

STUDENT FINANCIAL AID

On January 1st, instructions for the 2010-2011 FAFSA were released. These instructions state that 529 Plans owned by an UGMA or UTMA with the student as the beneficiary are reported as assets of the parent (s). Assets other than 529 Plans that are part of an UGMA or UTMA are to be reported as student assets. Further, parents are required to report all qualified educational benefits or education savings accounts, including Coverdell savings accounts, 529 college savings plans, and the refund value of 529 prepaid tuition plans that they own for any member of the household. This includes accounts owned by the dependent student.

However, many private colleges require, in addition to the FAFSA, the CSS Profile financial aid application. The instructions for reporting 529 savings plans that are part of, or that were funded with UGMA/UTMA funds are very different from the FAFSA instructions.

In effect if the student is a beneficiary of a 529 plan that is part of an UGMA/UTMA account or that was funded with assets from an UGMA/UTMA, it is considered a student asset. Otherwise, the 529 Plan is considered a parent asset.

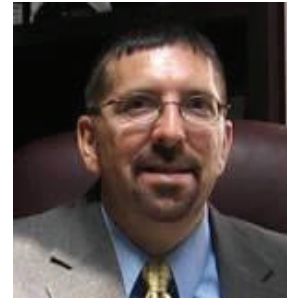
YOU ASKED AND WE LISTENED

In years past, we have been asked by many clients if it was possible to pay your tax preparation fees directly out of your income tax refund. Beginning this year, we will be able to accommodate your request.. We now offer *e-collect*. With your signed approval, which will be needed at the time your return is prepared, the preparation fees will be deducted from your Federal or State income tax refund. It works seamlessly and will not effect the timing of your IRS or State refund. We also continue to accept cash, check, Master Card or VISA

NEW SALES TAX DEDUCTION

The American Recovery and Reinvestment Act permits taxpayers to take a deduction for state and local sales and excise taxes paid on the purchase of new cars, light trucks, motor homes and motorcycles. The deduction is available on new vehicles purchased from Feb. 17, 2009, through Dec. 31, 2009. This deduction is available whether or not a taxpayer itemizes deductions on their Schedule A

The deduction is limited to the taxes and fees paid, up to \$49,500 of the purchase price of an eligible vehicle. The deduction is reduced for joint filers with modified adjusted gross incomes (MAGI) between \$250,000 and \$260,000 and other taxpayers with MAGI between \$125,000 and \$135,000. Taxpayers with higher incomes do not qualify.



Newsletter Spotlight

FAFSA Forms

Parent Assets

Student Assets

e-collect

Sales Tax Deduction

Qualifications