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Contact:

Rusty Cagle, CFP®[®], CRPC™[™], CAP™[™]
9 Buena Vista Way, Suite B
Greenville, SC 29615
Phone: (864) 254-0016
Email: rcagle@aseadvisors.com



Devery Rusty Cagle
CFP®[®], CRPC™[™], CAP™[™]

Financial Advisor Offers Last Minute Tax Planning Tips that Could Save Investors Money

GREENVILLE, SC (March 6, 2008) – It’s that time of year again. Millions of Americans are preparing to pay their annual bill to Uncle Sam and most are trying to minimize the share of their earnings that they will have to pay to the government on April 15. According to Rusty Cagle, a certified financial planner professional, there are several things taxpayers can do to ensure that they *legally* minimize the amount of taxes they owe for tax year 2007.

Each year, there are new laws that affect your money and most financial advisors agree that the beginning the year is a good time to review investment portfolios in order to assess whether adjustments need to be made based on the ever-changing income tax laws.

“In a flurry of last-minute activity, Congress passed several acts and laws that will impact taxpayers,” says Cagle. “From changes to the Alternative Minimum Tax and the Mortgage Forgiveness Debt Relief Act to the Pension Protection Act, there are a number of things that come into play in 2008, that will affect taxes.”

According to Cagle, whenever a person is planning tax strategies, it’s important to be forward-looking as well as backward-looking. Many people believe that tax planning begins in January and ends

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April 15, but nothing could be further from the truth, he says. “While there are tax tips that can save taxpayers money if done before December 31, there are also more long-term options, including retirement planning, that can help shave money off a tax bill.”

Cagle believes these three tips will help taxpayers when completing their income taxes for tax year 2007 as well as looking forward to tax year 2008 to minimize their tax bill.

AMT Extension

President Bush signed the Tax Increase Prevention Act of 2007 near the end of last year to extend the alternative minimum tax patch for one year. As such, a single person or a person filing as head of household can take an exemption of \$44,350 while those who are married and filing jointly can take an exemption of \$66,250. “This Act keeps the increases made previously to the AMT intact for another year,” says Cagle. “This essentially allows taxpayers to use most nonrefundable personal credits to offset the alternative minimum tax liability in 2007, as was the case in 2006.”

Mortgage Debt Relief

The Mortgage Forgiveness Debt Relief Act was passed in late 2007 as a way to sort out the housing market slowdown being experienced in the United States. The Act created a three-year window for homeowners to refinance their mortgage and pay no taxes on any debt forgiveness that they receive. “Before the Act was passed, if a homeowner owned property that declined in value and the bank or lender forgave part of the obligation, that amount forgiven was subject to taxes,” says Cagle. “This Act allows for the exclusion of up to \$2 million in indebtedness on a principle residence that is incurred in the acquisition, construction or substantial improvement of that residence and can help taxpayers if their homes decrease in value by relieving them of that tax burden.”

New Tool to Plan for Retirement

Some employers are beginning to offer a Roth 401(k) or Roth 403(b) as another retirement planning vehicle. “If an employer offers a Roth 401(k) or Roth 403(b), employees can make contributions to the program on an after-tax basis. They can also contribute money on a pre-tax basis to the traditional 401(k) or 403(b). Or they can do a combination of both,” says Cagle. “The benefit to a Roth is that by contributing money on an after-tax basis, the money will be yours free and clear, without any sort of

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tax liability, when you retire -- unlike other pre-tax retirement vehicles.” Cagle warns that before starting a Roth, taxpayers should think carefully about whether they are willing to pay taxes today for a tax-free distribution tomorrow.

“The reason many people tend to like Roth 401(k) and 403(b) programs is because they are not taxed on the earnings when they withdraw the money on the back end as long as they meet the required holding period (5 years from initial contribution and over 59.5 yrs old). It really comes down to a matter of preference, long range financial goals and current financial situation.” Cagle adds that some professional advisors are counseling clients to consider this tax diversification strategy as a way to create a more flexible distribution situation during the retirement years. “Income taxes are actually quite low under the current administration,” Cagle says. “If they go up, and that may very well be the case, it would be better to pay tax on the earnings now in order to take tax-free distributions on both the principal and the gains in the future.”

Cagle advises taxpayers to consult with a qualified financial planner and an accountant to ensure they are doing everything they can to reduce their tax bills. “Because tax laws are constantly changing, it’s almost impossible for the average taxpayer to keep up,” says Cagle. “But by working together with a professional financial advisor and an accountant, they can collaborate about the changes and be able to advise taxpayers on how to best take advantage of the savings offered.”

About Rusty Cagle and ASE Wealth Advisors

Rusty Cagle is an independent, fee-based financial planner and investment advisor representative specializing in strategies for preserving wealth, reducing tax burdens, and sustaining a family legacy. Before founding ASE Wealth Advisors, Cagle’s extensive background in wealth management began at American Express Financial Advisors, Inc.

Committed to a high standard of fiduciary excellence Cagle earned the CFP® mark of distinction from the CFP Board of Standards, and obtained the designation of CHARTERED RETIREMENT PLANNING COUNSELOR (SM) professional. He also earned a Chartered Advisor in Philanthropy® designation, helping him better assist clients and prospective donors reach both financial and

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philanthropic goals. Cagle is a member of the Financial Planning Association, the largest organization of professionals dedicated to championing the financial planning process. Sought out for his financial knowledge, Cagle has been featured in several leading trade publications.

Visit www.aseadvisors.com for more information about Mr. Cagle and his company.

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