

# RESOURCES

## DNA: The Science of Genetics and Family By John A. Braden, CPA/PFS

A few months ago I signed up for a service that can trace your DNA back to virtually the beginning of time. I thought it would be interesting to see where my ancestors actually came from. After all, very few of us really know much about our families beyond the proceeding 2 or 3 generations. I have a cousin who has done extensive research and even published some books on one side of the family since the 1700's. However, once you get back to Germany or Scotland, depending on which side of the family, things get cloudy.

So I smeared some saliva on the forms and sent it in with my money and got the initial report. It must be very informative and scholarly, because it is very complex. I have not been able to take the time to try to understand it, but at some point hope to.

What is more interesting is that this service now sends me updates of new people who have subscribed to the database. About once a week I get a notice that someone has joined who has 17/20 markers and is likely linked within 50 generations. Fifty generations is a very long time. If you assume a generation is 25 years, then being linked 50 generations goes back to the following events from 761, according to [Wikipedia.com](http://Wikipedia.com):

- Telets succeeds Vinekh as king of Bulgaria, ending the reign of the House of Uki and beginning the reign of the House of Ugain.
- Bridei V succeeds Onuist as king of the Picts.
- The city of Oviedo is founded by Máximo and Fromestano.
- Construction is completed on the 108-room Castello di Lunghezza outside of Rome, Italy.
- Emperor Shunzong of Tang was born.
- Wang Wei, Chinese poet, musician, painter, and Chancellor of the Tang Dynasty died.

I may be wrong, but I suspect if we go back 1250 years, almost everyone is related one way or the other. You also probably would not have much in common. It might matter if you were in line for the



Olive tree reported to be 1000 years old, taken by John Braden on a recent trip to Greece to give a presentation to an international investment group.

## **DNA: The Science of Genetics and Family, cont.**

kingship of some country, but then probably everyone else in the universe would probably also be in line. If this service could tell me who I was related to back one generation, that might be some useful information. A person could make sure they did not inadvertently marry a cousin or an unknown half sister.

The research on DNA obviously started as a purely scientific endeavor. While the brainy folks who did that probably did not do so in the intention of making a profit, it was necessary for them to buy groceries and pay mortgages. Therefore someone had to fund their salaries and research. Probably the government did that. But now someone needs to make the project pay its' own way. They are doing that by selling information to folks like me and my 50 generation "cousins". Eventually everything is a business. Even nonprofit organizations need to produce enough revenue or contributions to cover costs. Our business is helping your business.

---

## **Government Waste** **by John A. Braden, CPA/PFS**

Congress recently passed the repeal of a provision of the "Health Care Act" which would have required the preparation of forms 1099 for almost all payments made by small businesses. Repeal was difficult because they were unable to get past the "cost" calculated by the Congressional Budget Office. This is a prime example of how dysfunctional and unnecessary much of the federal government is. This provision somehow magically appeared in the health care law. (Remember "we have to pass it before we know what's in it"?) No one wanted to take responsibility for inserting this in the law. Everybody knew this requirement would cost the private economy billions and probably do very little to actually add revenue to the government, yet it was difficult for Congress to repeal.

Very few businesses in this country have not had to cope with the fact of cutting back. Owners have put their savings back into their businesses. They have pulled money out of retirement plans to make payroll. They have had the unpleasant task of determining who to lay off and how to tell them. That is the most unpleasant task of any owner. Every owner wants to hire people. They want the good news of being so busy they have to find more help. Businesses can't hire or keep people if there is no work for them to do. No matter how much money is in the bank, businesses don't hire people to sit around. The Federal government needs to get the same message.



Photo by John Braden, taken in downtown Houston

We are not going to cure the problem with bloated government and deficits until every federal agency, every Congressional and Senate office, the White House, and everyone else in Washington has to decide which percentage (10%, 30%, 50% or more) needs to be cut. Who do they have to lay off? How can they function with fewer people? If we, the taxpayers, can do it, surely our elected representatives can as well. When there is a recession and a housing market collapse in Washington DC, we will know the taxpayers are being heard. When there are cars streaming out of Arlington, Va. back to the Midwest or

**Government Waste, cont.**

to Texas and Louisiana where there can be real jobs developing US energy resources, we will know the government has got the message. I believe most elected officials and government employees can be productive if forced to be by economic reality.

Congress needs to face the facts of our economy. It is time to make real, tough choices. Almost every business I know has been through these difficult decisions and had to endure the pain. The economy would be thriving had the government been forced to do the same. Why has the federal government been exempt? Why does a reduction of less than 1% seem disastrous to government? Those of us who live in the real world know how to easily cut our grocery bills by 10% whenever needed. We know that we can put off buying a new car until next year. We may not be able to drive a shorter distance to work, but we can stay home on the weekend. Why is this so difficult for Congress?



Our deficit problem can be fixed. This is also not a conservative or liberal question. Local governments have done this as needed. Houston is doing this now and Houston’s mayor is certainly not a conservative. The State of Texas has done it in the past and is doing it again. This is a Federal government problem. It is an issue of facing reality. Give business owners and taxpayers a couple of weeks in Washington and we can fix the problem and be home by Easter.



January 25, 2011 Dilbert reprinted with permission

**Company Directory**

<u>Name</u>	<u>Title</u>	<u>Email Address</u>
John A. Braden, CPA/PFS	President	jbraden@jbraden.com
Suzanne Barnett-Villarreal, CPA	Audit Manager	svillarreal@jbraden.com
Kimberly Scott	Tax Manager	kscott@jbraden.com
Meredith Watmough	Office Manager	mwatmough@jbraden.com
Nancy Roberts	Administrative Asst.	nroberts@jbraden.com

## Estate Planning & 2010 Tax Traps

During 2010, there was no Federal tax on the value of estates of individuals who died during that year. This was not because of any conscious decision by our elected representatives in the legislature, but rather was because they could not come to any decision and the old law had expired. On December 17, 2010 when the tax rates in effect for 2010 were extended for two more years, there were also changes in the estate tax and as usually happens, things got complicated.

No matter what is claimed in the title of a tax law, nothing ever gets simpler. While this absence of tax may sound like a good thing, actually the law institutes options that require executors to make elections that can have significant impact on future income taxes.

Whatever the undesirable impact of the estate tax law (which mostly was the possibility of paying tax), its one redeeming factor was that it provided for an adjusted basis to value at date of death. The tax advantage of this was if something increased in value future capital gains were reduced. The practical value of this beyond taxes was that when you inherited uncle Charlie's stock in XYZ corporation that he had bought in a dividend reinvestment plan over 25 years, it was not necessary to go back and determine his cost basis for each quarterly transaction. If you have ever tried to reconstruct the cost for an asset you own from your own records, imagine trying to do it for a deceased relative.

Our goal here is not to try to explain the complexity of this law, but rather to alert you to the existence of the problem. If you have the unpleasant task of being an executor for the estate of someone who died in 2010, you need to make sure you properly consider your options. We can help you with this decision. Call us at (281) 873-5005.

### Quotes of the Quarter

"My daddy used to say that he had deprived himself all his life in order to save his children from the curse of inherited wealth. I have done the same."

-Don Hedgpeth, *Remember Me To Them That Ride By*

"Do not handicap your children by making their lives easy."

-Robert A. Heinlein, *The Notebooks of Lazarus Long*