

Sobul, Primes & Schenkel is proud to announce...

Two freshly-minted
titles and a
promotion

David Primes recently received his MSA (Master of Science in Accounting) from California State University, Northridge (where he also earned his Bachelor of Science in Accounting). Why would a business owner/partner go to school? "Building knowledge" is one of the fundamentals in our business philosophy. That applies to everyone at SPS. You can view David Primes's list of degrees, certifications, memberships, and appointments on our website.

Managing Shareholder Rick Schenkel passed his Series 65 exam. The Series 65 exam, technically the Uniform Investment Adviser Law Examination, covers laws, regulations, ethics, and more regarding investing and portfolio management. Being an Investment Adviser Representative dovetails with his responsibilities in SPS's Business Consulting and Personal Financial Planning Departments.

Congratulations to Susan Garabedian, who has been promoted to Senior Manager. She will have additional duties and responsibilities, but will continue to mentor the professional staff. Becoming Senior Manager is one more step on her path to partnership. ■



David M. Primes, MSA, CPA.CITP

Richard J. Schenkel, CPA

Christopher D. Morris, CPA

Steven H. Levitt, CPA

Jeffrey B. Cameron, CPA

Kyle C. Taylor, CPA

Stephen S. Sobul, Retired

Year-end tax tips to leverage old and new rates

Timing of transactions might save you some money

Tax-planning is a year-round activity, of course, but the end of the year presents the opportunity to take advantage of rules and rates that will likely change. Given the impending "fiscal cliff" that you have been hearing about, year-end planning for this year is more important than ever. If Congress and the President do not come to an agreement on expiring tax laws, income tax rates for both ordinary income, dividends and capital gains will go up significantly for many people, payroll taxes will increase and estate and gift taxes will be significantly increased after the close of 2012. Beginning January 1, 2013, for taxpayers with income over a certain amount, there is also a new tax of 3.8% on "investment income" which will be allocated to Medicare under the President's health care reform bill. Additionally, with the passage of Proposition 30 here in California, California tax rates are increasing, for many, retroactively for 2012.

Given all this uncertainty and change, there are certain tax strategies that may make

sense to utilize, depending on your individual tax situation, prior to the end of 2012. It may make sense to accelerate the realization of certain types of income into 2012, and defer certain deductions or losses until after the end of 2012. The timing of stock or other investment sales requires careful consideration as well. But all of these decisions should be made keeping in mind your particular tax situation, including the effect of the Alternative Minimum Tax that may apply to many taxpayers.



With the expiration at the end of 2012 of the \$5,120,000 individual exclusion for gifting, those with sufficiently large estates should also consider possible gifting strategies to be completed prior to year end.

We are, of course, happy to work with you on figuring out what is the best set of strategies that apply to your situation. ■

Annual Volunteer Day at SPS

Wondering where we were on November 2?

One day every year Sobul, Primes & Schenkel closes up shop completely and focuses on a non-profit project. This year SPS showed up en masse at the National Guard Armory in Van Nuys to spend the day working with Operation Gratitude. Operation Gratitude's mission

is simple – sending care packages to the U.S. Military. Go to operationgratitude.com to see how you can volunteer, donate (it only takes \$15 to pay for and ship a package), write a letter, even sending them your old cell phones helps – there are lots of ways to give back to the troops who are far from home. ■



New law for employers with commissioned employees

Signed contracts will be required January 1, 2013



Like so many things, it started with a lawsuit. In the 1990s an out-of-state employer was in trouble for failing to provide California employees with a written contract detailing how commissions were calculated and paid. The ensuing legal battle produced AB 1396 – an amendment to the Labor Code that was passed in 2011 – which goes into effect on January 1, 2013.

If you are an employer (no matter your business location) who has a contract of employment with someone who provides services in the state of California and their pay includes commissions, you must provide a contract that, "...shall be in writing and shall set forth the method by which the commissions shall be computed and paid."

Additionally, the employer must give a signed copy of the contract to the employee and have, on file, a signed receipt from the employee who received the copy.

AB 1396 contains additional details about some types of commissions that are exempt and other specifics. If you have commissioned employees, now is the time to make friends with AB 1396 (like everything else, you can Google it) and start drafting your contracts.

While SPS does not provide legal advice, we do have resources that can help you create a contract that treads the narrow path of compliance and self-protection. Gives us a call. ■

Life on Hollywood's A-list! Twice!

SPS² on The Hollywood Reporter's Power Business Manager List

The Hollywood Reporter's October 12, 2012, special section, THR's Power Business Managers, named two of SPS's own, Steve Levitt and Rick Schenkel, on their list of 25 power business managers.

In addition to highlighting Steve and Rick, the article discusses the trials and tribulations of managing Hollywood's elite. You can read the whole article by visiting our website and clicking on the "newsletters & newsflashes" option at the top of the screen. ■



FUN Raiser!

The Water Buffalo Club and Howie Mandel are in it for the kids

Though water buffaloes are an endangered species in Southeast Asia, they were in plentiful supply at the Skirball Cultural Center October 13, 2012, during a wildly successful evening of fund raising and fun hosted by Howie Mandel! The Water Buffalo Club (WBC) – a local service organization with the motto "Big Kids Helping Little Kids" – was raising funds for their mission of helping Los Angeles kids in need. Our own Rick Schenkel, a WBC member for over 20 years, was in the middle of it all – most notably as the evening's auctioneer and emcee.

One use of the funds raised that evening was for the WBC's annual Thanksgiving giveaway. During that event, the WBC distributes turkey dinner baskets to feed over 3,000 people. They've done it every year for the past ten years.

You can visit the WBC at waterbuffaloclub.com to learn more about their special events, the charities they support, and to see pictures of kids (some big, some little) having a great time. ■

Please note that these articles contain general information and are not a complete analysis that you should rely on in making decisions. Our goal is to bring these matters to your attention and suggest that you review your payments and practices. We are here to assist you. These may be difficult issues to address, and you may need to consult with your legal counsel as well.

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