

CONTRYMAN Solutions

Winter 2006

Introducing . . .

CONTRYMAN Solutions Group

By Jeff S. Anderson, CPA, CFP®, PFS

President Contryman Associates and Contryman Wealth Advisors

The Contryman name has been synonymous with professional accounting services for more than 65 years. In recent years, our firm has grown both in size and in the services we offer, based on requests from you, our customers. We now have several entities serving people in many states with each entity serving different needs. As a result, we have adopted a new trade name that is more descriptive of who we are and what we do!

It is with pride for what our team members do for you, our customers, that we announce **Contryman Solutions Group** as the name we will be using to identify our collective group of service companies which include Contryman Associates, P.C.; Contryman Wealth Advisors; Solutions, Inc.; and Advanced Computer Services.

Contryman Associates, P.C., is the Certified Public Accounting firm that provides tax planning and tax return preparation, bookkeeping, accounting, auditing and consulting services. They also provide specialized services like retirement and estate planning, business valuations, and QuickBooks® Accounting Software training and support. Contryman Associates customers include business owners in retail, manufacturing, and construction industries, professional service providers and companies, farmers, ranchers, and nonprofit organizations. They also provide services for school districts, cities, counties, and other governmental agencies.

Wealth Advisors – Nebraska, Inc. d/b/a Contryman Wealth Advisors is the wealth management firm that provides financial planning services including investments; risk management and insurance; retirement, estate, education planning; and other services.*

Solutions, Inc., is a business consulting and advising group established for specific value-added services. These services are currently provided through Contryman Associates, P.C., but may be offered through Solutions, Inc., in the future. These services help business owners and managers address the challenges they face with personnel, strategic planning, profit analysis and improvement procedures, marketing, and technology. Their customers range from small businesses to larger family businesses, corporations, and governmental entities.

Advanced Computer Services of Nebraska, Inc., is also part of Contryman Solutions Group. They develop, market, and provide support for a specialized management software program, Advanced Livestock Tracker, which is used by commercial cattle feedlots.

Contryman Solutions Group was chosen because it reflects our mission:

Providing Solutions for Your Success!

*Securities offered through 1st Global Capital Corp., Member NASD, SIPC. Contryman Wealth Advisors is not affiliated with 1st Global Capital Corp. CPA services are provided through Contryman Associates, P.C.

New Contryman Office in Lexington



The Contryman office in Lexington has moved to their newly remodeled building on East Highway 30 which formerly housed the corporate offices of All Points Cooperative. The new office gives the Lexington team a great deal more space for better organization and expansion capabilities. The large conference room is being used to host client training and seminars. If you haven't seen our new offices, stop out and we'll be proud to show you around.

New Address:

**707 East Pacific, P.O. Drawer H
Lexington, Nebraska 68850**

College Funding Plans

There are a wide range of investment vehicles and strategies used to save for college. The key is to begin planning years before your children head off to college. The chart below will help you understand some of your available

education savings options. As with any part of your financial plan, talk to a financial advisor about your personal situation. He or she can help you create an education savings plan that addresses the priorities that are important to

you. Your financial advisor can also factor your education goals into your overall financial plan so that your total plan stays on track during college years.

Comparison of Education Funding Plans

	College Savings Plans	Coverdell Education Savings Account	Prepaid Tuition	Custodial Account
Contribution limit	Avg. \$200,000	\$2,000/year	Some plans	None
Account size limit	\$250,000 (most but not all plans)	None	None	None
Parental income limit	None	Yes	Some states	None
Asset ownership	Donor	Beneficiary	Beneficiary	Beneficiary
Taxation of earnings	Tax-deferred	Tax-deferred	N/A	Taxed to beneficiary
Financial aid impact	None (Unless the account owner is also the beneficiary or the student's parent)	Yes	Dollar-for-dollar reduction in financial aid	Yes
Self-directed investments	No	Yes	No	Yes
Transferrable beneficiary	Yes	No	Some plans	No
Rollovers	Yes	Yes, with restrictions	No	No
Investment Risk	Yes	Yes	No	Yes
Investment choices	Limited	Any	None	Any
Tuition lock-in	No	No	Yes	No
Gift & estate benefits	Accelerated annual gift tax exclusion	Limited	Limited	Limited
Residency requirements	None	None	Usually	None
College expense only	No; nonqualified distributions are taxable and subject to 10% tax penalty	No; generally, distributions exceeding qualified education expenses are taxable and subject to 10% tax penalty	Yes	No
Fund usage	Qualified expenses	Qualified expenses	Tuition/fees only	Any
Age or time limit for distribution	No	Yes, unless beneficiary is a "special needs" beneficiary	Usually	Yes
State tax benefits	Many states	No	No	No

For more complete information about the 529 savings plan, including investment objectives, risks, fees and expenses associated with it, please read the issuer's official statement. The issuer's official statement can be obtained from your financial advisor. Please read it carefully before investing.

Please consider, before investing, whether your home state offers any state tax or other benefits that are only available for investments in your state's qualified tuition program. Other benefits may include reduced or waived program fees, matching grants, and scholarships to state colleges. Additionally, please note that unless Congress takes action, earnings withdrawn from a 529 plan account after 2010 to pay for qualified higher education expenses will be subject to federal income tax.

Contributions are treated as a gift to the named beneficiary for gift tax and generation-skipping transfer tax purposes; certain states may impose a penalty for "non-qualifying" withdrawals and if you were able to deduct the original contributions on state income tax return, there may be a state "recapture" of income tax due. A 10% federal penalty on earnings will apply if you receive a non-qualified withdrawal.

Tax Issues with 529 Plan Withdrawals

When other education savings benefits are concurrently being applied, there are some key tax issues that should be considered.

Hope and Lifetime Education Credits - While Hope and Lifetime Learning credit can be claimed in the same year withdrawals are made from a 529 Plan for the same beneficiary, 529 Plan withdrawals will not be tax free if they are used to pay for the same expenses as the education credits. Only those expenses not covered by the Hope and Lifetime Learning credit will be tax-free.

Coverdell Education Savings Account - If the student is the beneficiary of both a 529 Plan and a Coverdell Education Savings Account, qualified higher education

expenses must be allocated between both the 529 Plan and the Coverdell Education Savings Account. Withdrawals from the 529 Plan over and above the amounts necessary to pay qualified expenses will be taxable.

College Expense Deduction - The college expense deduction may not be claimed for expenses paid with tax-free withdrawals from a 529 Plan (or a Coverdell Education Savings Account). The portion of the withdrawal which represents contributions to the 529 Plan (that is, the account owner's capital) will not count against the taxpayer in determining the amount of the deduction.

Melvin Abels Cited for More Than 50 Years with Contryman Associates



A remarkable Contryman team member, Mel Abels joined our firm September 7, 1954. When he started his accounting career right out of business college, he was one of 14 employees at our only office in Grand Island. He had already served 2 years in the U.S. Army, drafted during the Korean War. He feels fortunate that he and his twin brother were stationed in Japan during that time.

Mel recalls that the first job he was given when he joined the firm was to reconcile a bank account. "I was completely lost but too embarrassed to ask for help," he recalls, "then Bud Cline took me 'under his wing' and taught me a lot about the accounting profession."

Other professionals working for the firm when Mel first started included Vern Moseman, Bud Cline, Bob Franke, and Clarence Walters, along with Orin Contryman, the founder of the firm. In 1962 Mel passed the CPA exam and when the firm opened an office in Hastings, Mel was named manager. His secretary soon after the office opened was Del Glebe. Del became Mrs. Abels on Christmas Day, 1965.

When asked about the biggest changes in the accounting profession in his more than 50 years, Mel says simply, "Technology." He brings out a collection of old ink blotters which were used in 1954 to blot the ink from handwritten financial statements and other forms - all of which are now created, stored, and printed on computers. He tells about making multiple copies using carbon paper and later with a "copy machine" where you had to mix a liquid solution held in a tray, then develop a "mat" on which financial data had been typed. "It was quite a process," he comments, "and very expensive."

Mel and his wife, Del, have three sons and a daughter, 12 grandchildren and one great-granddaughter. He continues to work and, absent any hobbies, his plan is to continue for the duration.

New Program for Smaller Feedlots

Advanced Livestock Tracker II

Advanced Computer Services has developed a new version of their Advanced Livestock Tracker software specifically designed to accommodate the needs of smaller cattle feedlot managers. **Advanced Livestock Tracker II** features all the capabilities of the original software but is for feedlots with 20 pens or less.

Like the original program, this new version tracks the day-to-day activities of the feedlot. It is easy to use yet yields detailed information that is critical for the short and long-term success of cattle feeding operations.

Both versions of the software help managers determine the optimum time to buy or sell cattle for their lot and helps determine actual profit or loss on each pen. The programs allow users to enter up to 30 different rations and make adjustments to the rations as often as needed or recommended by their nutritionist. The programs interface with popular bunk readers and veterinarian medical programs so information is entered only once.

Cattle owners like the accurate, easy to read statements and feedlot management appreciates closeouts that are simple to produce and give all the performance information they need. Closeouts are archived on the system for long-term analysis.

The available Custom Report Module gives added flexibility to generate reports that are configured best for the needs of lot managers or allows users to generate custom reports that are easy to read and can be sent by e-mail to customers. This module can also be used to run projections by entering different variables. The optional Outside Cattle Module allows users to track cattle on feed at another lot. The Commodity Posting Module tracks feed pricing and purchases from outside sources.

For more information on Advanced Livestock Tracker, contact Advanced Computer Services 1-888-382-7227 or visit their web site at www.livestocktracker.com.

Thanks to Advisory Board Members

Each year, we host several advisory board meetings. These clients and friends of our firm come together to advise us on how we can improve our service to our customers.

The questions we ask range from how they would rate our team members on timeliness and professionalism to their comments on our office facilities. We also ask their opinions on some of the new services and products we offer and get their input on many of our marketing materials.

In every case, we have learned a great deal from these advisory board members. We sincerely appreciate their involvement and value the comments they make and the suggestions they offer.

While we are not able to implement every suggestion that we have heard from our advisory board members, these are some examples of changes that they suggested which we have made:

~ We made changes in the layout of one office to assure client privacy.

~ When we got new billing software, we made sure that it would allow our team members to include more detail on client invoices, a request from our advisory board members.

~ We host annual client appreciation events at most of our offices at their suggestion.

~ After getting input from our advisory boards, we decided to proceed with using *Contryman Solutions Group* when we are referring to all of our entities.

These suggestions and many others are very helpful to our firm as we work to

Provide Solutions For Your Success!

CONTRYMAN

Solutions Group

Grand Island	308-382-5720
Hastings	402-463-6711
Lexington	308-324-2368
Kearney	308-237-5930
Scottsbluff	308-635-7705
Central City	308-946-3870
Geneva	402-759-3002

Providing Solutions For Your Success!

www.capc.com

Energy Tax Laws, 2006

In early August Congress passed the Energy Tax Incentives Act of 2005. The bill includes tax incentives aimed at improving energy production and efficiency.

Alternative Technology Vehicles - Beginning January 1, 2006, taxpayers who purchase a hybrid or other fuel efficient vehicle will receive a tax credit. The amount of the credit is based on the fuel economy of the vehicle. There is also a conservation credit based on lifetime fuel savings for these vehicles. For hybrid vehicles, the total credit ranges from \$650 to \$3400. This new credit replaces the clean-fuel "hybrid" vehicle deduction.

Residential Energy Efficient Property - Effective for 2006 and 2007, you can receive a tax credit for the purchase of solar water heating, photovoltaic equipment, and fuel cell property for use in your personal residence. Qualifying property must provide an energy source for the entire house. The maximum credit is \$2,000.

Non-Business Energy Property - For qualifying purchases of energy-efficient improvements to your existing home in 2006 and 2007, you may also receive a tax credit. Qualifying improvements include insulation, windows, doors, furnaces, water heaters, and heat pumps that meet Energy Star program specifications. Unlike other credits, there is a \$500 maximum lifetime limit for this provision.

New Mileage Rate

Effective for travel reimbursed on, or after January 1, 2006, the standard mileage rate will be \$.445. This is a decrease from 2005. In 2005, the rate was \$.405 until it was increased to \$.485 on September 1, 2005.

Unemployment Tax Changes

The majority of Nebraska businesses will see an increase in their voluntary rates to the Nebraska Unemployment Compensation Fund. Business managers are cautioned to look at their voluntary rate notices very carefully. When determining whether your business should make a voluntary contribution, remember that taxable wages for 2006 have increased. Unemployment contributions must be made on the first \$8000 of an employee's wages; up \$1000 from last year. You will need to factor in the increase in taxable wages to make the correct calculation. Contributions must be postmarked by January 10, 2006, to be valid - much earlier than in past years.

New Nebraska Charitable Tax Credit

E-Mailed Newsletter

Would you prefer to receive your copy of CONTRYMAN Solutions by e-mail? Simply send your e-mail address to contact@capc.com with "E-Mail my newsletter" in the subject line.

We never share our mailing lists or e-mail contact lists with outside firms or organizations.

LB 28, which was passed into law by the Nebraska Legislature in 2005 authorizes the development of a Nebraska charitable tax credit for irrevocable planned gifts and outright gifts to the endowments of Nebraska-based nonprofit organizations with

501(C) (3) designation from the Internal Revenue Service. Provisions

of the law became effective January 1, 2006.

The legislation was supported by EndowNebraska, a consortium of Nebraska based foundations and nonprofit organizations as a way to encourage more people to make donations to charitable organizations. They believe that this new Nebraska tax credit will encourage Nebraskans to think first of Nebraska non-profits when they make their charitable giving decisions.

Provisions of the Nebraska credit, which would be effective January 1, 2006, include:

- a maximum annual credit of \$10,000 for individual Nebraska taxpayers and corporations doing business in Nebraska and paying state corporate taxes
- a 30 percent credit for the present value of irrevocable planned gifts from individuals
- a 20 percent credit for outright gifts from corporations

The law sunsets on January 1, 2010.

For more information on these and other tax credits and deductions, contact your Contryman professional.