TAX TIPS SAVE FOR 15 APRIL 2009

K-1's and MLP's

K-1's (MLP's): Not all clients own a Master Limited Partnership (MLP):

K-1's are a gift to you for tax savings. Most Master Limited Partnerships (Crosstex, Inergy, Martin Midstream, Energy Transfer, etc.) send a K-1 around March 10th. You cannot do your taxes until you get all of your K-1's and 1099's. A K-1 allows you to pay tax on maybe 5-20% of your distributions from the MLP. Thus, you get 80% or some percentage of the taxes deferred until you sell your MLP (you save taxes). If you were to pass away while owning MLP's, your heirs would receive your MLP's and all deferred taxes are forgiven. K-1's are a gift to you.

K-1's for MLP's in IRA/Roth IRA/Simple IRA, 401K:

You also get a K-1 for any MLP's you have in your IRA/Roth IRA/Simple IRA, 401K, etc. **<u>These should NEVER ever go to your tax preparer.</u>**

The K-1 starts off saying in part **II Block E**, Partner's identification # should be 59-1237041 (this is Raymond James). ***Your social security number should never be listed on an IRA, 401K, schedule K-1.***

Line F should say "your name IRA", then Raymond James Custodian, and end with your address.

Block I must say "IRA/SEP/Keogh".

Then on the trailer pages of the IRA's K-1 the MLP may list your social security number (this is fine). There may be several trailer pages-one entitled 2008 Ownership Schedule or 2008 Sales Schedule- this is where your SSN belongs. ***<u>Again your SSN should never be on the actual K-1 Schedule for a retirement plan.</u>*** Raymond James' Tax ID goes on the schedule K-1.
Separate all of your K-1's for IRA's and ensure that your social security number is not on the schedule K-1. If it is, call the 800 number listed on the cover sheet. Tell them, "This is an IRA, take my social security number off and insert 59-1237041" (the Tax ID number for Raymond James). Also, "Change Block I to IRA/SEP/Keogh"(anything else is unacceptable). Finally, tell them to, "Email you the corrected form within 10 minutes." If you do not have an Email address, have them send the corrected form to my email address **Richard.Schrum@RaymondJames.com** . I will then send the corrected form to you through the mail. Again, this only applies to K-1's for IRA's and retirement programs. Never give these forms to your tax preparer. File them for 20 years! (Too many tax preparer's had my clients pay tax on K-1's for their IRA's only because you gave them the forms!)

Remember, the delay in reporting of 1099's and K-1's reduces your taxes and saves you money!