

MARTINI & MARTINI, PA.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
1135 E. Chestnut Avenue
Vineland, NJ 08360 (856) 691-8934
Web. www.mmpcpa.net

September-
October 2006
Volume 29
Number 5

CLIENT'S TAX & FINANCIAL UPDATE

A Tax, Business, and Financial Planning Newsletter for our Clients and Friends

Tax Points

HOW TO CUT OVERHEAD COSTS FOR A BETTER BOTTOM LINE Part Two

As we noted in our last issue, the best way to prevent overhead costs from eating into profits and causing serious cash flow problems is a healthy dose of preventative medicine. A regular monthly review of overhead costs will help you pinpoint problems before they get out of hand. Assigning responsibility for each area that generates overhead costs to one individual will let you meet with the person in charge of a problem area to discuss the reasons why overhead costs are increasing and determine what can be done to bring them under control.

Personnel management

Wages and salaries are a major portion of monthly overhead. If each payroll dollar doesn't bring an adequate return, overhead skyrockets. Personnel management is often the problem because payroll leaks are actually time leaks. Improper scheduling, for example, can cause slack periods during which employees are not producing but are still being paid. Casual attitudes about starting and quitting times, coffee breaks, lunch hours, and personal time off can result in shrunken work days and weeks.

- Living trust may be an estate tax trap to the trustee. These trusts are often used to avoid assets from going through probate. However, trust assets can be taxed and the IRS has three years to audit an estate return. The trustee for the deceased can be held personally liable for taxes owed if an IRS audit is completed after the trust distributes its assets. Should the beneficiaries not return assets, the trustee might then have to pay the tax from their own funds.

(continued page 2)

Inside this issue

- How to cut overhead cost for a better bottom line (part 2).....1
- Tax points.....1
- How to compare after-tax bond yields.....2
- Marketing tips.....2
- Self-employed? Here's how a Keogh plan can reduce your taxes.....3
- Tax tips.....4

(continued page 4)