

# DOUGLASBRADLEY LLC

## Personal Financial Advisors

December 2009

## DOUGLASBRADLEY'S MONEYWISE

### Financial News and Insight from an Independent Advisor

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### Personal Notes

All Work and No Play...

#### From Doug Robinson -

This past Saturday, we attended a Hershey Bears game with the kids. They are the "farm team" for the Washington Capitals NHL hockey team. Every year we go to "Bear Toss" night. After the Bears score their first goal all the fans throw bears and stuffed animals on the ice. The thousands of animals are scooped off the ice and delivered to children who are spending time in the hospital and could use a "friend". In addition to the standard teddy bear, one of the fans this year brought a 6-foot stuffed banana. That ought to make a kid's day...

**From Brad Loper -**  
November and December

### New Vehicle Purchase Tax Strategies

*We have a couple of clients who are contemplating year-end vehicle purchases. There are a couple of stimulus-related tax rules of which we wanted to make sure you are aware. One relates to personal purchases while the other is for business owners.*

#### 2009 New Personal Vehicle Purchases

Most folks were aware of the "Cash for Clunkers" program earlier this year. For purchases on or after February 17, 2009 and before January 1, 2010, taxpayers may deduct state and local sales and excise taxes imposed on the purchase of a new passenger automobile or light truck (8,500 pounds or less), a new motor home (no weight limit) or a new motorcycle (8,500 pounds or less). The deduction is taken either as an increased standard deduction or as an itemized deduction.

The deduction is limited to the sales and excise taxes attributable to the purchase price of the vehicle that does not exceed \$49,500. The deduction is phased out for single taxpayers with modified AGI between \$125,000 and \$135,000 (\$250,000 to \$260,000 Married Filing Joint). For states that do not have a state sales tax, taxpayers are entitled to deduct other fees or taxes imposed by the state or local government provided the fees or taxes are assessed on the purchase of the vehicle and are based on the vehicle's sales price or as a per unit fee.

#### 2009 New Business Vehicle Purchases

On October 17th, President Obama signed into effect the 2009 Recovery Act. This Act allows for larger business write-offs for new (and new to the purchaser) cars, trucks, and vans put into service by December 31st. The two important tax breaks are:

- Bonus first year depreciation (50% vs. the standard 20%); and,
- An enhanced IRS Section 179 deduction.

Simply said, businesses that buy large Sport Utility Vehicles (SUVs) with a Gross Vehicle Weight (GVW) of greater than 6,000 pounds can generate attractive tax savings in 2009.

For example, a buyer who places a 6,000+ lb. SUV costing \$50,000 into service by December 31st can deduct the following amounts:

Section 179 Deduction: \$25,000 (maximum allowed for heavy SUVs)

PLUS

Bonus Depreciation: \$12,500 ((\$50,000 - \$25,000 Ded.) x 50%)

PLUS

have typically been slow periods for us at DouglasBradley as clients and prospective clients turn their attention to family and the holidays.

This has certainly not been the case this year. I've been staying particularly busy supporting clients old and new - and enjoying the challenges. It has been a welcome distraction from the irrationality of the stock markets. My 8-year old nephew did spend the day with me recently. We attended the grand opening of a sports card store (I was a large dealer for many years) and then went off to Dave & Busters. For those that don't know, Dave & Buster's is a large entertainment complex full of arcade and video games. He later told his mom that, "he'd like to move next door to Dave & Buster's." Not a bad long-term plan, actually. Smart kid.

**From Mahesh Desai -**

We spent the Thanksgiving holiday as a family on a Caribbean cruise with some follow-on days in Miami. Miami was the highlight of the trip and was gorgeous. It was 80 degrees and sunny every day - just how I like it. I sat out by the saltwater pool and simply enjoyed the breeze, the drinks, and the awesome Cuban food.

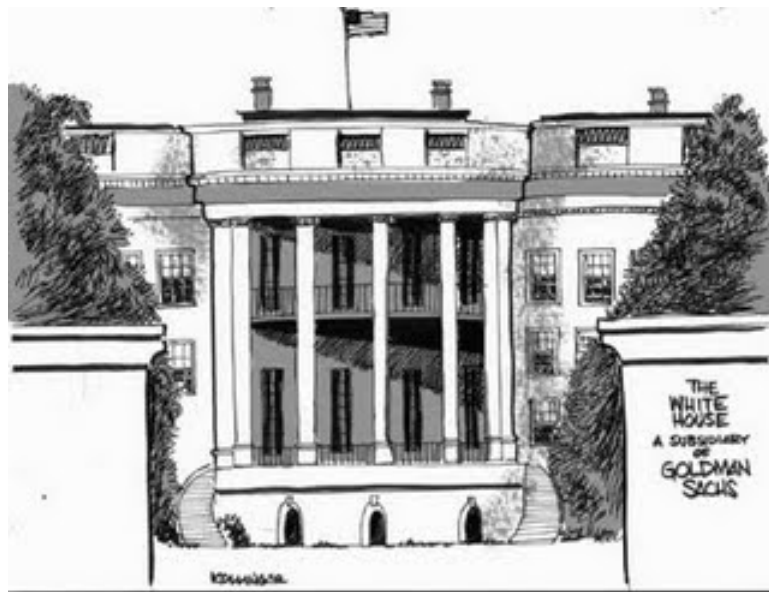
Standard Depreciation: \$2,500 (((\$50,000 - \$25,000 Ded. - \$12,500 Dep.) x 20%)

Therefore, the total benefit is a \$40,000 write-off in the first year on a qualifying vehicle - compliments of the Recovery Act.

Of course, you should consult your accountant before making the purchase or taking the deduction to make sure it applies in your case.

## Reminder - No Required Minimum Distributions from IRAs for 2009

No required minimum distribution (RMD) is required for calendar year 2009 from IRAs and employer-provided qualified retirement plans that are defined contribution plans (401(k)/ 403(b)/457(f)). The next RMD is for calendar year 2010. This relief applies to lifetime distributions to employees and IRA owners and after-death distributions to beneficiaries. Notice 2009-82 provides relief for those who have already received an RMD for 2009.



### The DouglasBradley Team

**Douglas O. Robinson**

President  
(443) 451-1884  
doug@douglasbradley.com

**Bradley D. Loper**

Chief Investment Officer  
(301) 576-0872  
brad@douglasbradley.com

**Mahesh P. Desai**

Senior VP Retirement Planning  
(301) 233-1261  
mahesh@douglasbradley.com

Visit us on the Web at: