

BUSINESS AND FINANCE

One Man's Opinion

By Gerry Chong

".....One nation, under God, indivisible, with Liberty and Justice for All."

Last week, my brother and I were holding a wistful discussion about whether or not the words of the Pledge of Allegiance have any meaning. His thoughts were that if we are to remain a single nation, we must have a centrist set of values leading to common goals. While I agree with the objective, I do not think it is possible.

Unfortunately, we have devolved into two separate peoples. On one side are those self-reliant families that pay more than their share of taxes, quietly raise their families and ask for a restoration of individual freedoms, including freedom from government intrusions. These residents of Mayberry are located in small towns and cities, suburbs, exburbs, and rural areas outside of America's largest cities, away from the news making media. In fact, America's major cities are democracy's greatest failure.

In this mix of elitism and desperation we find a milieu of wealth and poverty. Mansions next to homeless camps; great art museums co-existing with street graffiti; gourmet restaurants next to soup kitchens; world-class universities next to failing public schools. These central cities are the battlegrounds for street gangs and drug dealers. They foster both racial discord and reverse discrimination. For many, they discourage a sense of self-worth and suppress any belief that individual effort will result in personal improvement. What's left is a dependence on communalism.... a reliance on government to solve the problems that overwhelm individual capabilities.

Clearly, Democrats have been far more

empathetic and compassionate than Republicans in understanding the shortcomings of American cities, but the consequences of long-term entitlements are both moral and financial. Morally, long term social programs tend to encourage further dependency, not independence; and financially, those programs can bring a country to ruin through excessive taxation or uncontrolled public debt.

I believe the juxtaposition of the needs of the large cities versus the more self-reliant people living outside the urban core is at the center of the battle between the political Left and Right. That battle has grown louder and more extreme because the Left always sees a growing need for government programs, especially in a recessionary economy; while the Right believes we have reached a "tipping point" and cannot afford more government spending, with its disproportionate allocation of civic responsibility.

Here are a few numbers to think about:

Senator Dianne Feinstein says "entitlements" now constitute 50 percent of our national budget. If we include interest on those entitlements, it now constitutes 53 percent of the budget. How high can that percentage rise without toppling the economy?

The non-partisan Tax Policy Center says 47 percent of all households will pay no income taxes (that's right, zero, nada, zilch) in 2009. The remaining 53 percent will have to carry their neighbors.

The non-partisan Congressional Budget Office (CBO) says 70 percent of Americans will receive more benefits from the government than they pay in taxes. (Selfishness is not limited to the Boardrooms of Wall Street.)

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Act now on expiring 2009 tax breaks

By Jason Alderman

In the depths of the recession the government passed the 2009 economic stimulus bill and tweaked the federal tax code to help boost consumer spending and assist people who were losing their jobs, homes and benefits. Now, several of those tax breaks, rebates and other incentives are due to expire at year's end.

Congress and the Obama Administration may ultimately decide to retain some or all of these benefits. But just to be safe, here are a few you may want to tap now, if they make sense for your individual situation:

Homebuyer tax credit. If you haven't owned a home in the past three years and meet certain income guidelines, you may qualify for a tax credit of up to \$8,000 on homes purchased before December 1, 2009. This is a tax credit, not a deduction, which means your taxable income is reduced by the credit amount. For more details, search for the First-Time Homebuyer Question and Answers document posted on the IRS website (www.irs.gov).

Property tax standard deduction. If you don't qualify to itemize deductions on your federal income tax but do pay state or local real estate taxes, you may qualify to add up to \$500 (\$1,000 for joint filers) in property taxes paid this year to your standard tax deduction. Rules and filing instructions are complex, so read IRS Tax Tip 2009-47 at www.irs.gov for details.

Sales tax deduction for new cars. If you buy a new car, light truck, RV or motorcycle before December 31, 2009, you may be able to deduct state and local sales and

excise taxes on up to the first \$49,500 of the purchase price, even if you don't itemize deductions. The deduction gradually phases out for those whose adjusted gross income is over \$125,000 (\$250,000 for married couples filing jointly). Please note that this is different from last summer's expired "Cash for Clunkers" program.

Health insurance. If you are laid off before December 31, 2009, and your employer has 20 or more employees and offers health insurance, you may qualify for a 65 percent subsidy of the cost to continue coverage through COBRA, the federal law that allows many people to retain such coverage at their own expense. Check with your human resources department and visit the Department of Labor's website for more details (<http://www.dol.gov/ebsa/cobra.html>).

Deduction for education expenses. Through 2009, parents or students may deduct up to \$4,000 for college or other post-secondary education tuition and other qualifying fees, even if they don't itemize deductions. There are certain restrictions and income limits, so refer to the IRS' "Top Ten Facts About the Tuition and Fees Deduction" for more details (www.irs.gov/newsroom/article/0,,id=205361,00.html).

Educator expenses. Teachers and other educators who work at least 900 hours during a school year may deduct up to \$250 for eligible unreimbursed expenses they paid for out of pocket, including books, supplies, equipment and software used in the classroom. They may do so even if they don't itemize deductions on IRS Schedule A. Read Topic 458 at www.irs.gov for details.

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1. Available on all qualified purchase transactions. Other terms and conditions apply. See a Home Mortgage Consultant for details.

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