



January, 2013

To our valued clients and friends,

Congress started 2013 out with a bang! As we all wondered whether our government leaders would allow our country to fall off the proverbial “fiscal cliff”, Congress in the wee hours of New Year’s Day passed and the President signed, the American Tax Relief Act. Before I give you the good news about what Congress did, let me explain that there are future fiscal cliffs to come, and very soon.

Back in August of 2011, Congress refused to increase the national debt ceiling which put our government on the brink of shutting down and not being able to pay its bills. At the eleventh hour (do you notice a trend?), Congress agreed that they would extend the debt ceiling. However, if they did not agree on a deal that would begin to put our government on firmer fiscal ground, we would go off the “fiscal cliff” on December 31, 2012. This meant that the Bush era tax cuts from 2001 and 2003 would be allowed to sunset, and everyone’s taxes would go up. In addition there would be automatic across the board spending cuts. In essence, Congress set a booby trap designed to go off on December 31, 2012 and they almost set it off.

On New Year’s Eve Congress addressed the tax side, but agreed to put off the automatic spending cuts for two months. Congress is as divided as ever, and there is little or no agreement as to what needs to be done. They will now have to come to some agreement as to cuts in spending including not only government programs but more importantly, entitlement programs such as Social Security, Medicare and Medicaid among others. In addition, they are going to have to agree to raise the debt ceiling or else we will again be at risk of defaulting on our debts. President Obama has already dug his heels in the sand and has said that failure to raise the debt ceiling is not an acceptable option.

The good news is that the American Tax Relief Act of 2012 will be a welcomed relief for many of our clients. Included with this letter is a letter regarding the Medical Device Tax, which will effect all of our clients, and an explanation of the changes in the tax law that came into effect on New Year’s Day.

In my opinion it is a good thing that Congress did something and did not allow us to fall off this “fiscal cliff”. The Dow Jones Industrial Average rose over 300 points on the first

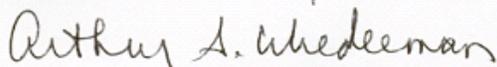
trading day of 2013, but the stock market is just as capable of giving back that gain and much more if Congress and the President cannot agree to a long-term answer to our fiscal issues. As many of you have heard me say, everything is a math problem, and so is our fiscal crisis. Of the approximately two trillion dollars our government brings in each year, close to \$300 billion of it goes out as interest just to pay on the approximately sixteen trillion dollars in debt we owe. We cannot just continue to rack up deficits of \$1 trillion per year forever. Whether our national leaders will put politics and partisanship aside and make the very difficult choices they need to make to begin to solve our problems remains to be seen. Let us all hope that they do.

So I would suggest you watch what Congress does in the next three to six months. At the moment, consumer confidence is growing which is good for the dental profession as well as for the rest of the economy. I am optimistic that 2013 will be a prosperous year, but it is always important to watch the bouncing ball.

Please be assured that Wiederman and Associates will continue to be on the cutting edge of the dental profession. We will be holding a series of seminars to help your practices grow. Information regarding these seminars will be sent to you. Our first seminar, to be presented in February, is on the use of ozone in the dental office. In addition, I will be holding a client seminar to go over these new tax laws and how you can take advantage of them as well as current trends in dental management to help your practice to be more profitable. This will be in May or June.

September of 2014 will be thirty years for me at the helm of Wiederman and Associates. We are very grateful to our clients, many of whom have worked with us for that entire time, for your continued support and trust in what we do for you. If you have any questions about the memos enclosed regarding the Medical Device Tax and the new income tax laws, please feel free to call us.

Yours very truly,

A handwritten signature in cursive script that reads "Arthur S. Wiederman". The signature is written in black ink on a light-colored background.

Arthur S. Wiederman, CPA CFP  
Managing Director