



Time & MONEY

A NEWSLETTER FOR THE CLIENTS OF JOHNSON BIXBY & ASSOCIATES, LLC

Time to Talk

Holiday Traditions: *The JBA elves will be busy again this December. For the past few years, our team has participated in a couple of seasonal activities that we've really enjoyed - sponsoring families through Vancouver hospice and the YWCA, and wrapping donated gifts at the ARC.*

Longview Office: *We had a great time visiting with everyone and showing off our new space during our November 16th Open House, and look forward to giving those who couldn't make it a "tour" when they schedule their next review!*

There She Goes Again: *Debbie's holiday plans are a little different this year - she'll be visiting Korea and Vietnam!*

We're So Proud: *Last month, Heidi was one of several recipients of the Vancouver Business Journal's award for community involvement and business accomplishment.*



Megan Woodard, Kim Baker,
Deborah Johnson, & Heidi Bixby

Helping Clients Live Their Dreams

It's gift-giving season, but in light of the recent natural disasters and the fact that the first of the Baby Boomers are turning 60 in 2006, many people are rethinking their lives and their need for material things.

- *What if for Christmas, instead of a new washer & dryer, you wanted more integrity in your life?*
- *Instead of the Handspring Treo or the diamond earrings, you wanted more time with the family - a lot more time?*
- *What if for your 50th birthday, instead of the Jetski or BMW motorcycle, you wanted to write the great American novel, or play in a rock and roll band?*
- *Instead of a new home or fancy car, you wanted to move to the country where you had time and energy – and space – to stable your horses and enjoy the great outdoors?*
- *Or what if, instead of plugging away in your current job, you wanted to create a community or movement, learn to play the piano, run a Vermont inn or sail around the world?*

Part of our annual review time is spent finding out what things are profoundly important to each individual client, identifying the obstacles (financial and otherwise) that are getting in the way, and creating a plan to make those goals a reality. In order to better assist clients with this process, we continue to refine our skills through internal training, reading, seminars and conferences.

One of the most gratifying aspects of our work is when we get to help clients realize and accomplish their true heart's core desires. We look forward to talking with you at your next review about how to best help you live the life of your dreams.

Longview Dates – please remember our NEW location!

The following dates are available for appointments in the Longview office (1128 Broadway — corner of 12th & Broadway)

Every Wednesday - Kim will be in the Longview office

December 6 – Heidi

January 12 – Heidi

February 16 – Heidi

December 13 – Debbie

January 24 – Debbie

February 21 – Debbie

January 31 – Heidi

Medicare and Prescription Drug Coverage

Medicare is rolling out its new Plan D for prescription drug coverage beginning January 1, 2006. Open Enrollment began November 15, 2005 and runs through May 15, 2006 – if you are currently eligible, signing up after the enrollment period is over will result in an increase in premium.

This new plan is intended to provide prescription coverage for Medicare participants and provides different amounts of coverage at different thresholds of costs. To be eligible, the participant must be covered by Part A or Part B of Medicare. With the introduction of Plan D, there will also be changes to some of the Medigap policies available.

Anyone covered by Medicare would be well-advised to assess how Plan D operates and evaluate if it makes sense to enroll. People with retiree or group health insurance coverage in addition to Medicare should also compare the Plan D coverage, but may find that their current benefits are worth hanging onto.

With the changes coming next year, evaluating both the options available for prescription drugs and the insurance companies offering coverage will be important. You may find consulting with someone who is well-versed in both Medicare and private medical insurance to be worthwhile.

We are also planning on holding a Client Seminar in early 2006 where Medicare will be one of the topics of discussion – watch your mailbox for the announcement!

-Glad Tidings-



One of the reasons that we enjoy our work so much is because we have such wonderful clients to work with. As 2005 comes to a close, we want to extend a heartfelt thank-you to all of you for the privilege of allowing us into your lives. We wish you & yours a memorable holiday season and joyous New Year.

Retirement Plan & Tax Changes for 2006

Retirement Plans: As has happened for the past few years, contribution limits to retirement plans will increase in 2006 for some participants. Here are the 2006 maximum contribution amounts allowed:

TYPE OF ACCOUNT	Under age 50	Age 50 and older
IRA and Roth IRA	\$4,000 (\$333/mo)	\$5,000 (\$416/mo)
401(k), 403(b), TSA and 457	\$15,000 (\$1,250/mo)	\$20,000 (\$1,666/mo)
SIMPLE IRA	\$10,000 (\$833/mo)	\$12,500 (\$1,041/mo)

Roth 403(b) and 401(k) Plans: You may have heard some rumblings of Roth 403(b) or 401(k) plans becoming available in 2006. Although the IRS will allow Roth contributions to these plans, it is up to each employer to decide if they will amend their plan document to allow employees to designate some or all of their contributions as post-tax Roth contributions. Whether contributions are made as pre-tax payroll deductions or Roth deductions, they still are limited to the maximums listed above. Check with your employer to see if your plan will allow Roth contributions in 2006.

Estate Tax: Next year we will also see an increase in the size of an estate before estate taxes become an issue. For the Federal estate tax, the first \$2,000,000 of a decedent's estate will be excluded. Both Washington's and Oregon's state estate tax exclusion will be \$1,000,000.

Year End Tax Planning

There's still time to do a few last-minute things to prepare for (or reduce) your 2005 tax bill. Here are a few ideas that may be of benefit for your situation:

- Make charitable contributions before 12/31/05. If you itemize and want it to count as a 2005 donation, now is the time to clean out your closets or send off that check.
- Lump together mortgage and/or property tax payments before 12/31/05. If you itemize, you may want to pay your January mortgage payment and/or first property tax installment a bit early. Keep in mind, using this strategy will result in having less to write off in 2006.
- Harvest tax losses. The early word is that many mutual funds will pay out larger capital gain distributions in 2005 than they've paid for the past couple of years. If you have been thinking about selling something that would generate a capital loss, you could offset some of the anticipated capital gains.
- Buy that new car you've been thinking about by the end of 2005 (if you live in Washington). If you itemize, it may be to your advantage to write off the sales tax on the purchase. This sales tax deduction may not be renewed in future years, so take it while you can. However, it may be better to wait until 2006 if you are planning to buy a hybrid vehicle – hybrids purchased after January 1st will qualify for a new tax credit.
- Don't forget, if you are paying a premium for Long Term Care insurance, you may be eligible to get a tax deduction (tax credit in Oregon) for the premium paid. Be sure to let your tax preparer know about your policy.