

11502 E 101st St N

Owasso, OK 74055

918-274-3698

Muret@att.net

A Note from Paul

I would like to thank all of my clients that utilized my services during tax season this year. You are very important to the success of my business and I greatly appreciate it. In order to grow my business and show my appreciation, I am offering 20% off of each existing customer's 2002 tax return for each new client that you refer me. It's as simple as that, **send me 5 new clients, and I'll do your next tax return for free, up to \$200.**

Start Planning Now to Save on Next Year's Taxes

In order to minimize your tax bill from the IRS for 2002, I am enclosing a itemized deduction tracker. Did you know that you can save \$36 in taxes for every \$100 in deductible items (if you are in the 27.5% Federal and 8.5% State income brackets)? You will save even more if you are in a higher tax bracket. Use the tracker throughout the year to jot down the expenses you have in each category. Then after you have made a note of it, keep the receipt in an envelope with the tracker. I may need to see the receipt in order to deduct on your taxes.

One of the areas in which people miss a lot of deductibility is in non-cash gifts to charity. When you clean out your attic or garage and take it to Goodwill, get a receipt and fill it out then while it is fresh on your mind. Next February when you come in to get your taxes prepared, you will have a record of your donation and will be able to deduct the full amount of your donation.

By keeping good records and using the enclosed tracker, I'll be able to save you the maximum amount on your 2002 taxes.

Basics of a Will

by Shannon S. Ragsdale, Attorney at Law

My wife Shannon is an attorney focused on Estate Planning and Business Transactions. If you need legal work, please call her at 918-274-3698 for a free initial consultation. The Basics of a Will is the first in a series of articles on estate planning issues that will be in this newsletter.

tribution of property upon his or her death needs a will or other estate plan. Additionally, a will names the guardian of your minor children, which is very important. Your will doesn't have to be complicated, but having one will make settling your estate a lot less complicated for your loved ones.

What if I do not have a will?

The property of a person who dies in-

Who needs a will?

Anyone who wants to control the dis-

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Basics of a Will, Continued

testate (without a will or other estate plan) will be distributed according to the laws of the state in which they reside. In Oklahoma, the law provides for the distribution of your estate as follows:

- The surviving spouse will inherit the entire estate if there are no surviving children, siblings, or parents of the deceased.
- If the deceased leaves behind surviving parents or siblings, the surviving spouse inherits all of the property acquired during the marriage by "joint effort" of the spouses (a.k.a. the "coverture" property). However, the surviving spouse and surviving parents and siblings must share any of the decedent's property brought into the marriage or acquired by gift or inheritance during the marriage.
- If there are surviving children, the surviving spouse inherits one-half of the decedent's entire estate, and the children inherit and share the remaining one-half of the estate.
- If the decedent leaves behind surviving children, but no surviving spouse, the children share the estate.

The law makes no provision for the distribution of property to friends, or to business or charitable interests. If you don't have a will, only your family will receive your estate. That could mean distant relatives, perhaps those you have never met, may inherit your estate unless you have a will.

If there are no surviving relatives, the property is given to the state (the property "escheats" to the state) for the support of public education.

If you have a will, you may give your property to virtually anyone you please. In Oklahoma, however, a person cannot completely disinherit a spouse. In such a case, the spouse may "opt to take against the will," and thus receive their statutory portion.

Attested Wills

An attested will is a formal, typed will. It must be signed by a testator at the end of the document. If he or she is unable to sign it personally, another person may be designated by the testator to sign the will in the testator's presence.

The will must be signed in the presence of two competent witnesses who are known to the testator. It is recommended that the witnesses be disinterested parties, meaning people who do not stand to benefit from the provisions of the will.

As the will is signed, the testator must declare it to be his or her last will and testament. The two witnesses must also sign the will in the presence of the testator. If any of these steps are violated, the will is invalid.

Changing Wills.

It is relatively easy to change a will. Changes may be accomplished through a completely new will or by adding a codicil, an amendment that changes or supplements the existing will.

Keeping a Will.

It is advisable to keep your will in a safe place, such as a safe, safety deposit box, or a locked drawer in a desk. You may also include copies of insurance policies, account numbers, and titles with your will.

Estate Planning will give you peace of mind if something unexpected happens.

Financial Planning, Prepare for the Future...

Albert Einstein, when asked what was the most powerful force in the world, is said to have answered: "the power of compound interest."

Work, Save, Retire. It sounds good, but everyone needs a plan to get there. There are a myriad of ways to save for retirement or the kid's education, or your dream house. One type of investment account or investment type is probably better for one goal than another. I see mutual funds every year when I do taxes that have paid out a distribution or dividends when the overall fund is down 20% or more. These types of funds are not tax efficient and should not be held in a taxable account.

Are your investments diversified? When you hear of Lucent, Enron, WCG, etc. and how their stock prices have plummeted you will know that it is important not to have all of your eggs in one basket. Proper asset allocation will go a long way towards you making your desired goal whether it be retirement or your dream house.

Allocation of new cash inflows. Should I pay extra on my mortgage? Should I invest/save more with extra money? What should I do? Well the answers to these questions are

not black and white. It all depends on your personal situation and goals. I can develop a personalized financial plan that will assist you in making these decisions as well as work to minimize your tax liability.

A regular savings plan of even small amounts can grow significantly over time.

Know where the money goes. Is your checking account a black hole? Wonder where all your money goes? By tracking your income and expenses for at least a month in detail, you will be able to identify where you spend your money and develop a plan to create a budget and stick to it. Using a spreadsheet, MS Money or Quicken can help you organize and track or just a notepad and your bank statements will also do.

If you need assistance developing a financial plan, please contact me at 918-274-3698 to set up an appointment.

Cash Management Tips for Small Businesses

Cash is the lifeblood of any small business. Here are some tips to help ensure that your business maintains a sufficient cash flow to meet its financial goals and keep running efficiently:

Toughen up your credit policies. Review the payment terms you offer to customers, and tighten them up if slow payment is a problem area for your business. For instance, how long are customers given to pay? What action will be taken if a payment is missed? Be sure your credit terms are communicated effectively to customers before transactions are entered into.

TIP: Consider requiring advance payments—at least in part—for new customers.

TIP: For many businesses, a routine credit check should be performed before a sales or service transaction is entered into with a new customer.

Come up with a budget—and stick to it. Surprisingly, many small businesses do not engage in the budgeting process. A budget can be extremely effective in helping you keep track of whether cost- and revenue-related goals are being met. Depending on the size and complexity of the business, the budget process might be informal or formal, lengthy or simple. Projected revenues and expenses should be broken down by months.

TIP: If you don't already do so, budget for revenues and expenses at the end of each year.

Tighten up billing. If collecting bills has become a problem for your business, you might want to consider increasing the intervals at which customers are billed—e.g., from three months to one month, or from one month to two weeks.

TIP: Review your accounts receivable weekly or even daily to make sure slow payers are not allowed to slide.

Paul F. Muret, CPA, MBA

11502 E 101st St N.
Owasso, OK 74055

Phone: 918-274-3698
Email: muret@att.net



Paul F. Muret, CPA, MBA

*Solid Financial Advice for the
21st Century*

How To Avoid Becoming a Victim of Credit-Card Fraud

Credit cards are very convenient but they do expose you to fraud if you are careless. To reduce the possibility of becoming a victim of credit card fraud, take the following precautions:

- Make sure the purchase is recorded accurately before you sign your receipt.
- Verify that the card handed back to you is your card.
- Make sure the clerk destroys any carbons or destroy them yourself
- Take all receipts home with you. (Thieves can use a casually discarded receipts to make fraudulent charges against your account.)
- Check receipts against your monthly statement to verify accuracy.
- If you don't keep your statements, destroy them before discarding them.
- Do not give your card number to a merchant to validate your check. (Many states have laws prohibiting this practice.)
- Do not reveal any personal information when using your credit card. (Most credit card companies prohibit merchants from requiring you to provide personal information, such as your address or telephone number, as a condition of accepting your card. Once the credit card company approves the purchase, the merchant is protected.)
- Be careful in giving out credit card numbers over the phone. If you are not familiar with the merchant, get its full name and address and check it out with the Better Business Bureau before placing the order.
- Keep a record of your credit card numbers in a secure place, and report a missing card to the issuer immediately to avoid responsibility for unauthorized charges.

2002 Itemized Deductions Tracking Sheet

	Current Year Amount
1 Medical and dental expenses	_____
2 Real estate taxes	_____
3 Personal property taxes	_____
4 Other taxes	_____
5 Home mortgage interest & points reported on Form 1098	_____
6 Home mortgage interest not reported on Form 1098	_____
7 Home mortgage points not reported on Form 1099	_____
8 Investment interest paid	_____
9 Gifts to charity by cash or check	_____
10 Gifts to charity other than by cash or check	_____
11 Mileage driven to charitable activities	_____
12 Casualty and theft losses	_____
13 Unreimbursed employee expenses	_____
Travel expenses (exclude meals)	_____
Meals and entertainment	_____
Parking and tolls	_____
Telephone used for employer's business (allocate cost)	_____
Professional organization or union dues	_____
Educational expenses required to maintain your job	_____
Tools and equipment	_____
Safety and protective clothing	_____
Uniform costs	_____
Professional journals subscriptions	_____
Job seeking costs	_____
Other - Please Itemize	_____
14 Other expenses	_____
Investment expenses	_____
Tax preparation fees	_____
Safe deposit box rental	_____
Other	_____

Child or Dependent Care Expenses

Paid To: Name	Address	Amount
1		_____
2		_____
3		_____