

Business Watch

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Patent Pending

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Beyond the Numbers

Hi, Heather. Here is your Business Watch for July 16, 2007.

Glossary: | # | A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z |

Current news from Faulk & Winkler, LLC

Premature Distributions

When considering a premature IRA distribution, details can be important and assumptions are unwise. For example, a mother's \$19,900 early IRA withdrawal for her son's college tuition ended up as an unnecessary and costly mistake. Click "Full Article" to find out about how timing is important to early IRA distributions.



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Employee Profiles

Faulk & Winkler employees work hard indoors and know how to play hard outdoors. Click "Full Article" to read about staff accountant, Jennifer Meyers (left), and bookkeeper, Heather Allen, who both enjoy outdoor activities.



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Timely Opportunities

Employee or Independent Contractor? Tax Court Decides Two Cases



Hiring independent contractors is a common practice at many businesses. But if your company uses outside workers, make sure you understand and comply with the tax laws. Two cases decided in Tax Court this year illustrate some of the issues involved

when hiring independent contractors. Here are explanations of the cases, along with some ways to safeguard your business.

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Sales

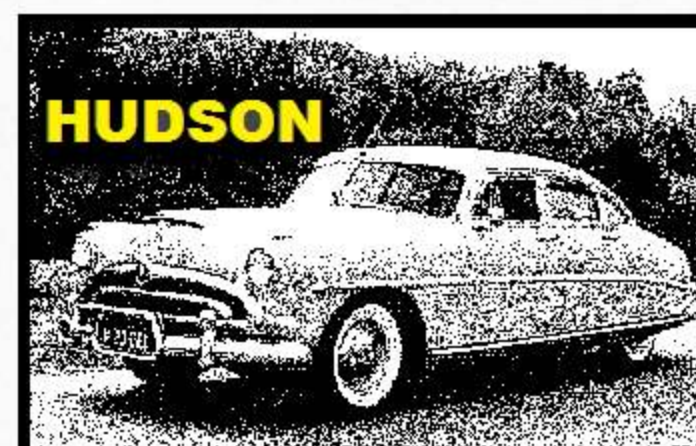
Stretch Margins by Streamlining Sales



Help your sales personnel become more efficient and add to your bottom line. You'll find that it's not that complicated. Click "Full Article" for five essential steps that can increase customer purchases and give you more control over payroll expenses.

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**WRITING SAMPLE
NEWSLETTER 5A**



Accountant Jennifer Meyers Likes "Rollin' on the River"

Jennifer Meyers doesn't have to leave a good job in the city when she wants to get away on the river. She and husband Ben own a little piece of paradise in the form of a river camp on the Tangipahoa River. Jennifer and Ben both grew up around Ponchatoula, but were not high school sweethearts, having met later. Jennifer has an M.B.A. in accounting from Southeastern Louisiana University and began working

at Faulk & Winkler in December, 2006. Jennifer and Ben, along with their dog Faith, love spending leisure time with good friends at their river camp, but occasionally they need more excitement. "We never stay home," says Jennifer. "If we aren't down the river, we are away riding our four-wheelers." That's right, although Jennifer is a skilled numbers cruncher, she's just as comfortable maneuvering a fast-moving four-wheeler. The couple is known to enter speed racing competitions in Northern Louisiana and Mississippi. So like the song says: "If you come down to the (Tangipahoa) river, bet you gonna find some people who LIVE!"

Heather Allen Cherishes Family and Fishing

Heather, husband Paul and six-month old daughter Tristan spend as much time as possible fishing and enjoying the "GREAT" outdoors. Although Paul enjoys fishing, it's Heather that's the real pro. She grew up in Zachary with a family that loves to fish and owns a first-class fishing camp with several boats. "That's where I get it from," said Heather. "And as soon as Tristan can hold a pole, I'm sure she will be fishing too." Heather earned an associates degree in accounting from Louisiana Technical College, and joined Faulk & Winkler as a bookkeeper in January, 2005. The family now lives in Greenwell Springs where they enjoy life as new parents. "It's all about spending time with the family," says Heather. "Now that we have been blessed with a beautiful baby girl - we cherish our life more and more."





Premature Distributions: It's All About Timing

Taxpayers need to be extremely cautious when considering early withdrawals from an IRA account. A simple mistake could result in an unnecessary and costly penalty. A case in point was a mother who withdrew \$19,900 for her son's college tuition, thinking she would be exempt from the 10 percent penalty for early distribution. Although not yet 59 ½ and eligible for early retirement, she was confident that her 2002 early IRA withdrawal would qualify for an education expense exception.

Regrettably, she had made a critical error in her timing. The mother made the tuition payment of \$18,000 in December 2001 and received the early distribution in 2002. Also in 2002, her son obtained a \$19,263 student loan. Yet, no tuition payments or loan repayments were made in 2002 by the taxpayer or her son. Remember, the tuition payment was in 2001, a different tax year from the 2002 distribution.

It is said that the devil is in the details, which can be painfully accurate when it comes to the IRS. When the mother filed her 2002 tax return, she assumed that the 2001 educational expense necessitated the 2002 early IRA distribution and thus qualified for an exemption. To her surprise, the IRS determined that she was liable for an early withdrawal penalty under Code Sec. 72 (t)(1). In fact, a reviewing court ruled the education expense exception is only available when the expense arises and the early distribution occurs within the same calendar year.

