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Alice Verhovek
TTh 10:30-12:30 Section
October 25, 2011

Dear Ms. Black,

I received your email this morning regarding the bill you received from the IRS for \$1,309.72, and I regret that you find yourself in this difficult situation. I look forward to understanding what happened and helping you to resolve it to the best of my ability. ✓

Your call came at a very busy time for me in mid-April, so I went back to my records to make sure I had an accurate recollection of our conversation. They indicated that you inquired about the tax liability of rolling over funds from one special tax-deferred retirement account into another. I replied that such a rollover was not considered a tax event as long as you completed the transaction within 60 days. I also reminded you that, when you eventually cash out these funds to supplement your retirement income, you would need to pay taxes on the interest earned on the funds.

I appreciate your sending along the scanned attachments of the account statements and the letter from the IRS. Having looked over these documents, I believe that rather than transferring these funds from one account to another, you in fact cashed the bonds. Perhaps you thought that there would be no tax liability because you had set aside these bonds for your retirement. Had you asked me about cashing the bonds, I would have advised you that any income earned on gains from bonds would be taxed when withdrawn. This applies whether these bonds sit in a tax-deferred account or not; by law, any investment income is subject to taxes.

Unfortunately, under these circumstances I cannot take any action that will change this particular situation. If you are still unclear about why this happened, as I know tax issues can be very confusing, please feel free to call me. I don't want this to happen to you again, and hope you will reconsider working with me. Especially after this unfortunate event, it may give you peace of mind knowing that it won't happen again, and over time I think it will end up saving you money. As a valued former client, I would like to offer you a 20 percent discount on my services for the coming year, should you choose to work with me again.

I regret that you will have to shoulder these significant fees and welcome the opportunity to work with you in the future to ensure that this does not happen again. Please feel free to contact me with any questions regarding this specific matter free of any consulting fee.

Sincerely,

Alice Verhovek
ABHV Consulting Services

Content 8/8 Very thorough
and well laid
out

Clarity 5/5 Good structure
and good
flow

Correctness 2/2 Good

Very nicely done, Alice 15/15