# Ask the Professionals

*Business answers to pressing B2B matters*

## ACCOUNTING

### Are there any tax benefits associated with repairs and maintenance on my assets?

Ken O'Neal
Partner
PwC

Companies that are capital intensive often face significant costs for the repair and maintenance of their assets. These companies received some relief in 2006 (and again in 2008) when the IRS passed regulations that allow taxpayers to deduct certain expenses related to repairs and maintenance. At that time, some companies identified an opportunity to deduct prior repair costs that had been improperly capitalized and depreciated. Others determined that they were deducting too many costs as repairs, thus creating unnecessary exposure.

In late 2011, release of revised repair regulations created an opportunity to take a fresh look at the impact of repairs and maintenance expenses. For some companies, the new regulations may mean more tax benefits related to the various provisions, annual elections, and new rules outlined in the regulations.

If you are a capital intensive company that has not already implemented a change to your repairs expenses and deductions, you may be able to identify both current year and prior capitalized repair deductions. If you have already conducted a repair study and implemented a related accounting method change, it is a great time to ensure that you are aware of the changes that may be required to conform with the new tangible property regulations.

pwc
Ken O'Neal
Partner, PwC US
720-931-7643
ken.o'neal@us.pwc.com

## BUSINESS COACHING

### Why Is Planning So Important?

Michael S. Feinner
President,
Colorado Region

In his book, "What They Don't Teach You at Harvard Business School," Mark McCormack made an interesting discovery about the 1979 graduating MBA class. Within the group, 3% had written goals, 13% had thought of some goals and the balance were just thrilled to be out of school. It's interesting what happened ten years later … The group that had non-written goals were making **TWICE** in the field compared to the 84% of those who had no goals leaving Harvard. The group with written goals was making **TEN TIMES** what the other 97% were making on average.

So, write down ALL your goals for the next year, making sure they are "S.M.A.R.T" – Specific, Measurable, Achievable, Results-Oriented with a Time Frame. Then, find someone to share them with and have them check up on your progress weekly, (monthly at a minimum). Have them hold you accountable with both a reward for achieving them and a consequence of your choice if not.

While having a written plan is important, the true power of planning lies in the actual process of getting clarity on what you want and why, having an honest look at your strengths, weaknesses, opportunities and threats and building a road map to make it happen!

For information and planning resources, go to: www.actioncoachcolorado.com/growthclub

ActionCOACH business coaching
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www.actioncoachcolorado.com
303-681-2701

## COMMERCIAL RE

### How is the role of Property Manager changing?

Connie O'Murray
VP/General Manager
Jones Lang LaSalle
Americas, Inc.

The role of the commercial Property Manager has evolved significantly over the past several years. The "new and improved" Property Manager can no longer succeed without specialized skills, and must be prepared to do more with less.

Traditional responsibilities, such as collecting rent, paying bills, repairing and maintaining buildings, reporting to property owners, and keeping tenants happy, have not diminished. Instead, they have become more robust, requiring finely honed skills and substantial amounts of knowledge and resources. Product type is also demanding property management specialization, whether it be retail, industrial, office, medical, or mixed use.

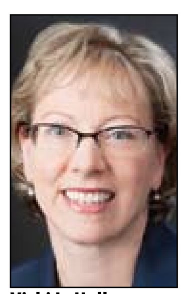
The strongest driver of this changing role are property owners with ever increasing demands, requiring a solid understanding of the life cycle of an asset as an investment, with hands on involvement by the property manager in achieving the investor's targeted financial goals. This frequently includes a property management focus that drives revenues through active participation in the leasing process, achieves aggressive operating cost reductions and manages limited capital wisely and efficiently.

I see this trend of specialization increasing in the upcoming years, as asset managers continue to take on larger portfolios, thereby relying more heavily on property managers to support them with their day to day challenges in a competitive environment.

JONES LANG LASALLE
Jones Lang LaSalle Americas, Inc.
1225 Seventeenth Street Suite 1900
Denver Colorado 80202
303 260 6500

## LAW

### My company is getting a commercial real estate loan. How can I help to control legal fees?



Vicki L. Hellmer
Attorney
Otten Johnson

A commercial real estate borrower typically pays all costs associated with the loan, including the lender's legal fees. Every borrower wants to control those fees, but what's the best way to do so?

- **Be organized.** Get a closing checklist from your lender, collect the required items (entity documents, leases, title work, survey, etc.), and provide them as soon as possible. If there are issues that you already know about and are working on resolving, disclose that up front; otherwise your lender's lawyer will spend time sorting out a problem you're already addressing.

- **Don't try to take a shortcut by not using a lawyer yourself.** You'll likely end up paying the lender's lawyer to do tasks your own lawyer could have done more efficiently.

- **Limit your negotiations to key issues.** Your own lawyer can help you to focus on the issues that are truly important in the loan documents.

- **Recognize that there are some factors that will increase legal fees**, such as a complicated entity structure (an organizational chart helps), title issues, and agreements with third parties such as governmental entities, tenants, and ground lessors, etc.

OTTEN JOHNSON
ROBINSON NEFF + RAGONETTI PC
Vicki L. Hellmer
vhellmer@ottenjohnson.com
303 575 7549

## WEALTH

### Is Your Coverage Adequate?

Ed Leone, CFP®,
DMD, MBA, RFC
GHP Investment
Advisors Inc.

Those with Medicare coverage are engaged in an open enrollment period for Medicare benefits from October 15th to December 7th 2012.This time period is designed to accommodate desired changes in Part B, C or D (See below). Annually, it's critical to review Medigap coverage since dental care, vision and hearing aids are not covered by Medicare, and additional gap coverage may be needed. Drug coverage under part D may also be changing due to formulary adjustments. Medicare benefits are available to those over the age of 65, people under the age of 65 with certain disabilities and people of any age with end- stage renal disease.

The Benefit Sections are as follows:

**Part A:** Hospital Insurance (inpatient care, hospice care, home health care)

**Part B:** Medical Insurance (treatment by physicians and others, outpatient care, medical equipment, preventive services). Approximately $99.90/month.

**Part C:** Medicare Advantage (Part A and B run by approved private insurance entities)

**Part D:** Prescription Drug Coverage. Approximately $30.00/month.

It is possible to enroll in the Medicare coverage desired at the time of eligibility or between January 1st and March 31st each year. Medigap plans are designed to cover health care costs which are not covered by Medicare. This generally amounts to approximately 20% of health care costs. These policies are standard regardless of the vendor and offer a variety of supplemental coverage described in plan forms A to N.

Ed Leone, CFP®, DMD, MBA, RFC
GHP Investment Advisors, Inc.
303 831 5000 • www.ghpia.com

*A monthly feature highlighting timely, pertinent issues in key business matters in a variety of industry areas. For more informantion contact Denise Jenrusch at 303-803-9250*