



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS

- NEWS RELEASE -

FOR IMMEDIATE RELEASE

Important Tax Law Changes That Could Affect You (For Better or For Worse)

EDWARDSVILLE, IL, January 12, 2009 - Changes in the Emergency Economic Stabilization Act of 2008 were undoubtedly the most significant tax developments in the final quarter of 2008. However, there were many less-publicized developments which may affect you, your family, and your livelihood. These other key developments have been reported to its members by the Federation of American Consumers and Travelers (FACT). They include:

Required minimum distributions (RMDs) for calendar year 2009 are WAIVED.

A new law enacted in late 2008 provides that retirement plan account participants, IRA owners, and their beneficiaries do NOT need to take RMDs for 2009. This means that taxpayers who can take advantage of this change won't be forced to sell stock or mutual fund shares held in retirement accounts when their value is exceptionally depressed.

Qualified plans MUST offer post-2009 rollover option for non-spouse beneficiaries

The rollover option will give much-needed flexibility to those who inherit retirement plan accounts from someone other than their spouse, such as a parent, an uncle, or a same-sex partner.

Standard mileage rates down for 2009

The optional mileage allowance for owned or leased autos (including vans, pickups or panel trucks) is 55¢ per mile for business travel after 2008. That's 3.5¢ less than the 58.5¢ allowance for business mileage that applied in the last six months of 2008.

Simplified per diem rates rise effective Oct. 1.

The IRS has issued the "high-low" simplified per diem rates for post-Sept. 30, 2008, travel. An employer may reimburse up to \$256 for high-cost localities (\$198 for lodging and \$58 for M&IE) and \$158 for other localities (\$113 for lodging and \$45 for M&IE). The list of high-cost areas is also updated.

IRS expedites lien process for homeowners trying to sell or refinance

The IRS has announced an expedited process to make it easier for financially distressed homeowners to avoid having a federal tax lien block refinancing of mortgages or the sale of a home.

Final rules for information reporting of employer-owned life insurance.

The IRS issued final regulations providing guidance on the information reporting required on employer-owned life insurance contracts. In general, employers must treat death benefits from such insurance on many employees as taxable income, for contracts issued after Aug. 17, 2006.

FACT is a not-for-profit association which was founded in 1984 and which provides a variety of benefits -- ranging from [medical insurance](#) and [dental care discounts](#) to [prescription drug savings](#) and [timely consumer information](#) -- for more than 1 million Americans.

Vicki Rolens, managing director of FACT, says: “FACT doesn’t purport to be a tax-advisory organization. We do, however, keep abreast of tax changes which could impact our members ... we report our understanding of those changes ... and we hope our reports will trigger everyone to talk with a qualified tax professional.”

Rolens says that a more comprehensive explanation of recent tax changes will appear in the association’s February newsletter, *FACTFinder*. This newsletter is furnished free to members, either via mail or on the FACT Web site: www.usafact.org.

###

Questions may be directed to FACT by sending an e-mail to cservice@usafact.org. More information on the Federation of American Consumers and Travelers may be found in the *Encyclopedia of Associations*, and by visiting the association's web site (www.usafact.org). [The organization was formed](#) under the not-for-profit corporation laws of the District of Columbia in 1984. Its administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025. The above information is believed to be an accurate interpretation of IRS laws and regulations, but any tax decisions you make should be done with the counsel and help of a qualified tax professional.