

HAPPY NEW YEAR! We wish you smart financial planning in 2008!

The first few months leading up to April 15 are known as the tax season. While we all know that April 15th is the big deadline during this “season”, there are several others you should be aware of as well. In this vein, we’ve assembled a list of deadlines and planning tips to carry you through the first quarter of 2008. Be sure to post this calendar prominently so that you will always be aware when a deadline is near. Of course, we recommend you speak to your tax advisor about your own individual tax filing needs.

<p>January 15</p>	<p>Tax Filing /Payment: Individuals. Deadline for individuals paying the fourth and final estimated tax bill for 2007, if you owe the tax.</p>
<p>January 31</p>	<p>Documentation /Mail Dates: Individuals. By the end of January, you should receive a W-2 wage statement from each of your employers, and Form 1099s and similar tax-related statements from your financial institutions. PENSCO Trust will mail 1099 forms for any IRA distributions taken from PENSCO accounts in 2007 by 1/31/08. It's a good idea to assemble these records as they arrive, choose the proper tax form, and do some preliminary calculations to find out whether you can expect a refund. The sooner you file your return, the sooner you will receive the refund.</p> <p>Required Minimum Distribution Information: Deadline for clients over 70½ years. PENSCO Trust will also send a letter to all clients who will be required to take a Required Minimum Distribution (RMD) in 2008 by 1/31/08. This letter will alert you of your RMD amount for 2008 so that you may plan accordingly.</p> <p>Tax Filing /Payment: Individuals. If you are not due for a refund, make sure you will have enough money on hand on April 15 to pay your tax bill for the previous year. If you are subject to estimated taxes for the current year, you will need cash on hand by April 15, 2008 for the first payment too.</p>
<p>March 3</p>	<p>Tax Filing /Payment: Farmers. IRS filing deadline for farmers to avoid having to pay estimated taxes.</p>
<p>March 17</p>	<p>Tax Filing /Payment: Corporations. Corporate tax return filing deadline (if no extension).</p> <p>Solo(k): Incorporated Employers. Deadline for profit-sharing contribution to your Solo(k) if your Plan's Employer is incorporated. The profit-sharing contribution for 2007 does not have to be received by PENSCO Trust until the tax filing deadline, including extensions actually granted, for the company. (For a company whose tax year is the calendar year, the deadline will be March 17, 2008, plus extensions actually granted.)</p>
<p>April 15</p>	<p>Tax Filing /Payment: Individuals. IRS tax filing deadline for individuals filing on a calendar-year basis. Payment of first installment of 2008 estimated tax by individuals, if applicable.</p> <p>IRA Contribution Deadlines: Individuals. Last date to make a 2007 contribution to a traditional IRA or Roth IRA. Contributions to SEP IRAs for the previous year must be made by April 15 unless there is a return-filing extension.</p> <p>Solo(k): Contribution Deadlines for Unincorporated Employers.</p> <p>The 401(k) Deferral Component: Self-employment income (not passive investment earnings such as rents and interest) actually paid (not necessarily earned) at any time during 2007 can be part of this component, up to applicable dollar limits, as long as the check for it is received by PENSCO Trust by the tax filing deadline for the participant (April 15, 2008 plus extensions actually granted), and as long as the salary deferral election form was completed in 2007.</p> <p>Profit-sharing Contribution Component: The profit-sharing contribution for 2007 does not have to be received by PENSCO Trust until the tax filing deadline, including extensions actually granted, for the participant (April 15, 2008 plus extensions actually granted.) This contribution must relate to self-employment income (not passive investment earnings such as rents and interest) actually paid (not necessarily earned) during 2007.</p>

To read about more tax filing deadlines for the rest of 2008, reference our website at www.penscotrust.com, under Education, Resources, Tax Information.

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Golden Opportunities in the Real Estate Investment Arena for Savvy Investors

By Tom Anderson, CEO & Founder of PENSICO Trust

Reading the newspaper these days, you would think that what is happening to real estate is similar to what happened to the stock market in 1929. But a savvy investor can delve deeper, assess the situation and find opportunities for financial success in an otherwise depressed market. With abrupt changes in any market, there are also likely opportunities. In the current environment, there will be real estate investment opportunities in the next year that probably will not exist again for another ten years. This article will outline what is going on in real estate today, discuss the causal effects, and suggest strategies that advisers and their investors can use to take advantage of the tumultuous market.

Excerpt from the article. Find the full article on www.penscotrust.com, under News / Press, Articles on Self-Directed Investing.



Tom's Column

Q. My question is in regard to self-directed IRAs that are invested in real estate. I would like to obtain information on the possibility of living in a condo I own upon retirement. I'm assuming I would need to take a total distribution and be taxed in the year of the distribution. This would result in a substantial tax hit. Is there any way around this? And if I'm not going to live in the condo because of the tax consequences, then I'm assuming I could sell the condo and put the funds into a CD or some other form of investment that would allow me to take small distributions as I need them, and spread the tax over a period of years.

A. Yes, you are correct. Once you occupy a residence owned by a traditional IRA, you have created a prohibited transaction, invalidating your IRA. To avoid this, you must ask the custodian to distribute the property to you personally. A title company will assist in this by simply assigning the property to you through an 'assignment of deed'. While there is no 'way around' the need to first distribute the property, you may reduce the tax hit by spreading it over multiple distributions over any number of years. When you have the title company assign over the deed, you may specify whatever percentage of ownership that you would like to take over personally for that year. PENSICO Trust will need for you to have the property valued through an appraisal, and we will issue you a 1099 tax form for the percentage of the property's value that is assigned to you.

For example, if the property is worth \$100,000 and you take a distribution of 20% of it in the first year, then you'll get a 1099 for \$20,000. Once you've taken the entire property out through this approach (note: the percentages can vary from year to year to suit your appetite for taxes), you can move into it without further ado. If you purchase a property with a Roth IRA, then you can move into it tax free at age 59½ assuming your Roth IRA has been distributed to you and has been open for at least five years. Of course, as you stated, you can always sell your property at any time to get your IRA funds into more liquid assets.



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BRANCH OUT!

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