

THE CENTER FOR WEALTH PLANNING

Potential Tax Change Summary 2010 and 2011

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The uncertainty of future tax regimes makes tax planning difficult. Many of our clients are wondering what the current and new proposals will mean for them. The chart below highlights the proposed changes that may impact many of our clients.

Income Items	Under Current Law 2010		Under Current Law 2011		2011 Budget Proposals			
					Single, taxable income <\$200,000; Married/joint, taxable income <\$250,000		Single, taxable income >\$200,000; Married/joint, taxable income >\$250,000	
	Taxable income is:		Taxable income is:		Taxable income is:		Taxable income is:	
	Single	Married/Joint	Single	Married/Joint	Single	Married / Joint	Single	Married / Joint
Federal Ordinary Income Brackets*	>171,850 <373,650 = 33%	>209,250 <373,650 = 33%	>174,650 <379,650 = 36%	>212,600 <379,650 = 36%	No change from 2010; no tax rate increases (except for inflation adjustments)		>194,050 <379,650 = 36%	>235,450 <379,650 = 36%
	>373,650 = 35%	>373,650 = 35%	>379,650 = 39.6%	>379,650 = 39.6%			>379,650 = 39.6%	>379,650 = 39.6%
Qualified Dividends	15%		Taxed as ordinary income		15%		20%	
Long-Term Capital Gain Rate	15%		20%		15%		20%	
Itemized Deductions	deduct against ordinary rates		deduct against ordinary rates		deduct against ordinary rates		Limited to 28% rate	
Qualified Small Business Stock	If held >5yrs, exclude 50% of gain (but taxed at a 28% rate)		If held >5yrs, exclude 50% of gain (but taxed at a 28% rate)		fully exempt		fully exempt	

* 2011 brackets as projected by Tax Policy Center

Also attached are Estate tax exclusion amounts:

	2009	2010	2011
Annual Gift Exclusion	\$13,000	\$13,000	\$13,000++*
Lifetime Gift Exclusion	\$1MM	\$1MM	\$1MM
Estate Tax Exclusion	\$3.5MM	N/A	\$1MM
GST Exemption	\$3.5MM	N/A	\$1MM++*
Gift and Estate Tax Rate	45%	35% (gift tax only; no estate tax)	55%
Carryover Basis Amounts	Assets adjust to FMV	\$1.3MM (additional \$3MM to surviving spouse)	Assets adjust to FMV

* Inflation adjustment may apply

For more information please contact your regional Wealth Strategist to learn how the Center for Wealth Planning can assist you.

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