

# BUSINESS AND FINANCE

## One Man's Opinion

By Gerry Chong

On November 7, the House passed the Pelosi Manifesto intended to create a highly prescriptive program for the Federal Government's micromanaging the U. S. Healthcare system. Since our healthcare expenditures are about the size of the entire British economy, and affects us all, common sense dictates that we should know what it contains.

Unfortunately, that's not an easy task to accomplish. I have to admit, I have not read it, and I don't know anyone who would subject himself to such agony. As one legislator put it, he would have to read it page-by-page, line-by-line, word-by-word with a lawyer at his side. Therefore all we can do is rely on analyses by legitimate entities to help educate us. Remember, the primary goals were to (1) reduce healthcare costs, (2) cover more citizens. Let's see if Pelosi's bill meets those objectives:

1. The bill would create a Health Choices Commissioner (another czar), who would work with a new agency called the Health Benefits Advisory Committee, to be embedded in the Health and Human Services Department. This Committee would create another bureaucracy called the National Health Exchange to negotiate rates with private insurance carriers. Republicans have claimed this program would spawn 111 new regulatory agencies with an unknown number of employees; a claim Democrats have disputed as being exaggerated. Democrats, however, would not give estimates of their own as

to the size and cost of the bureaucracy that would be created. Suffice it to say, this is a government full-employment act.

2. The Health Benefits Advisory Committee would determine:

a. The acceptability of all policies offered by private carriers and require modification of all existing contracts to meet new government standards.

b. Require all private carriers to file annual reports with the government as to any changes in policy rates.

c. Limit private carriers' ability to adjust rates between those requiring the most care versus those requiring the least care.

3. While private sector insurers must live within the rules established by the Committee, a government owned insurance company would have no such restrictions. The government carrier is not required to make a profit or pay any taxes. It will have unlimited access to capital at the lowest possible cost, is immune from litigation, and could never go bankrupt.

Moreover, participation in the government program will provide Federal subsidies to families making as much as \$90,000 per year. The Congressional Budget Office estimates the policy cost for the government program will be \$15,000 per year...more than private coverage...but the government subsidy will reduce cost by as much as one third. Obama, Pelosi and Reid call that "competition," but

See Opinion, page 19

## Don't Leave Valuable Tax Breaks On The Table

By Jason Alderman

In the midst of the holiday hustle and bustle, try to carve out a few moments for some year-end financial housekeeping. You may be able to save enough money using available tax breaks to pay for all your holiday needs – and more.

Here are a few suggestions:

**Boost 401(k) savings.** You can contribute up to \$16,500 to your 401(k) plan in 2009, plus an additional \$5,500 if you're over age 50. Making pretax contributions reduces your taxable income, which in turn lowers your taxes – not to mention the boost employer-matching contributions, when offered, can give to your account balance.

Online calculators (like the one at [www.kiplinger.com/tools/401kadd.html](http://www.kiplinger.com/tools/401kadd.html)) can help you estimate the impact additional contributions will have on your taxes. If you're not already maxing out, ask your benefits department if you can make additional contributions before December 31.

**Use up flexible spending account (FSA) balances.** If you participate in employer-sponsored health care or dependent care FSAs, which let you use pretax dollars to pay for eligible expenses, make sure you spend the full balance before the plan-year deadline (sometimes up to 75 days into the following year); otherwise, you'll forfeit what's left over.

You can use your surplus health care FSA balance for things like over-the-counter medications, glasses or contact lenses. Conversely, if your account is empty, consider postponing non-critical medical expenses until early next year so they can count toward your 2010 FSA. See IRS Publication 502 for a complete list of allowable and non-allowable expenses ([www.irs.gov](http://www.irs.gov)).

To learn more about 401(k) plans and FSAs, visit Practical Money Skills for Life,

Visa's free personal financial management site ([www.practicalmoneyskills.com/benefits](http://www.practicalmoneyskills.com/benefits)).

**Charitable contributions.** If you itemize deductions on your taxes, charitable contributions made to IRS-approved organizations by December 31 are generally tax-deductible. (See Publication 78 at [www.irs.gov](http://www.irs.gov) for a complete list of organizations.) By accelerating donations you planned to make in 2010, you can beef up your 2009 deduction, thereby lowering your tax bill.

**Tax credits for energy-efficient home improvements.** You can claim a tax credit for up to 30 percent of the purchase price of certain home improvements to existing homes (including central air conditioning, furnaces, windows and water heaters), up to a maximum of \$1,500 over 2009 and 2010. Check out the government's Energy Star website for details ([www.energystar.gov/taxcredits](http://www.energystar.gov/taxcredits)).

**Sales tax deduction for new cars.** If you're already planning to buy a new vehicle in the coming months, doing so before December 31, 2009, may allow you to deduct state and local sales and excise taxes on up to the first \$49,500 of the cost, 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).

Other strategies that help some taxpayers include:

Prepaying 2010 property taxes by December 31, 2009

Prepaying January 2010 mortgage payment by December 31, 2009

Making annual gifts of up to \$13,000 (\$26,000 for married couples) per recipient without triggering estate taxes.

Check with your financial advisor or a tax specialist before taking these actions to ensure they will work for you. •

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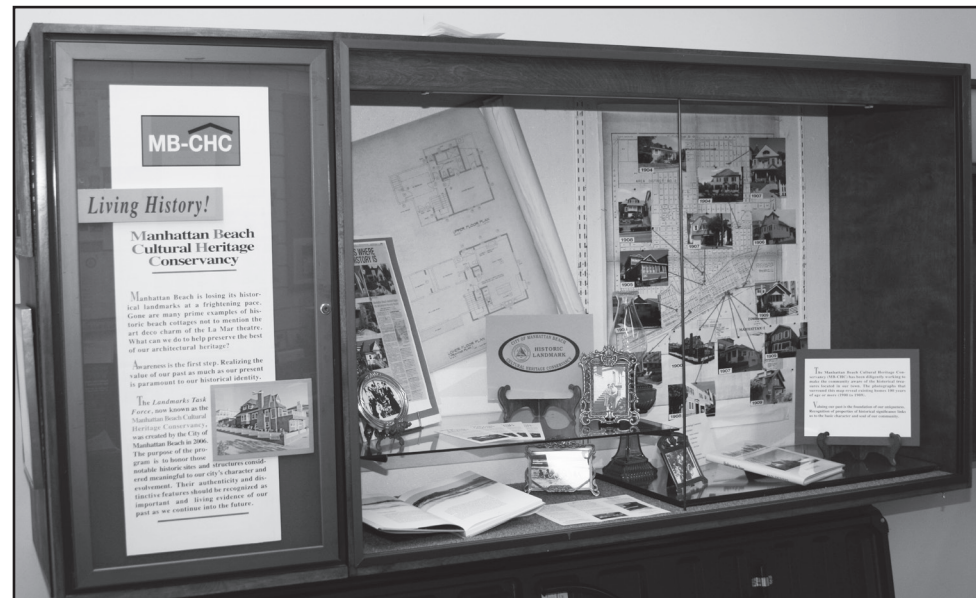


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## Conservancy

from front page



Display for Manhattan Beach Cultural Heritage Conservancy at the MB Library. Photo by Rob Fiore.

committee's hard work, research, and dedication, five homes were presented as historic structures. The City Council honored each homeowner with a plaque designating their property as a culturally significant landmark.

The five applications were then sent to the National Register of Historic Places in California for individual recognition. As of January 27, 2009, the "Scott Home" located on the Strand, was placed on the California Register.

Another project the committee has put into place is the surveying of homes to ac-

knowledge year built, ownership, condition, style and zoning. Unique construction, which displays the characteristics of the community's yesterdays, are photographed and recorded for future nominations.

As of November 5, a display can be seen at the community library depicting 22 homes which are 100 or more years of age (circa 1900-1909) still surviving the wrecking ball.

Those who made history yesterday and those who keep history alive today help bring to future generations a link to Manhattan Beach's uniqueness. •