

FINANCIAL UPDATE

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THIS NEWSLETTER
IS BROUGHT TO YOU BY:

Is This What It Is Like?

The Great Recession officially started in December of 2007. It officially ended in June of 2009, according to the National Bureau of Economic Research. However, the economic recovery since that time has been anemic to say the least -- "In determining that a trough occurred in June 2009, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at normal capacity," the NBER reported in September 2010.




years since the end of the recession, the economy seems to be returning closer to a normal recovery pattern. This is an extremely long time for a period of returning to normalcy. There is some good news regarding this struggle we have had. For one, the overall recovery has been weaker than normal, yet should last longer than a normal recovery. And we have already seen that interest rates have stayed lower for a longer period of time.

As a matter of fact, this period of record low interest rates is absolutely unprecedented in our history. We will note that oil

Continued on Page 3

After meandering around for over three

Did You Know...

While bankruptcy filings had already been trending lower, new activity at U.S. bankruptcy courts plummeted last month for both consumers and businesses. There were 83,580 new bankruptcy filings during June. The month's total bankruptcy filings included commercial and non-commercial activity. Filings sank from a month earlier, when the total was 96,430, and from a year earlier, when 99,162 bankruptcies were filed. The monthly statistics were reported by the American Bankruptcy Institute based on data supplied by Epiq Systems Inc.... 

Source: ABI

Selected Financial Indices

July 26, 2013

Down Jones Ind.	_____	15,559
S&P 500	_____	1,692
Euro to US Dollar	_____	1.328
Oil: US Light Crude	___	\$104.7/bl
Gold	_____	\$1,321/oz
30 Year Mortgages*	_____	4.31%
1-year Treasury	_____	0.12%
10-Year Treasury	_____	2.56%
Prime Rate	_____	3.25%

**From Freddie Mac Weekly Survey. Average rates do not include fees and points. Information is provided for indicating trends only and should not be used for comparison purposes.*

In This Issue

**P2 Deficits Shrinking || P2 IRS Tips: Correcting Errors In Your Returns
P3 Is This What It Is Like? || P4 Key Health Care Provision Delayed**

The Deficit Is Shrinking

The federal government reported a rare surplus of \$116.5 billion in June, the largest for a single month in five years. The gain kept the nation on track for its lowest annual deficit in five years. The surplus was due in part to \$66.3 billion in dividend payments from Fannie Mae and Freddie Mac. The mortgage giants were taken over by the government at the height of the 2008 financial crisis and are now repaying taxpayers for the support they received.

“...well below last year's deficit...”

Through the first eight months of the budget year, the deficit has totaled \$509.8 billion, according to the Treasury. That's \$394.4 billion lower than the same period last year. The Congressional Budget Office forecasts the annual deficit will be \$670 billion when the budget year ends on Sept. 30. If correct, that would be well below last year's deficit of \$1.09 trillion and the lowest since President Obama took office. It would still be the fifth-largest deficit in U.S. history.

The Obama administration also estimates a lower annual deficit, although it projects a slightly higher figure of \$759 billion. Steady economic growth and higher tax rates have boosted the government's tax revenue this year. At the same time, government spending has barely increased. The dividend payments from Fannie and Freddie have also helped... ▢

Source:
The Associated Press

IRS Tax Tip: Correcting....

If you discover an error after you file your tax return, you can correct it by amending your return. Here are 10 tips from the Internal Revenue Service about amending your federal tax return:



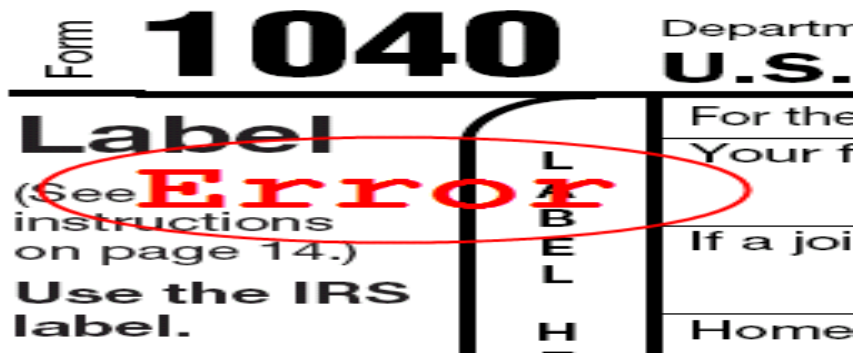
Income Tax Return, to amend a previously filed Form 1040, 1040A, 1040EZ, 1040NR or 1040NR-EZ. Make sure you check the box for the year of the return you are amending on the Form 1040X. An amended tax return cannot be filed electronically.

- ◆ **When to amend a return.** Generally, you should file an amended return if your filing status, number of dependents, total income, tax deductions or tax credits were reported incorrectly or omitted. Additional reasons for amending a return are listed in the instructions.
- ◆ **When NOT to amend a return.** In some cases, you do not need to amend your tax return. The IRS usually corrects math errors or requests missing forms – such as Forms W-2 or schedules – when processing an original return. In these instances, do not amend your return.
- ◆ **Form to use.** Use Form 1040X, Amended U.S. Individual
- ◆ **Multiple amended returns.** If you are amending more than one year's tax return, prepare a separate 1040X for each return and mail them in separate envelopes to the appropriate IRS processing center (see "Where to File" in the instructions for Form 1040X).
- ◆ **Form 1040X.** The Form 1040X has three columns. Column A shows original figures from the original return. Column B shows the changes you are making. Column C shows the corrected figures. There is an area on the back of the form to explain the specific changes and the reasons for the changes.
- ◆ **Other forms or schedules** If the changes involve other schedules or forms, attach them

“The IRS usually corrects math errors or requests missing forms – such as W-2's or schedules – when processing an original return..”

...Errors In Your Tax Return

Continued from Page 2



to the Form 1040X. Failure to do this will cause a delay in processing.

- ◆ **Additional refund.** If you are amending your return to get an additional refund, wait until you have received your original refund before filing Form 1040X. You may cash that check while waiting for any additional refund.
- ◆ **Additional tax.** If you owe additional tax, you should file Form 1040X and pay the tax as soon as possible to limit interest and penalty charges.
- ◆ **When to file.** Generally, to

claim a refund, you must file Form 1040X within three years from the date you filed your original tax return or within two years from the date you paid the tax, whichever is later.

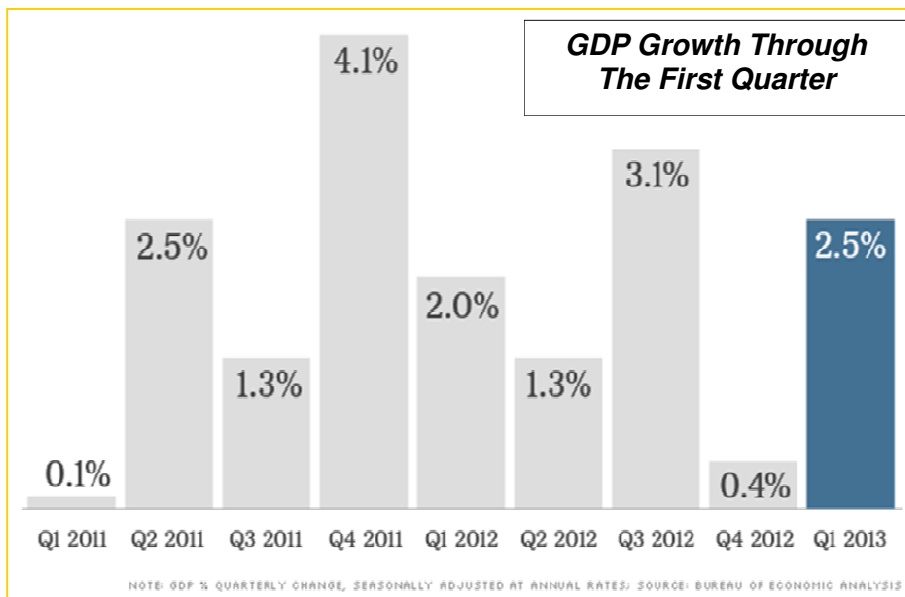
- ◆ **Processing time.** Normal processing time for amended returns is 8 to 12 weeks.

Links:

Form 1040X, Amended Federal Income Tax Return ([PDF 117K](#))

Instructions for Form 1040X ([PDF 45K](#))

Source: IRS



Is This What It Is Like?

Continued from Page 1

prices have fully recovered from recessionary prices a while ago. It was only recently that rates started to rise.

So the next question is--will rates continue to rise as the economy gets stronger? The most important data to watch in this regard are the employment numbers and releases within the real estate sector. Certainly, these two factors are tied because as one gets stronger so does the other. Right now, we are not seeing numbers that show our economy is overheating. Retail sales are still struggling, especially outside the automobile sector and energy expenditures. Car sales continue to be in recovery mode along with the real estate markets.

The bottom line? Yes, the recovery seems to have reached a new phase, but this is not a strong recovery as of yet. We are still in danger of influences that could scale back the recovery and if these scenarios occur rates could continue to stay low. However, if momentum continues to build, rates could continue to increase in the short run... ▢



Key Health Care Provision Delayed

The requirement that businesses provide their workers with health insurance or face fines – a key provision contained in President Barack Obama's sweeping health care law – will be delayed by one year, the Treasury Department announced. The postponement came after business owners expressed concerns about the complexity of the law's reporting requirements, the agency said in its announcement. Under the Affordable Care Act, businesses employing 50 or more full-time workers that don't provide them health insurance will be penalized. "We recognize that the vast majority of businesses that will need to do this reporting already provide health insurance to their workers, and we want to make sure it is easy for others to do so. We have listened to your feedback. And we are taking action," Mark J. Mazur, assistant secretary for tax policy, wrote in a post on the website of the Treasury Department, which is tasked with implementing the employer mandate. Mazur said the extra year before the requirement goes into effect will allow the government time to assess ways to simplify the reporting process for businesses.

Penalties for firms not providing health coverage to employees will now begin in 2015 – after next year's congressional elections. The new delay will not affect other aspects of the health law, including the establishment of exchanges in states for low-income Americans to obtain health insurance. Supporters of the employer mandate note that most firms already provide health insurance to full time workers, and downplay the effect the requirement would have on small businesses, citing figures showing the vast majority of small businesses employ fewer than 50 workers. But opponents claim the employer mandate is a potential job killer, saying businesses near the 50-worker cutoff will be unlikely to ramp up hiring if it means they're required to provide employees health insurance.... [□](#)

Source: CNN/Money

