



John Byrne, CPA  
 Joining Montgomery Taylor, CPA!

# Money Matters of the Rich & Famous

“My life didn't please me, so I created my life.” - Coco Chanel



Gabrielle Bonheur Chanel, the famed entrepreneur, was born to Jeanne Devolle and Albert Chanel on August 19, 1883 in Saumur, France. Gabrielle, the second born of the five Chanel children, was thrust into the world with virtually no prospects. She was born out of wedlock, motherless at the age of 12, and relocated to an orphanage run by nuns for six years. It was up to Gabrielle to make a way for herself and combat the trials of life, because she quite literally was on her own. However, one spark of light appeared in the darkness when she learned how to sew, a talent that would become her lifeline.

So why do we know her as Coco? Gabrielle picked up the name Coco during her brief performance days as a singer in various clubs, and she was happy to leave her birth name behind with the rest of her past. What can you thank Coco for? Getting rid of corsets, making black fashionable, inventing the “little black dress,” making fashionable clothing comfortable, and so on.

In 1910, Coco opened her first shop in Paris, France on Rue Cambon selling her masculine-looking hats. She then opened a boutique in Deauville, France in 1915 where she introduced her sportswear clothing line. It was a huge success, especially since the world was in the midst of WWI. Her sportswear clothing line allowed women to move freely, which was necessary as women took an active role in society for the first time. In 1921, Coco helped design her first perfume, Chanel N°5, the classic scent still popular today. She never married but counted Jean Cocteau, Pablo Picasso, and Winston Churchill among her friends. Coco would go on to face many challenges throughout her career, but she always came back stronger as a result. Her legacy endures because she had all five characteristics of grit: courage, conscientiousness, endurance, resilience, and excellence.

Coco Chanel died on January 10, 1971. Several of her close assistants took on her couture and ready-to-wear clothing lines. However, Karl Lagerfeld became her successor in 1983 and is the current creative director and designer of the Chanel fashion house. Chanel's net worth is said to be more than \$19 billion, and according to Forbes List, Chanel's brand is worth \$6.8 billion.

*in this issue >>>*

- Monty's Opening Thoughts
- Staff Updates
- Why Did My Kid Claim His Tax Exemption?
- Avoid Holiday Weight Gain
- Ask The Experts
- Money Matters of the Rich & Famous

**Thank You For Your Referrals to Friends & Family!**



Each referral you send our way is like a gift—a very special gift. We're happy that you feel comfortable referring us. We will take good care of your friends and family and serve them well.

**THANKS AGAIN!**

# TAX & INVESTMENT NEWSLETTER

*Tax information and general business or economic information or analysis for educational purposes*

**DECEMBER 2015**

*current topics >>>*

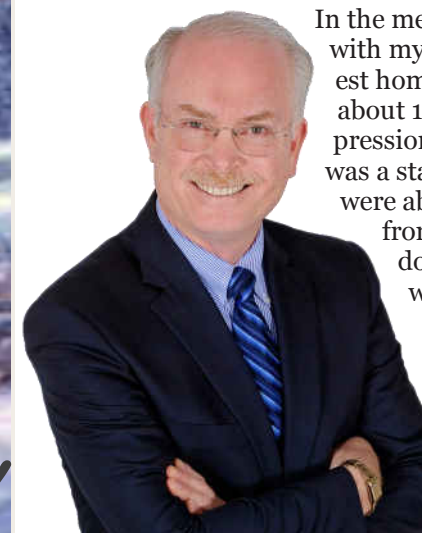


## Monty's Opening Thoughts

I'm looking for tips on being a Grandpa! Yep, you read that right. My daughter, Shannon, is pregnant and due in January 2016. Oops! Will that interfere with tax season? No, definitely not. You may recall from past newsletters that Shannon got married in April 2013. She and her husband, Chris, live in Fort Collins, Colorado. Shannon is the first of my and Terri's children to get married and will now be the first to have a child.



Oh, what to do . . . what to do. Do you just start spoiling the child right off the bat? Or, is there some protocol or series of stages a grandparent goes through in doing the spoiling? What do newborns need these days? Probably a smart phone—should it be an iPhone or an Android? And, are there other duties or responsibilities of a grandparent? Please...I need your help!



In the meantime, I'm reflecting back on my own experience with my grandparents. Louis & Irene Taylor lived in a modest home in Madera, California. They were both born in about 1895 and raised their family during the Great Depression. Grandpa managed a grocery store and Grandma was a stay-at-home mom (duh). When I was born, they were about 60 years old, already retired (with disabilities from a car accident) and living on a fixed income. I don't remember them giving me any big shiny gifts when I was little. But what I do remember was that they were fun to visit. They were gracious, loving and always had a smile for me. Grandpa would show me his garden and fruit trees and Grandma always had some ice cream and cookies to share. Their home was small but welcoming. It was a stable place, always the same. Their marriage was solid, lasted their lifetimes and set a good example.

*Continued on Page 2...*

## Monty's Opening Thoughts Continued... >>>

My grandparents on my mom's side, Chester & Joy Eddy, lived in a modest home in Forestville, California. They were also born in about 1895 and raised their family during the Great Depression. Grandpa worked for Shell Oil down in the Eastbay, from which he retired with the standard gold watch and pension. Grandma stayed at home, just like most women did back then. She liked oil painting. They gave us grandkids plenty of little gifts on our birthdays and at Christmas, but were far from spoiling us. I also enjoyed visiting them in their home. Grandma could be depended on to decorate her house for the seasons and the holidays! Often times we would go out to Wright's Beach for a picnic with them. Grandpa would get in the ice cold water with us, play and have a good time. He built a small row boat for us grandkids to use next to our house in the Maacama Creek. Their home and their marriage were also stable.

Hmmm. . . do you see me spoiling my grandkids? If you define "spoiling" as giving them the latest and greatest shiny

objects—well, there is no chance that I will spoil them. But, on the other hand, if providing them with a loving, stable family environment counts as "spoiling"—you can bet that I'll do my best. I had good examples from my grandparents and from my own parents, in how they loved each other and each of their grandchildren.

“...is there some protocol or series of stages a grandparent goes through in doing the spoiling?”

**THE GOOD OLD DAYS** sure were good ol' days! Is it just me, or have the times changed? Simple pleasures don't seem so simple anymore either. I've said this before, but I think I'm stuck in the **Leave It to Beaver** days. I'd rather visit someone face to face, than "see"

them on Facebook. I'd rather count on my neighbors than rely on high fences and alarm systems. I'd rather shake hands in agreement with someone than sign a forty page, attorney-drafted contract. I'd rather give and receive good customer service, face-to-face, with a caring heart, than be told to stand in line, take a number and wait for the next unknowledgeable, uncaring, robot-person to help me.

Oops, did I just say all that? You caught me! Want to talk to me? Please visit me at my office, face-to-face. Don't be put-off by my suit—it's not armor, it's professional attire and I like it. When you come visit, wear what you like, be comfortable. We can have a cup of coffee together and reminisce about the good ol' days. You can also ask me about how my wife and I are doing with our weekly square dancing lessons, and make sure I haven't gone off and really spoiled the new grand-baby.



**Rachel Harlin** joined our team in October 2015 as our Receptionist. Rachel grew up in Wyoming as the oldest of three. Being from a musical family, she sang and played piano and violin all through her schooling years; then, in college, she majored in vocal performance singing opera and participated in musicals and theater events.

During the nine and half years that she was a stay-at-home mom she fell in love with books and writing, and even published a novel in 2009. In 2011 she joined the work force as a personal banker and loved the association she gained through working with the community. She moved to Santa Rosa in the Spring of 2014 and loves the fall colors and the much warmer (and less windy) winters.



In her spare time Rachel enjoys reading, writing, singing, camping, gardening, and spending time with her husband, Jason, and their eight beautiful daughters.

## Staff Updates

*This month catch up with Rachel, our new Receptionist, and Kimberly, our new Admin Assistant!*



**Kimberly Gordon** joined our team in October 2015 as our Admin Assistant. She graduated from Rincon Valley Christian School in 2011 as co-salutatorian. In the summer of 2011, Kimberly was

accepted into the Student Summer Intern Program at Kaiser Permanente, where she was assigned to the Department of Hospital Administration. She then went to Santa Rosa Junior College for two years and received an A.S. Degree in Natural Science, while also working as a part-time nanny. She transferred to Pacific Union College and was swiftly accepted into their nursing program.

Kimberly is our very own future nurse, and has only one quarter of her nursing program left to complete. She is an avid appreciator of the arts. Kimberly loves to sing and learn acoustic guitar as well as go see films, Broadway, or ballet in her free time.



## Financial Tip of the Month

### “Why Did My Kid Claim His Own Tax Exemption?”

“What do you mean my tax return was rejected by the IRS because my dependent claimed her own exemption?” Every year we see this happen. Just as going to college is a rite of passage, so is paying taxes. Nowadays, more than ever, and with the cost of college being what it is, kids need to work more and more to help with the burden of attaining a college education. Which leads to. . .paying taxes.

I remember my first job. I spent a summer laboring for a contractor. The following January I received a mysterious piece of mail marked, “Important Tax Document Enclosed.” I opened it up with wild amazement and found a cryptically confusing document entitled “W-2.”

It didn't take me long to find out that this was a record of my pay for the prior year and the various taxes that had been withheld. It was then explained to me that while some of these taxes were going toward my retirement, some were going to apply to my tax liability which was due in just a little over two months. In fact, if I was lucky, my taxes would be overpaid and I could apply for a refund. Yippee!

Herein lies the problem. Our young ones embark on filing their first tax returns, not knowing all of the subtle nuances contained within IRS Form 1040 and all of its sub forms and schedules. They find some newfangled online app that claims to get them the biggest refund possible and in a few keystrokes, e-file a return. What they don't realize is that they've innocently claimed their own personal exemption (and often received no bigger refund for doing so), and precluded their parent from rightfully claiming their dependency and exemption at a much greater tax savings.

If this happens to you, an unsuspecting taxpayer, you will receive a call from your CPA telling you that your return was rejected by the IRS because your child's exemption was already used in another taxpayer's return. To correct this, you will need to amend your child's return before you can file your own return. Further, you will probably need to go on extension to allow a month or two for the amended return to process.



But as they say, an ounce of prevention is worth a pound of cure. There are two proactive options for eliminating this situation. First, tell your children not to claim their own exemptions. Or, if your children work but won't make enough to owe any taxes, have them complete their withholding certificate, Form W-4, claiming they are exempt from withholding. Then they won't need to file a return at all.

—Alan Wingate, CPA, Tax Advisor

ask the experts >>>

**Q:** How much does my home equity earn?

**A:** ZERO!

It's true. If real estate prices go up by 5%, your home value goes up by 5%. It does not matter if you have equity in your home or not. What this means is . . . you shouldn't be making extra “principal” payments on your mortgage or attempting to pay down your mortgage. Instead you should put that extra money to work where it will grow or provide for a missing financial need you have (i.e., life, disability or LTC insurance, etc.). For more on this topic, see Chapter 5 of *Before It's Too Late*.

## Just For Fun

### Avoid Holiday Weight Gain

Fudge, Cookies, & Chocolate! Oh, my!

Here are a few tips to avoid those extra annual festivity pounds.

**1. Eat before the party.** Grab a low-cal snack containing carbs, protein, and a little fat—a low-fat yogurt with fruit, or a banana with peanut butter. This way you won't grab every treat in sight.

**2. Have ONE treat.** Go ahead and eat the fudge or cookie, just limit your indulgence to one! Then, stick with nutrient-dense, low-calorie foods like vegetable slices for the rest of the night.

**3. Stop tasting the dough!** Bake to your heart's content, but don't lick the spoon. Those little ‘tastes’ can add up to 300 calories!

**4. Avoid alcohol.** Besides the calories, alcohol lowers your inhibitions and you are less likely to pay attention to your food intake.

**5. Stay active.** And don't justify eating because you exercise. Most of us overestimate how many calories we burn and underestimate how many we consume, resulting in unwanted weight gain.

**6. Cut yourself some slack.** Don't use one overindulgence as an excuse to give up. Chances are you didn't overeat enough in one meal to gain weight.

**7. Don't skip meals.** Skipping meals doesn't save calories because by the time you sit down to eat, you're starving, which makes binging hard to avoid. Your body may also store the calories you then consume as fat instead of burning them off. Eating frequently throughout the day will keep your metabolism up.

**8. Stay away from the buffet.** While food is certainly a great delight during this time of year, the focus should be nurturing relationships. This year, make memories that will last!