



The Bulletin



East Bay Association of Enrolled Agents
*To Enhance and Protect the Professional, Economic, and
Educational Interests of all Enrolled Agents*

May 2006

Long-Term Care Insurance

By Philip Fiegler, EA, Program Chair

General Meeting

NEXT MEETING Wednesday May 17, 2006

Place: **Crowne Plaza Hotel, Pleasanton**

4:30 Board Meeting

6:30 Hospitality

7:00 Dinner Buffet

8:00 Program –Annual Business Meeting/
Long Term Care Presentation

Cost: \$35.00 with reservation by 5pm Fri. 5/12
\$45.00 without reservation (note new pricing!)

Reservations: (800) 617-1040
email: registration(at)ebaesa.org

STANDING RESERVATIONS

Our Chapter maintains a "Standing Reservations" list for those EAs who attend most monthly meetings. If you are on this list, you need to contact the Chapter office only if you will NOT be attending the meeting. If you wish to be added to or removed from the "standing reservations" list, call (800) 617-1040

05/17/06 EBAEA Dinner Meeting
Long Term Care Ins. Stephen Fridge
Reg. 6:00 pm
Dinner 8:00 pm
Crowne Plaza, Pleasanton

06/21/2006 OIC IRS Harley Gee

07/19/2006 Charitable Remainder Trust
Frank Acuna

How many have had family members need assistance?
How many have had family members need to go to a
nursing facility? How were these services paid for?

Our topic this month is very timely as many of our clients are arriving in their forties and fifties. 100 years ago, over 80% of people died at home; today it is less than 22%! Census from CA. in '01-'02 (CA. Partnership) indicates 85% of LTC is being paid INFORMALLY. In 2005, the statewide average for nursing facilities was \$175 per day. It is increasingly clear that it is not an "if", but a "when" and then "how long".

We will cover the differences between acute and chronic care, the different types of facilities available, activities of daily living, what Medicare qualifies a patient for (very little), what types of coverage are available, and learn what there is to know about a long-term care policy. Long-Term care premiums are at least partially deductible for both self-employed and employed taxpayers. This topic of long-term care is, essentially, a financial problem and a financial solution to resolve it is needed.

Our speaker on this topic will be Stephen Fridge of San Francisco. Stephen had a short career in the political arena, but left it when it was clear to him that his values and ideals would be compromised (a key element for him was that he worked on Capital Hill during the Nixon administration). After a creative career, he turned to financial planning in the '90's, but realized there were many more talented people who would make you lots of money, but not many that put their talents into **protecting** people and his interests specialized into insurance solutions, specifically long-term care insurance.

Stephen has been a specialist in long-term care insurance since 1994 and is authorized by California to represent the "Partnership" on behalf of the state. His practice includes disability, major medical and life products.

PRESIDENT'S MESSAGE

By Duncan Sandiland, EA

At last it's over! What a tax season! Can you believe some of the things we had to put up with? We need to review a few procedures, make some changes for next year, review the client list to see who to fire, write thank-you notes for those who sent us referrals, shred the old files, set up a schedule to handle extensions, and a few other things, too. But first, we need to enjoy that vacation, get some extra sleep, and then there's Mother's Day coming up, and Memorial Day, and then someone's graduating, and someone else is getting married, and we'll get to that to-do list as soon as we put out these couple of items on our desk.

Then suddenly it's November and almost nothing was crossed off the after-tax-season list. Drat, it's too late to do that this year, but we'll do it right next year! OUCH! Does this vicious cycle sound familiar? What about all the advice we give our clients about getting organized? We can talk the talk, but can we walk the walk? Personally, I've been down that road too many times before. Although I think I've got some pretty good systems, I too need to make some improvements NOW, before all those good ideas slip away again. Now, I can spend all year re-inventing the wheel, and several more years testing it out to get it just right, but there is a much easier, better way to do this...I can just ask you!

Most of my good systems (the ones that make me more efficient, create a better audit trail, make my clients happier at little cost to me, generate great low-cost leads, etc) originally came from talking to another practitioner. Naturally, they have since been modified to meet my individual style and practice, but much of my profitability is based on other people's systems. Similarly, other Chapter members have picked up some of my ideas and successfully adapted them into their practices. You really do reap what you sow. If you are interested in possibly improving your practice (and mine!) in this way, there are at least four ways to do so.

Probably the best method is to come to as many Chapter meetings as you can. We usually have at least 70 members in attendance, so each meeting is an excellent opportunity for you to meet someone new and start discussing ideas. You can also look into one of our local small groups. We now have six established throughout our membership area, with varying participation levels, so you should be able to find one fairly convenient to you. If that doesn't work for you, you can call the Chapter Office at 800-617-1040 and let us know you're interested in the subject. We'll try to match up members in the same general area, or just try to put together a big discussion group, or whatever works out! Another way to share is to write up one of your good ideas for the Bulletin. I've elected myself as guinea pig for this, so you can look to my article later in this issue for a sample format. If you get some ideas from it, please call me to share them with me – you might show me a way I can improve my own ideas!

This is my final President's message, so I will take the opportunity to climb up on my soapbox. Over the years, many Members have thanked me for various things I have done for the Chapter. I really do appreci-

ate that, and I don't mean to sound petty, but that's just not enough. In an average (non-presidential) year, I give the EBAEA about 15-20 DAYS of my billable time. No, not hours, but DAYS. For example, consider the March meeting minutes from the IRS Panel. That was eight pages of concise Q&A that went out to nearly 300 members. How much research time did that save you? An hour, two hours, a day? How many errors did that save you from making? I estimate that project saved the Chapter membership an aggregate of six months of lost billable time, and all it cost you was one day of my life to assemble the questions, edit the answers, etc. Not a bad deal for the membership, eh? Granted, many of the things I do for EBAEA are outgrowths of projects I would have undertaken on my own, but the scale and energy requirements are significantly higher at the EBAEA level.

There are fewer than ten of us who collectively perform about half the work needed to operate this Chapter. That's a lot of work for so few people, and it's easy for us to burn out. This next year will mark my tenth (and last) on the EBAEA Board. I've paid my EBAEA dues (and then some!), and it's time I started going on more Scout hikes and school field trips, helping more with homework and term projects and honey-do lists, and maybe even going on vacation once in a while. Who is going to help pick up the slack? And if you can scrounge up enough help to replace me, what will you do when Diane steps down from running TaxTalk, or when Mike steps down from PIA, or when Bonnie and Tom and others finish their leadership?

I am not asking you to take over a major position. I am asking for two, or four, or eight hours per year of help. Over the last year, the Board has used project worksheets to break down most of the major and minor tasks into bite-sized chunks that should fit almost anyone's schedule. This is a great way for you to help the Chapter in a way that fits your talents and time budget. Along the way, you'll get to meet other members, learn some new things, and usually have some fun. You'll also help prevent burnout of the most experienced volunteers, plus expand the Chapter's knowledge base and bring an infusion of new ideas and perspectives. Please, toss your name in the hat and let us see if there's some small way you can help us all out.

Even though it sounds like I've been whining about my workload, I must state that the reason I keep putting in the hours is that I think it's worth my time. Seriously, my involvement with the Chapter has brought me so much useful knowledge and experience in so many areas that I feel it has been and continues to be a good investment. Nearly all the other die-hards will agree that it is indeed a labor of love, and it does carry its own rewards. However, there comes a time when other needs can no longer be put off, and if no one steps up to take the mantle, the projects will fail and the benefits to all the Chapter members will be lost. The fate of those benefits is up to you...if you'd like more information, please contact any Board member or call the Chapter Office at 800-617-1040.

And as this is my final President's message, and I must have at least one abuse of power on record: Hey Sal – Go Bells!

PRACTICE SUGGESTION **(#1 in a hopefully ongoing series)**

EXTENSION PRICING

By Duncan Sandiland, EA

Background: By April 15, 2005, I had filed extensions for 22% of my client base. A few of those returns were finished in June and July, with a big flurry in August. By August 15, I had filed additional extensions for 8% of my client base, and most of those didn't get finished until mid-October. That seems to have been a pretty typical pattern with our Chapter members. My past policy was that all clients who submitted substantially all of their documentation to me by March 24 would have their returns finished by April 15. Any return package submitted after the 3/24 deadline would be finished only after all pre-deadline returns were done, so if they missed the 3/24 deadline, they should expect to be extended. I charge on a per-form basis, and I had previously charged a set fee for each extension.

Problem: Like others, I was concerned that the new six-month extension rule would mean that many of my August filers would slide into October, creating a nightmarish frenzy of last-minute work and missed deadlines. This would create more "reminder" contacts from me, and it would be harder for me to charge accurately for the additional time. I needed a way to encourage my clients to finish their extended returns as soon as possible while also ensuring I was paid appropriately.

Solution: I changed my extension pricing policy. Included with my tax organizers and new client kits was a notice stating the above policy and rationale, along with the new twist: the extension fee had changed. For 2005 returns which I had to extend because the client missed my 3/24 deadline, the base extension fee would be 25% of the regular price of the return. That fee bought the client a two-month extension, to June 15. For every month (or portion thereof) after June 15 that passed without my receipt of all needed documentation, there would be an additional 10% surcharge. Thus, if a client really wanted to push their return all the way out to October 15, they could do so, but they would face a 65% surcharge. (If I chose to extend their return due to my workload or other extenuating circumstances, there would be no extension fee. It was made clear that this fee was a penalty for procrastination which increased my workload.)

Positive results: Over half the clients who were extended for 2004 were timely filed for 2005. I had a slight net growth in my client base for 2005, and yet I only filed extensions for 10% of my client base by 4/17/06. Several of the more troublesome extended returns did not come back this year. Cash collections through 5/1/06 comfortably exceeded 2005 collections through 8/31/05.

Negative results: Our workload was up about 15% through 4/15, and we didn't plan for that level of response. I was going flat-out from mid-February straight through to 4/15 and that took an unpleasant physical toll on me.

Evaluation: We'll keep this policy and make some adjustments to our workflow and submission deadlines to reduce most of the overtime needs next season. I expect to have half the extended returns done by 6/15, the rest by 8/15. This will give me much more time over the summer and fall for other revenue-generating activities, including financial planning reviews, accounting cleanups, estate/trust returns, clearing up my representation backlog, etc. I don't think I'd recommend this policy for a purely tax office, as you would probably want to extend as many returns as possible so you could cram more timely returns in before 4/15. However, if you have a more diversified revenue model, freeing up part of the summer (and accelerating your collections accordingly) could be very attractive. BTW, I expect the higher extension fees per 2005 returns will be offset by the reduced number of extensions filed for 2005.

MARK YOUR CALENDARS

Save the Date: Monday, August 21, 2006

"Estate & Financial Planning for the Older Client" presented by Art Werner, JD etc.

What you will learn:

Understanding Medicare

Types of Life Insurance and the issues specific to the elder insured

Overview of Medigap Insurance

Understanding Social Security Issues

Issues surrounding the structure of long-term care insurance

Medicaid planning and its implications with trusts, insurance and annuities

Planning tips using Roth and other IRAs

Special estate planning issues for the older client

Housing and care alternatives

Gifting issues for the older client

8 Hours CPE for EA's and CFP's

Cost \$189.00, includes lunch

TAX PRACTICE WANTED

An EA interested in buying a Tax Practice. Will consider immediately buying part or all of a practice, or a gradual multi-year buy-in transition. Prefer Hayward/Castro Valley/Pleasanton and surrounding areas.

Contact mchang402@cs.com

CHAPTER RETREAT May 20

All Chapter members are enthusiastically invited to attend the annual Board retreat on May 20th from 9:00 until 4:00. The retreat is where we all as a team will lay the foundation for the direction of the Chapter for the next year and future years. Your participation is vital to achieving the Chapter's goal.

Nominating Team Announces 2006-2007 Slate

By Kim Kastl, EA Immediate Past President

We have a slate of EBAA Officers and Directors for the 2006-2007, sans one 1 year Director. We are actively seeking a new member.

President: Bonnie Buhnerkempe

1st VP: Tom Johnston

2nd VP: Walter Nygaard

Secretary: Peggy Hall

Treasurer: Clara Flores

Past Pres: Duncan Sandiland

2 Year Dir: Norman Madge,
Philip Fiegler,
Charleen Daefield,
Barbara Sparks

1 Year Dir: Janet Bridges,
Joanne Harteau,
Judy Gilmer,
Eleanor Power

CSEA Directors: Tom Johnson & Walter Nygaard

DINNER MEETING CHANGES

As most of you know the cost of everything keeps going up and we have been trying to keep the price of the dinner meeting low which means we have been losing money. Since that is not a financially responsible thing to do, at the February Board meeting we had a good debate on how to handle the situation. The conclusion was to raise the price of the dinner meeting but to have a larger discount if you register on time.

Therefore, the cost of the dinner meeting effective May 2006 is \$45 but there is a \$10 discount if you register by 5:00PM the Friday preceding the meeting. If you have a reservation and need to cancel for some reason, you will need to do so by 5:00PM on the Friday preceding the meeting to avoid being charged. If you register at the door the cost is \$45 as long as there is room (so if you register early, the price is only \$35). If you make a reservation and do not show you will be charged. For those of you who have purchased the subscription plan you will not have a change until the renewal of the subscription. (Note that this policy change was also announced in the March Bulletin)

Tax Talk Update

We have now set the schedule for Tax Talk 2006 on November 1st, 2nd and 3rd, 2006.

Day One:

Federal & California Update with Gary McBride and Tom Daly, 6 hrs federal CPE, 2 hrs CA CPE

Day Two:

1st session: Mel Kreger, Decedent's Final Return, 2 hrs federal CPE
2nd session: Ethics, Circular 230 Changes,

IRS speaker to be announced, 2 hrs federal CPE
3rd/4th sessions: Vicki Mulak, S & C Corp Tax Preparation, 3 hrs federal CPE, 1 hr CA CPE

Day Three:

Real Estate Theme Day, Jerry Susman, 7 hrs federal CPE, 1 hr CA CPE

Pricing:

Day one, Day two or Day three, \$189.00, includes lunch
Three Day Package, \$450.00, includes lunch
Early Bird discount of \$30.00 per "selection" (ie one day would be \$159, or three day package would be \$420) will be available for registrations received AND PAID by September 1st. This represents a huge discount while getting additional hours because of the three full days. 24 hours CPE for as low as \$17.50 per unit and you still get lunch!!!

Since we are so far ahead in our planning with our speakers, we have the ability to incorporate topics of special interest to us. Please submit any questions or areas you would like covered by email to synergyf@pacbell.net. For example, on our Real Estate Day, do you have any questions regarding Prop 13 or CA Real Estate Withholding?

Breakfast Tax Meetings

Antioch /Brentwood

Brentwood Café, Brentwood
Every Friday 8:00 a.m.

Ken Seamann, EA (925) 634-8297

San Ramon

2nd Friday of Month 7:30 am

See info above

Bonnie Buhnerkempe, EA (925)855-0829

Danville Area

Pascals French Oven

155 Railroad Ave. Danville

4th Tues of the Month 9:30am

Michael Power, EA (510)366-8836

Livermore Area

Beebe's Sports Bar & Grill

915 Club House Dr. Livermore

1st & 3rd Wed. 7:30 am

Richard Goudreau, EA (925)606-6672

Oakland/Berkeley

Contact Phil for details and location

Philip Fiegler, EA (510)530-1174

So. Alameda County

1st Wednesday of the month,

9:30 am Dino's- Hayward

1 block West of Hwy 880 on Industrial Blvd.

Sal Romo, EA or Walt Thomas, EA (510)487-1691

2005 - 2006 Board of Directors and Committee Chairs

Web Page <http://www.eastbayea.org>

President, Duncan Sandiland, EA, etc. 925-691-1040
1st VP, Bonnie Buhnerkempe, EA, etc 925-855-0829
2nd VP, Thomas Johnston, EA 925-828-4500
Treasurer, Catharine Dombrowski, EA, CPA 925-754-6562

Secretary, Peggy Hall, EA 925-388-1040
Past President, Kim Kastl, EA 510-537-2122

2 Year Directors-
Mike Barrick, EA, etc. 510-339-7039
Janet Bridges, EA 510-538-0401
Kristy Hanson, EA 510-538-0401
Vacant

1 Year Directors-
Philip Fiegler, EA 510-530-1174
Diane Jaworski-Faulhaber, EA, etc. 510-538-0948
Norman Madge, EA 510-489-8713
Eleanor Power, EA 510-525-9987
Vacant

Communication Committee, (1st VP)
Chair: Bonnie Buhnerkempe, EA, etc. 925-855-0829

Membership: Penny Ashenfelter, EA 925-449-6748
Outreach (vacant)
Public Affairs: Michael Barrick, EA 510-339-7039

Social Affairs: Kristy Hanson, EA 510-538-0401
CSEA Directors: Kim Kastl, EA 510-537-2122
Thomas Johnston, EA 925-828-4500

Education Committee, (2nd VP)
Chair: Tom Johnston, EA 925-828-4500

Inter-chapter Liaison: (vacant)
Tax Talk: Diane Jaworski-Faulhaber, EA 510-538-0948
Program: Philip Fiegler, EA 510-530-1174
SEE Class: Bonnie Buhnerkempe, EA 925-855-0829
Scholarship: Norm Madge, EA 510-489-8713
Continuing Ed: Joanne Anderson, EA 925-938-9086
Mini Seminar Team: (vacant)

Administration Committee (IPP)
Chair: Duncan Sandiland, EA 925-691-1040

Audit: Dave Britton, EA, CPA 510-794-1040
Bylaws/SOP: Sal Romo, EA 510-417-9492
Budget & Finance: Walt Thomas, EA 510-725-8356
Chapter Office: Bonnie Buhnerkempe, EA 925-855-0829
Legislative Affairs: Lillian Lea, EA 510-526-2220
Nominating: Kim Kastl, EA 510-537-2122
Strategic Advisory: James Hassing, EA 925-831-8945
Bulletin: Eleanor Power, EA 510-525-9987
TAX Agency Liaison:
LaRee Jensen-Graham, EA 510-601-0409

EAST BAY ASSOCIATION OF ENROLLED AGENTS

POBox 23125
Pleasant Hill, CA 94523
(800) 617-1040
(925) 691-1866
FAX (925) 465-7474
e-mail: ebaea@ebaea.org