time that it takes to do just these forms, you may wonder how we ever get anything done. Fortunately, each time we do one of these forms, we get a little quicker at preparing them. However, we can't rush through any of them, as the penalties for not filing, or filing improperly completed or wrong forms can run from $10,000 to $100,000. For Trusts, the penalties can be 5-35% of the value of the assets held in the Trust. At those rates, none of us wants to rush through these reports. It is also why we often file extensions for people, there is simply too much to complete to try and rush in order to make the April timeline. Remember, the actual due date for individual returns is October, not April. The money is due by April, but we can extend filing the return until October. The IRS does not look at it any differently, nor does this increase your chance of an audit.

One last bit of information is that the highest cost to prepare a tax return last year exceeded $40,000 for one client. They had to file a little bit of each of the aforementioned tax items.▫

Wayne Tibbetts is the Director of Tax Services at Keats, Connelly and Associates, LLC (KCA) and for our Cross Border Tax & Accounting, LLC (CBTA) subsidiary. Wayne has been at KCA for almost twelve years of his nearly 23 years in the tax and financial service industry. He holds an MST, an MBA and is a Certified Public Accountant.

2008 Nursing Home Costs

(Continued from Page 1)

residents are women. The median age of residents was 83 years old; only 14% are under the age of 65.

In 2008, the survey found that the average daily cost of a private room at a nursing home was $212 and a semi-private room was $191. This was not significantly different from 2007, when the private room average was $213 and semi-private was $189. The 2008 Median rate is $200 private, $178 semi-private. The highest average rates were in Alaska at $577 private and $566 semi-private. The lowest private rates are $127 in parts of Louisiana; the lowest semi-private rates are $121 in parts of Minnesota and Oklahoma.

In Arizona, the average private room rate is $214, while a semi-private room is $171. Survey results deviate from the state average in Phoenix, where the cost of a private room is slightly higher and that of a semi-private room is slightly lower than average. In California, the average private room is $249, while a semi-private room is $201. The price in Los Angeles is lower than average, while the San Francisco price is higher. In Florida, private rooms are $218, while semi-private rooms average $191. Jacksonville is lower than average, while Orlando and Miami are higher.

Assisted living communities do not provide the level of ongoing skilled care that nursing homes do, but they generally have nurses on staff to help with daily living activities. The average age of a resident is 85 years old; 21 months is the average stay. The survey categorizes services as Basic, Standard, or Inclusive. While more than half of the facilities surveyed are Standard, more services increases cost.

The national average cost of assisted living is $3,031 monthly. However, the actual range for Standard services is $1,000-$7,100 monthly. North Dakota has the lowest base rate at $1,980 and southern Maine has the highest monthly average at $4,708. The average base rate for assisted living communities providing Alzheimer's and Dementia Care nationwide is $4,267 monthly.

Since most residents pay privately or through a long-term care policy, these costs can have a significant impact on assets. We can assist with determining the potential impact for your situation and establish the best course of action to meet your goals.▫

Virginia Dhondt is a Certified Financial Planner™ (U.S. and Canada) professional at Keats, Connelly & Associates, LLC. She assists clients and manages their comprehensive cross-border and domestic financial plans. Virginia holds a BS in Finance and is currently Secretary/Treasurer with the Phoenix Chapter of the Financial Planning Association. Virginia and her husband Mike are very active with several local dog clubs with their Weimaraner—Cassi and Vizsla—Teka. She volunteers to promote responsible pet ownership and also volunteers with the Arizona Chapter of the National Multiple Sclerosis Society.

The Border Guide Forum

(Continued from Page 1)

You may read the Forum as a guest; however, you must be a registered member to post in the Forum.

Registering is simple, just provide us your name and email address (kept private and not shared with any other vendors) as well as your user name. For example, you might want people on the Forum to address you as Spike or some other nickname. Just enter your nickname as your username and then all questions posted by you or answered for you would address you using this username keeping your other information private. For your convenience, we ask you to set up your own password so that you won't have to register every time you visit *The Border Guide* Forum.

We look forward to reading your comments on this site. If you have any questions please contact Roxana 'Rocky' Bye at 602-955-5007, ext. 101.▫

Rocky Bye is the Executive Assistant to Bob Keats and has worked at KCA for over two years. Rocky is our resident Webmaster, Junxure software database manager, event coordinator for Bob's annual workshops across the country and in Canada, and manages our front desk and Concierge staff. On weekends you can find Rocky on the back of a motorcycle riding with her husband Jerome.

Economic Stimulus: What do they prefer?

In a recent poll conducted by *InvestmentNews*, in conjunction with National Financial Services LLC, 168 Investors and 712 Advisers responded to the question: **Which type of stimulus do you think is best for the economy?** Both groups preferred **Tax Cuts** as the best choice with an average of 43.75%.

Each group viewed the following respectively:

Bank rescue plan **6.85% average**
Mortgage relief for homeowners **15.3% average**

The two groups differed in their opinions on:

Investment in alternative energy sources
Investors 21.4% **Advisors 6.7%**

Government investment in infrastructure projects
Investors 14.3% **Advisors 25.8%**

Tax Timeline

Just a note to let everyone know the various deadlines and obligations we have to meet throughout the year for you, our clients. At times, we may have to shift our attention to different matters which means that we may not be able to work on your return/s. Please understand that throughout the year we have to adjust our priorities according to what is next due. Thanks for your understanding and patience—*Tax Department*.

1/15	Family Office organizers back from ACM & mailed
2/15	Special TD Forms complete for KCA
2/15	Bookkeeping complete for calendar year entities
3/15	1120/1120S/3520-A filing/extension deadline
3/31	T3's (Canadian Trusts) completed
3/31	Stop completion of 1040's, prepare for extensions
4/15	1040/1041/1065 extensions completed & balance pd
4/30	T1's (Individual Canadian returns) completed
6/15	1040NR's (Non-Resident) completed or extended
6/15	2nd Qtr 1040-ES (Estimated Payments) filing date
6/30	TD forms due date
6/30	T2's completed (Canadian Corporate Returns) or 6 months after Year End
9/15	3rd Qtr 1040-ES filing date
9/15	1065/1041/3520-A/1120/1120S extended filing deadline
10/10	1040 filing date to meet the 10-15 IRS deadline
11/1	Start projections
12/15	Complete projections
12/20	Organizers sent out to clients/ Family Office Organizers sent to ACM's (Asst. Client Manager) ▫

We Hope You Are a Satisfied KCA Client...

....and we would love to hear from you, as well as any referrals that you would like to share with us. If you know of someone that could benefit from our services either through our comprehensive Family Office or Financial Planning services, please let us know.

Be sure that we have your referral's permission to contact them, or have them call in directly to your staff planner or Kathy Bayer, Marketing Administrator. We will get them started with the appropriate information. Also, please be sure to have your referral mention your name when they call us, so that we can thank you for sending your friends or family our way.

Once your referral signs on as a KCA client, we will donate $500 in your name to your favorite charity. For further questions, please call Kathy Bayer at 1-800-678-5007, ext. 130.▫

KCA Fun Factoids

1. Who was within a week of dying until saved by a then-radical new surgery?
2. Who cheated death three times; twice by drowning and once by electrocution?

See answers on side of panel.

1. Wayne Tibbetts
2. Juan Hernandez

KCA in the News

- **Impact Magazine** featured KCA's commitment to volunteerism in the November 2008 article *"Sweat Equity— Local Firm Gives Its All to Giving Back"*
- **CPA Wealth Provider Magazine will** feature KCA in their April 2009 issue

- **Bob Keats, President — KCA**, has interviews and /or articles for the following publications:

  Bob Veres E-Column: Conservative Capture on the Upside quoted Bob in his article regarding the current economy

  Arizona Republic—Careerbuilder Profile column on Bob ran on Sunday, January 25

- **Dale Walters, CEO — KCA**, was recognized as a ***2008 Top Advisor*** by ***Reuters AdvicePoint***, and received the '**Outstanding Leadership Award'** for his work with the Arizona Family College Savings Oversight Committee.

  Financial Times / FT.com—UK, quoted Dale in an article on *"Boutiques for the Super-Rich"*

  FUNDfire, a Financial Times website, quoted Dale in an article on *"Multi-Family Offices Chart Global Ex pansion"*

Bob Keats and Dale Walters were named 'America's Top Financial Planners' by Consumers' Research Council of America.

- **Peter Eickelberg, Investment Officer—**published November and January articles for **Phoenix Woman Magazine**

- **Claudia Freeman, Staff Planner**, published articles in **Financial Planning of Michigan** Newsletter and on the **CIFP Investor Education** website.

  Financial and Estate Planning Council of Metro Detroit article on estate planning issues for U.S. residents with Canadian real estate to be published in February's quarterly newsletter

KCA Office News

Welcome to **Kathleen 'Kate' Macaluso**—the new administrative assistant in the Florida office. Kate started on January 2nd in West Palm Beach and has helped our Florida staff transition to the new Boynton Beach office.

Santina Michel has assisted Kate with training, in addition to having officially moved into the financial planning department full time in the Boynton Beach, Florida office.

"Never doubt that a small group of thoughtful, committed individuals can change the world. Indeed, it's the only thing that ever has." - Margaret Mead

Congratulations on the latest KCA staff promotions:

Sally Taylor*—is now* ***Director of Financial Planning***

Brad Flecke*—at our new Boynton Beach, Florida office, was promoted to* ***Senior Planner.*** *Congratulations on completing the CFP® process.*

Client Spotlight: Karen Erhard-Styles

— edited by Kathy Bayer, Marketing

Hello and thank you for the opportunity to introduce myself. I am an 18 year veteran of the real estate industry. Originally from Southern California, I attended the University of California in Irvine, where I obtained a Master's and double bachelor degrees. Feeling the need for lots of rain and very green trees, I travelled to Oregon and began my career in real estate and financing. I met my husband—Ron, and our first chocolate lab 'Chauncey', there. We exchanged our umbrellas for sunglasses 12 years ago when the three of us landed in Arizona. Since then, we have added a Weimaraner—'Blue', a Bloodhound—'Roscoe', and after Chauncey passed on, another chocolate lab named 'Ollie'.

I have found the real estate arena to be both exciting and ever-changing. Navigating these waters requires the assistance of someone—not only with experience—but with a passion for the field. I am that person. Rates and guidelines are changing and opportunities have never been better. Please call me to discuss where your best interests lie and to determine a financial course that puts you ahead of today's market and into a better future. I would love to assist you!▫

Karen and Ron have been CBTA clients for more than five years. Karen works for America's Homefunders as a Senior Loan Officer** (MB#0903354) **and can be reached at 480-946-9300.