



Just in case it matters to you:

CLIENT / CONTACT BULLETIN 10-03

- COMFORT TO THOSE ALREADY PROCRASTINATING NEW YEAR'S RESOLUTIONS: economic theory recognizes your very typical condition as 'present-biased preference.' "People will always tend to put off unpleasant things until tomorrow, even if the immediate cost involved is tiny," because they are "time inconsistent... often unrealistically optimistic about their own future likelihood of doing things (such as exercise or saving)" that involve immediate costs in some form but without immediate (enough) benefit. People "believe (incorrectly) that they will in fact 'do it tomorrow,' but since they feel that way at each point in time, tomorrow never quite comes." Ergo, endless procrastination. [THE ECONOMIST – Jan 2, 10]
- THE NEXT BIG THING IN COMPUTING IS 'DESKTOP VIRTUALIZATION' – "Act Two of a tech shift that began earlier in the decade involving the servers and labor *behind the scenes*, running databases and hosting web sites... Virtual computers have a keyboard and screen, but the processors making the calculations and deciding what color goes into each pixel are far away at a data center." 'Virtual' computing involves off-site software which "tricks users into thinking they are using a desktop PC," much different than 'Cloud Computing' (the previous Big Thing) which involves data-center-hosted software (like Google Docs) versus having PC-installed programs on the desktop (like Microsoft Office). "Instead of spending \$1,000 for a system with the latest Intel Chip and fast hard drive, a virtualized PC running on a screen, keyboard and network connector might cost only \$150, with the promise of lower support costs plus security and simplicity that come from having data in a carefully guarded place... With an estimated half-billion workplace computers around the world and \$3 trillion spent each year on corporate computing... the future is beginning to look very uncertain" for corporate customers. [FORBES – Dec 28, 09]
- BEGINNING MIDDLE AGE, ADULT BRAINS DRIFT INTO "DEFAULT MODE – during which the mind wanders off and begins daydreaming." True, some brain cells have been lost, but the fact is that "if kept in good shape, brains can continue to build pathways that help recognize patterns and, as a consequence, see significance and even solutions much faster than a young person can... The trick is finding ways to keep brain connections in good condition and to grow more of them, by challenging the very assumptions that adults have worked so hard to accumulate while young – jiggling synapses a bit by confronting thoughts that are contrary...to get out of the comfort zone, to push and nourish your brain." Anything from changing routine (cooking, shaving, dressing, route to work) to learning a new language can stimulate neural connections with have weakened with age, since "adults learn best if presented with a 'disorienting dilemma' which helps you critically reflect on the assumptions you've acquired." [NEW YORK TIMES – Jan 3, 10]
- STATE BUREAUCRACY AT ITS FINEST: Limited Liability Company and Limited Partner distributions have always been reportable on form K-1 as gross distributions. For Federal purposes, this is still the case. However, California's Employment Development Dep't has now ruled that LLC, LLP and LP members are "normally considered to be common law employees" with distributions treated as compensation – *meaning W-2 wage, withholdings & payroll taxes for state tax purposes*. The only exception: a member specified as a "Manager under the Articles of Incorporation would be considered self-employed and compensation not included as wages." [CALIFORNIA CPA – Jan/Feb 09]
- LATEST TAX AUDIT STATS: Last year, I.R.S. conducted around 400,000 office examinations and a million more 'correspondence' audits on individual tax returns filed. Around 1% involved reported earnings below \$200K, 3% above \$200K, and 6% above \$1M. "While assessments were up, the ability to pay went down dramatically, due to the economy," so the nearly \$50 billion collected from these audits, was some 17% less than in pre-recession 2007. [WALL STREET JRNL – Dec 22, 09]
- RED WINE, IN ADDITION TO ITS OTHER HEALTH BENEFITS, CAN ALSO HELP PREVENT TOOTH DECAY. "Alcohol is known to kill the bacterium mainly responsible for cavities" but, additionally, according to Italian researchers, a separate non-alcohol compound in the grape juice also keeps cavity-causing bacteria from attaching to teeth. [THE WEEK – Dec 18, 09]
- THOUGHT FOR THE WEEK: ***The most dangerous 'machine' in American households may be the computer, since falling equipment and laceration from sharp corners result in nearly 10,000 injuries yearly. New computer design may be a solution – check out:*** http://www.youtube.com/watch_popup?v=7H0K1k54t6A