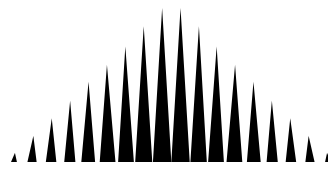


REMEMBER TO CHECK  
YOUR MAIL BOX!!  
**WE ARE CURRENTLY MAIL-  
ING YOUR 2010 ORGANIZ-  
ERS AND APPOINTMENT  
CARDS!**

**T. Dennis Connally  
Consultant, P.C. CPA  
770-920-2890**



**T. Dennis Connally Consultant, P.C.  
Certified Public Accountant**

## JANUARY 2011

heuristic \hyoo-RIS-tik\, adjective:

1. Serving to indicate or point out; stimulating interest as a means of furthering investigation.
2. Encouraging a person to learn, discover, understand, or solve problems on his or her own, as by experimenting, evaluating possible answers or solutions, or by trial and error.
3. Of, pertaining to, or based on experimentation, evaluation, or trial-and-error methods.
4. Denoting a rule of thumb for solving a problem without the exhaustive application of an algorithm

**HAPPY NEW YEAR!!!!**

New Year Resolutions:

1. Get Organized.
2. Take charge of my finances.
3. Learn a new skill.

Sound familiar?

**We teach QuickBooks.** An easy accounting software that allows you to do all of this and actually understand what Dennis is saying when he mentions words like "Profit and Loss" or "Assets and Equity" during your tax interview. One on One classes with your company information available.

**Call us today!**

### Important Dates to Remember

January 17th—4th quarter 2010 Estimated Taxes are due; Payroll Tax Deposits are due

January 20th—Sales Tax Reports are due.

January 31st—Form(s) W-2; 1098; and 1099 are due to recipients; 4th Quarter Payroll Reports are due; Year-End Payroll Reports are due.

### New Year Items to Review!!

1. Should you change your income tax withholding? Review the withholding calculator at [www.irs.gov](http://www.irs.gov), keyword withholding calculator. (Remember the Internal Revenue Service does not pay you interest— you should not receive a huge refund.)
2. Mileage Rate Changes— Effective January 1, 2011—0.51 business; 0.19 medical and moving; 0.14 charitable service

*Be always at war with your vices, at peace with your neighbors, and let each new year find you a better man. ~Benjamin Franklin*

*Youth is when you're allowed to stay up late on New Year's Eve. Middle age is when you're forced to. ~Bill Vaughn*

## IRS announces 2011 COLA limits for qualified retirement plans

Most retirement plan contribution and benefit limits for 2011 will be unchanged from 2010, the IRS has announced. The 2011 cost of living adjustments (COLAs), as applied by their Internal Revenue Code-based counterparts, affect the maximum limits for a variety of contributions and distributions for 2011, including defined benefit accounts, 401(k)s, and other defined contribution plans, as well as limits on employee stock ownership plans (ESOPs) and benefits to highly-compensated employees. All 2011 limitations in fact will remain exactly at the same dollar levels as they were in 2010, with the only exceptions found for slight increases in several adjusted gross income (AGI) phase out amounts for traditional and Roth individual retirement account (IRA) contributions and in the AGI cut-offs for the saver's credit.

### **Benefit plans**

#### ***Defined contribution***

**plans.** The limits on elective deferrals to 401(k)s, 403(b)s, certain 457s, and the federal government's Thrift Savings Plan remain unchanged at \$16,500. The limit on annual additions to defined contribution plans remains unchanged at \$49,000 for 2011.

***Defined benefit plans and ESOPs.*** The annual benefit limit under a defined benefit plan, the maximum amount a plan may pay a participant each year, remains unchanged at \$195,000 for 2011. The amount for determining the maximum ESOP account subject to a five-year distribution period remains unchanged at \$985,000. The dollar amount used to determine the lengthening period of the five-year distribution remains unchanged at \$195,000 for 2011.

#### **Catch-up contributions**

Eligible individuals age 50 and above may make catch-up contributions to IRAs, 401(k)s and other savings arrangements. The catch-up amount for IRAs remains unchanged for 2011 at \$1,000. The catch-up amount for 401(k)s, 457s, 403(b)s, and SEPs remains unchanged at \$5,500 for 2011. The \$2,500 catch-up amount for SIMPLE plans is not indexed for inflation.

#### **More amounts**

Additional inflation-adjusted 2011 amounts include:

- The limit used in the definition of a highly-compensated employee remains unchanged at \$110,000;
- The dollar limit concerning the definition of key employee in a top heavy plan remains unchanged at

\$160,000;

- The compensation amounts relevant to the definition of control employee for fringe benefit valuation purposes remain unchanged at \$95,000;
- The annual compensation limits under Code Sec. 401(a)(17) (relating to the maximum compensation counted for an eligible employee in a qualifying plan); Code Sec. 404(l) (addressing the deductibility of employer contributions); Code Sec. 408(k)(3)(c) (nondiscrimination rules for SEPs); and Code Sec. 408(k)(6)(D)(ii) (the deferral percentage for SEPs) remain unchanged at \$245,000; and
- The limitation regarding SIMPLEs remains unchanged at \$11,500.

The deduction for taxpayers making contributions to a traditional IRA, which is phased out for single individuals and heads of households who are active participants in an employer-sponsored retirement plan and who have modified AGI between \$56,000 and \$66,000, remains unchanged. For married couples filing joint returns, in which the spouse who makes the IRA contribution is an active participant in an employer-sponsored retirement plan, the income phase-out range is \$90,000 to \$110,000 for 2011, up from \$89,000 to \$109,000 for 2010.

**Please contact our office for more tax saving ideas and to schedule your year end tax appointment.**

**770-920-2890**