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**MENTOR**  
C A P I T A L

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## Mentor Monthly Missive

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### Big, bad America

It was interesting during the recent G20 summit in London to see blame piled on the United States for the current worldwide economic crisis.

The summit was an opportunity for anarchists, socialists and burned capitalists to vent their frustrations. Even politicians got into the act. Just before the summit, Brazil President Luiz Inacio Lula da Silva blamed "blue-eyed white people" for the global banking disaster.

Ignoring the racist nature of what the Brazilian president said (not all U.S. bankers are as he described), there is an amount of truth in the blame-layers' complaints.

The United States has the largest economy in the world. Its consumers support much of the rest of the world by buying foreign goods and services. U.S. banks provide liquidity for foreign as well as domestic commerce. The dollar is the most stable and trusted currency in the world and is the currency of choice for foreign economies everywhere.

When something blows up here, of course the effects will be felt in Brazil and in hundreds of other countries. When U.S. consumers stop consuming, Chinese factory workers will be laid off. When U.S. credit markets freeze up, British subjects hoping to finance the purchase of a home may not be able to do so.

It should be remembered that the United States has contributed much to the world's economic growth in the past. It will do so again. For now, everyone is hurting – not just Chinese factory workers and Brazilian sugar cane farmers.



### A good time to gift

With asset values and interest rates at levels not seen for years, now is a good time for wealthy individuals to consider getting more aggressive with their gifting programs.

Making gifts of stock to children, grandchildren and other relatives can reduce the estates of those who otherwise might be exposed to estate taxes. Such gifts allow these individuals to transfer future growth if, as many expect, markets revert to their mean returns. Under these circumstances appreciation of the gifted assets will be outside the taxpayer's estate. The current depressed stock markets make annual gifting programs even more attractive today.

For taxpayers who want to use trust instruments to transfer assets, either to heirs or to charities, the current low level interest rates is a benefit as well.

Our advisers have a list of attorneys they have worked with in the past who are experienced in gifting and other estate planning strategies. Call for details.



## Where's my stimulus payment?

Have you noticed that your paycheck is a little fatter these days?

It's because Congress and the President, in an effort to pump more money into the economy, ordered a change that resulted in lower federal income-tax withholding on earned income. They're counting on you, the consumer, to go out and spend this money – not save it or pay down debt.

Your 2009 federal tax return will account for the lower withholding by giving you an income-tax credit equal to the lesser of 6.2% of earned income or \$400 (\$800 married filing jointly).

The credit phases out at \$75,000-\$95,000 single and \$150,000-\$190,000 married filing jointly.



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