Welcome to the Fall issue of clientTALK. In this issue, we invite you to visit the world of Tarifold, the market leader of the steel wire-frame display pocket organizer. Whether you are in the medical field or restaurant industry, the company’s antimicrobial pocket protectors will be invaluable to you.

In the tax and business section, you will find information on the following topics. We hope you will find them interesting and helpful to your business and/or individual situation.

- Converting a Traditional IRA into a Roth IRA.
- Five Steps to Evaluate Your Retirement Savings Plan.
- FDIC Insurance Coverage and the temporary increase in the standard maximum amount.
- Everything You Wanted to Know About the Home Office Deduction.
- The 401(k) Maximum Contribution Limits for 2010.

If you have any questions about these topics, please call us.

The partners at KRD

Welcome to the world of Tarifold, the inventor and world market leader of the steel wire-frame display pocket organizer. Tarifold’s unique line of organizers have helped individuals and companies protect and display reference materials for more than 50 years. Today, its 1590 products are sold in 45 countries.

The company’s headquarters is located in Strasbourg, a small college town near the Rhine River in France. In 1998, Tarifold opened a U.S. division and hired Mark Ruther as president and marketing director. Eleven years later, Tarifold USA is enjoying 10 to 20 percent growth per year.

“I’m still here, so I must be doing something right!” Ruther says modestly. Seated in his office in Wheeling, Illinois, Ruther says he anticipated this being a down year. But despite a difficult economy, sales are up a surprising 26 percent. “Our business is growing like a weed—we can hardly keep up with all the orders.”

Ruther isn’t taking his eye off the ball, however. He and his dedicated staff work tirelessly making sure orders are filled promptly and product shipped to customers on time. His goal is to reach $6 million in sales in 2010.

A hard-working, creative marketing director, he packs up thousands of air miles a year meeting with clients and prospects.

“We love to educate customers about our products,” he explains holding up a popular commercial catalog featuring a full-page, color ad which describes Tarifold’s product line.

“Just one page in the United Stationers catalog costs us about $90,000,” says Ruther pointing to a shelf holding an array of thick catalogs. “We are a marketing intensive company,” he continues. “About 50 percent of revenue

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FDIC Insurance Coverage Extended
Many people are confused these days about FDIC insurance coverage. Even some bankers are not up to speed on this matter. The fact is that on May 20, the President signed into law the Helping Families Save Their Homes Act, which extends the temporary increase in the standard maximum deposit insurance amount (SMDIA) to $250,000 per depositor through December 31, 2013. This extension of the temporary $250,000 coverage limit (due to expire in December 2009) became effective upon the President’s signature. The legislation provides that the SMDIA will return to $100,000 on deposit accounts on January 1, 2014.

This is great news for depositors who can rest assured knowing their deposit balances are guaranteed by the federal government for the next four and a half years.

Facts About the Home Office Deduction
With technology making it easier than ever for individuals to run a business out of their home, many taxpayers may be able to claim a home office deduction on their 2009 federal return.

Here are some important things to know about claiming a home office deduction.

1. In order to claim the deduction, you must use part of your home exclusively and regularly as your principal place of business or as a place to meet or deal with customers or clients.

2. The amount you can deduct depends on the percentage of your home that you used for business. Your deduction for certain expenses will be limited if your gross income from your business is less than your total business expenses.

3. If you are an employee, different rules apply. For example, the regular and exclusive business use must be for the convenience of your employer.

For more information, see IRS Publication 587, Business Use of Your Home, available on IRS.gov.

401k Maximum Contribution Limits
It’s a given that 401k limits change every year. For 2009, the individual pre-tax contribution limits set by the IRS is $15,500. In 2010, it will remain the same, at $16,500, plus an index for inflation ($500 increments).

What is important to remember is that the combined total maximum contribution that you can make each year to ALL 401k plans in which you participate is the lower of: (1) the maximum percentage contribution limit allowed under each of your employers’ plans, or (2) the dollar limit set by the IRS. For example, if your employer’s 401k plan allows you to contribute up to a maximum of 10% of your salary, and you earn $50,000, your maximum contribution is $5,000, not the $16,500 that generally applies only to higher-paid employees.

And don’t forget about the “catch-up” contribution, if you are age 50 or older. For 2009, the limit is $5,500. This is in addition to your regular 401k limits. However, employers are not required to allow the catch-up contribution.

Finally, the matching contributions made by your employer are not counted toward the 401k limits. An employer can match up to and including 6 percent of pre-tax compensation. So, over the long haul, 401k retirement plans are still a good way to save.

2010 Social Security Wage Base Unchanged
The social security wage base has risen each year since 1972. It jumped from $102,000 in 2008 to $106,800 in 2009.

In 2010, however, the social security wage base will remain unchanged at $106,800, according to the Social Security Administration (SSA).

As in prior years, however, there is no limit to the wages subject to the Medicare tax; therefore, all covered wages are still subject to the 1.45% tax.

The FICA tax rate, which is the combined social security tax rate of 6.2% and the Medicare tax rate of 1.45%, remains at 7.65% for 2010. The maximum social security tax employees and employers will each pay in 2010 is $6,621.60. This is unchanged from the 2009 maximum.

The social security wage base for self-employed individuals in 2010 will also be $106,800. There is no limit on covered self-employment income that will be subject to the Medicare tax. The self-employment tax rate remains 15.3% (combined social security tax rate of 12.4% and Medicare tax rate of 2.9%) In 2010, the maximum social security tax for a self-employed person will be $13,243.20. This is unchanged from the 2009 maximum.
Converting a Traditional IRA to a Roth IRA: Does it Make Sense for You?

Roth IRAs offer a number of benefits. Assets grow tax free and they can generate tax-free income in retirement for you or your beneficiaries. But before converting a traditional IRA to a Roth IRA, take these basic facts into consideration:

- When you convert, you must pay ordinary income tax on any pre-tax assets that you transfer. To maximize the benefits of conversion, the money to pay those taxes should come from a source outside the account you are converting. If you take a distribution of your retirement assets to pay conversion taxes, that distribution could be subject to income taxes and possible penalties.

- For 2010 conversions only, you can include the conversion on your 2010 federal income tax return or you can split it equally between your 2011 and 2012 tax returns. However, it might not make sense to defer the income if your marginal tax rate will increase after 2010.

- Unlike traditional IRAs, Roth IRAs don’t require people age 70½ or older to take minimum distributions. That means your account can continue to grow tax-free until you or your heirs are ready to withdraw the money.

- If you convert for estate planning purposes, you eliminate the income tax your heirs would otherwise have to pay on withdrawals from an inherited traditional IRA.

Note that in 2010, there are no income restrictions, so everyone will be eligible to convert to a Roth. In 2009, you are eligible to convert only if your modified adjusted gross income is $100,000 or less.

What types of accounts are eligible for conversion? Traditional, Rollover, SEP and SIMPLE IRA accounts can be converted. In addition, assets in tax-qualified retirement plans such as 401(k), 403(b), 457(b), profit sharing and money purchase plans are eligible.

A Roth conversion may make sense for you. But it is important to understand the complexities of converting, including the tax and financial planning considerations. If you have any questions, please contact us and we will be more than happy to discuss this matter with you.

Five Step Retirement Savings Plan

The Illinois CPA Society recommends taking these five steps to evaluate your retirement savings:

1. **Start with a plan**—if you don’t already have a retirement plan, whether you’re 22 or 52—start one. If you have a plan, stick to it to the best of your ability. The earlier you begin to save, the longer your savings will grow with compound earnings.

2. **Set priorities**—determine what is really important to you now and in the future and allocate your savings accordingly. Maybe the car can last a little longer, or the home addition can wait so more money can be put toward retirement.

3. **Think practically**—life these days can be overwhelming, but be realistic. If you’re having a tough time trying to save money, take a good look at what you can live without. Can you give up expensive gifts, frequently eating out, or a new wardrobe each year to find funds for your future?

4. **Make it an ongoing process**—revisit and update your retirement plan on a regular basis. It’s not just the stock market that fluctuates. Your life does too, so adjust your plan accordingly. Your plan should reflect what you want your retirement lifestyle to look like. Your idea of retirement is likely to change at various stages of your life.

5. **Consider your options**—make sure you know about all the retirement savings opportunities offered by your employer. Take advantage of 401k plans especially if there is an employer match. The average combined employer and employee contribution to work related retirement plans is 9 percent, but experts believe you need a combined total of 15 to 18 percent. So, it would be wise to increase what you save in these plans whenever you can. Also do your homework on what accounts such as traditional and Roth IRAs are available and which are best for you.

If you need help putting together a retirement plan that works for you, or you need help updating your plan, call your accountant.
Keeping Documents Clean and Protected from Germs
Tarifold’s line of patented antimicrobial pockets are found in environments where multiple users have contact with display systems. For example, hospitals, medical centers and laboratories use these kind of pockets to display procedures, schedules and protocols, among other important documents.

Commercial kitchens and food service facilities use antimicrobial pockets to hold food handling charts and to keep schedules and recipes protected from grease and dirt. They are perfect for use in shared public places such as customer service departments, telemarketing call centers and reception areas.

Tarifold’s patented antimicrobial technology reportedly prevents the growth of bacteria, yeast and molds.

On-Time Financial Reports
“When I came on board in 1998, the company had an accountant who didn’t produce the reports we needed fast enough,” explains Ruther. “It was a struggle to get financial information to the home office in France. Since switching to KRD, our financial reports get to Europe on time.”

“Jon Segal and Chris Dittrich have fine-tuned our reporting mechanism so it operates like a well-oiled machine. Their professionalism and promptness have made my job much easier. Once in a while I may not like the results on the P&L statement, but that’s not their fault,” he adds.

Ruther continues: “Jon and Chris have taken the time to learn all aspects of our business. Once each quarter, we meet for dinner to discuss goals and strategies. Jon also helps me with business development and marketing as well as financial investments in our division. Most important, he takes care of the accounting and tax reporting functions so I can focus on my job.

“I have recommended Jon and KRD to friends and associates and to my brother who has his own business. I figure we might as well keep the good accountants in the family!”

HOLIDAY TOY DRIVE
ON BEHALF OF LA RABIDA CHILDREN’S HOSPITAL, KRD IS CONDUCTING ITS

SIXTH ANNUAL HOLIDAY TOY DRIVE
IF YOU WOULD LIKE TO PARTICIPATE,
PLEASE BRING A NEW TOY (UNWRAPPED)
TO THE KRD OFFICE IN SCHAUMBURG
NO LATER THAN DECEMBER 21

IF YOU PREFER, CALL OUR OFFICE AT 847.240.1040 AND
WE WILL BE HAPPY TO PICK UP YOUR DONATION.
PLEASE HELP MAKE THE HOLIDAYS HAPPIER FOR THE CHILDREN AT LA RABIDA.
THANK YOU FOR YOUR SUPPORT.
AND HAVE A WONDERFUL HOLIDAY!