

2011 TAX AND FINANCIAL PLANNING TABLES

Tax planning is an important component
for your overall financial plan.

WHAT YOU WILL SEE IN THIS BROCHURE

- I. 2011 Income Tax Changes**
 - II. Tax Rates**
 - III. Key Tax Rules**
 - IV. Important Deadlines**
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THE IMPORTANCE OF TAX PLANNING

Careful planning throughout the year can assist you in reducing the taxes you pay – as well as help you achieve your financial goals. This guide provides an overview of tax rates, credits, deductions and related considerations that may apply to you.

Tax planning should not be done in isolation, but instead should be driven by your overall financial goals and integrated with your total financial plan. By developing and implementing appropriate strategies to lessen or shift current and future tax liabilities, you can improve your prospects of meeting long- and short-term objectives. For example, accurately projecting your income taxes can help you determine the cash flow available to you in the coming year.

Keep in mind that tax laws are often complex and frequently change. As a consequence, you should consult your tax advisor before making investment and tax decisions.

I. 2011 INCOME TAX CHANGES

Americans will not see rate changes on their taxes for 2011 due to the passage of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act Of 2010 on December 16, 2010. The bill extends the Bush-era tax cuts that were scheduled to expire after 2010 and would have affected virtually all aspects of tax code. The new law extends the cuts through 2012. Here are some key topics of which you should be aware:

QUALIFIED CHARITABLE DISTRIBUTIONS

The Qualified Charitable Distribution rules are back. The rule allows a person over 70½ to distribute up to \$100,000 per year tax free. The distribution is per IRA owner or beneficiary, and the check has to be payable directly to the eligible charity. The provision is extended through 2011.

ESTATE TAX

The estate tax has been revived and is reunified with the gift taxes. The maximum tax rate is 35% with an applicable exclusion amount of \$5 million for 2011 and 2012.

The modified carryover basis rules are once again replaced with the step up in basis rules that had applied until 2010. For estates of decedents dying in 2010, there is an option to elect not to apply the step

up basis rules (item A), but instead use the modified carryover basis rules (item B):

- A. The estate tax based on the new 35% top rate and the \$5 million exemption with a stepped up basis, or
- B. No estate tax and use the modified carryover basis rules which limit the step up to \$1.3 million for the overall estate, plus \$3 million for assets transferred to a surviving spouse.

Another new twist to the estate tax is the portability between spouses of the unused exclusion. With portability, a surviving spouse could elect to use the unused portion of the estate tax exclusion of his or her predeceased spouse if the election is made on a timely filed estate tax return.

PAYROLL TAX HOLIDAY

Millions of individuals will see their paychecks increase as the tax bill provides for a payroll tax holiday. This holiday reduces the employee share of the Old Age and Survivors Disability Insurance (OASDI) portion of Social Security taxes from 6.2% to 4.2% for wages earned in calendar year 2011 up to the taxable wage base of \$106,800. Self-employed individuals would pay 10.4% on self-employment income up to the threshold.

II. TAX RATES

Taxable income is income after all deductions, including either itemized deductions or the standard deduction, and exemptions.

FEDERAL INDIVIDUAL INCOME TAX RATES

Married Taxpayer Joint / Surviving Spouse

Taxable Income	Pay	Percentage on Excess	Of Amount Above
Less than \$17,000	N/A	10%	\$0
17,000 – 69,000	\$1,700.00	15	17,000
69,000 – 139,350	9,500.00	25	69,000
139,350 – 212,300	27,087.50	28	139,350
212,300 – 379,150	47,513.50	33	212,300
More than 379,150	102,574.00	35	379,150

Single Taxpayer

Taxable Income	Pay	Percentage on Excess	Of Amount Above
Less than \$8,500	N/A	10%	\$0
8,500 – 34,500	\$850.00	15	8,500
34,500 – 83,600	4,750.00	25	34,500
83,600 – 174,400	17,025.00	28	83,600
174,400 – 379,150	42,449.00	33	174,400
More than 379,150	110,016.50	35	379,150

Head of Household

Taxable Income	Pay	Percentage on Excess	Of Amount Above
Less than \$12,150	N/A	10%	\$0
12,150 – 46,250	\$1,215.00	15	12,150
46,250 – 119,400	6,330.00	25	46,250
119,400 – 193,350	24,617.50	28	119,400
193,350 – 379,150	45,323.50	33	193,350
More than 379,150	106,637.50	35	379,150

Personal Exemption – \$3,700

The phase out for personal exemptions and itemized deductions has been eliminated through 2012.

Standard Deduction – Single \$5,800;

Head of Household \$8,500; Joint \$11,600

*Extra Deduction if blind or over 65 – Single or head of household \$1,450, All Other Statuses \$1,150

III. KEY TAX RULES**DIVIDEND AND CAPITAL GAINS RATES****Individual Dividend Rates**

	Maximum Rate	Rate for Qualified Dividends*
Taxpayers Above the 15% Bracket	35%	15%
Taxpayers in the 15% Bracket and Below	15%	0%

*“Qualified dividends” generally refers to dividends received during 2011 from domestic corporations. The investor must own the stock for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date. These periods are doubled for preferred securities.

Description of Capital Gains Tax Rates

Holding Period	Maximum Rate*
Assets Held One Year or Less	35%
Assets Held More than One Year and Sold by Individuals in the 25% Tax Bracket or Above	15%
Assets Held More than One Year and Sold by Individuals in the 15% Tax Bracket or Below	0%

*The gains are included in determining tax bracket.

NETTING PROCESS

Determine whether you have a **net short-term** or **net long-term capital gain or loss** on the sale of stock.

1. Net your short-term gains and short-term losses.
2. Net your long-term gains and long-term losses.
3. Net your short-term gain/loss against long-term gain/loss.
4. For gains, you must pay tax on all gains each year. For losses, you may only deduct up to \$3,000 of excess losses against ordinary income per year.
5. Carry over any remaining losses to future tax years.

Child Tax Credit

Year	Tax Credit
2011	\$1,000 per eligible child

KIDDIE TAX RULES

The Kiddie Tax rules require the unearned income of a child or young adult be taxed at the greater of the child's or parents' marginal tax bracket once the unearned income exceeds \$1,900. Under the Kiddie Tax rules, the first \$950 in unearned income is not subject to tax. The next \$950 of unearned income is taxed at the child's rate (typically 10%). Then, any unearned income of more than \$1,900 is taxed at the parents' marginal rate. The Kiddie Tax rules apply to unearned income of the following:

- A child under age 18,
- An 18-year-old whose unearned income does not exceed one-half of his or her support, and
- A 19- to 23-year-old full-time student whose income does not exceed one-half of his or her support.

EDUCATION

Contribution amounts to Coverdell: \$2,000; extended through 2012.

Contribution amounts to 529 Plan: Contributions can be front loaded up to \$65,000 (\$130,000 for married couples) in one year. No additional contributions allowed for the next four years.

Education Credits

American Opportunity Credit (formerly Hope Credit)*	Up to 100% of the first \$2,000 and 25% of the next \$2,000 to a maximum of \$4,000 of expenses; maximum credit is \$2,500
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Lifetime Learning Credit	Up to 20% of the first \$10,000 (per taxpayer) of qualified expenses paid in 2011
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Student loan interest deduction: \$2,500 above the line deduction.

Modified AGI – US savings bonds interest exclusion:* \$71,100-\$86,100 for single filers; \$106,650-\$136,650 for married filing jointly.

*Bonds must be titled in the name of parents only, owner must be age 24 or older at the time of issue, proceeds must be used for qualified postsecondary education expenses of the taxpayer, spouse or dependent.

INDIVIDUAL RETIREMENT ACCOUNTS

Generally, contributions are fully deductible unless you or your spouse are covered by a workplace retirement plan, in which case the following deduction phase-outs apply.

Traditional IRA: Deductability of Contributions

Status	Adjusted Gross Income	Deduction
Married Filing Jointly*	\$0 – 89,000	\$5,000 Maximum
	89,000 – 109,000	Partial
	More than 109,000	None
Single	\$0 – 56,000	\$5,000 Maximum
	56,000 – 66,000	Partial
	More than 66,000	None
For Noncovered Spouse**	\$0 – 167,000	\$5,000 Maximum
	167,000 – 177,000	Partial
	More than 177,000	None

* If neither individual or spouse is covered by a plan, you can deduct up to \$5,000 each or MAGI, whichever is less.

** Applies to individuals whose spouses are covered by a workplace plan but who are not covered themselves.

Roth IRA: Eligibility of Contributions

Contributions made to a Roth IRA are not deductible, unlike contributions made to a traditional IRA, and there is no age restriction on making contributions. An individual may contribute up to \$5,000 to the Roth IRA, subject to income phase-out limits.

Status	Adjusted Gross Income	Contribution
Married	\$0 – 169,000	\$5,000 Maximum
	169,000 – 179,000	Partial
	More than 179,000	None
Single	\$0 – 107,000	\$5,000 Maximum
	107,000 – 122,000	Partial
	More than 122,000	None

Catch-Up Contributions

If you have either a traditional or Roth IRA and attain age 50 or older during the tax year, an additional \$1,000 may be contributed.

IRA & Roth Contribution

Maximum contribution	Catch-up contribution
\$5,000	\$1,000

401(k) Contributions

Employee maximum deferral contribution	Catch-up contribution if age 50 or older
\$16,500	\$5,500

Simple IRA Contribution

Employee maximum deferral contribution	Catch-up contribution if age 50 or older
\$11,500	\$2,500

Individual annual limit (415 for DB & DC plans):
\$49,000

Maximum compensation limit: \$245,000

Key EE limit: \$150,000 for less than 1% owners or \$1 for more than 5% owners

HCE limit: \$110,000

SOCIAL SECURITY

Maximum monthly benefit for an individual who reached full retirement age in 2011 and earned the maximum wage base amount or more for the last 35 years is \$2,366.

Earnings Test Annual Exempt Amount

For those under full retirement age for the entire year: \$14,160*

For months before reaching full retirement age: \$37,680**

Beginning with month reaching full retirement age: No limit

*If your earnings exceed this, then \$1 of benefits is withheld for every \$2 you earn above \$14,160

**If your earnings exceed this, then \$1 of benefits is withheld for every \$3 you earn above \$37,680

Taxation Thresholds

	Up to 50% taxed	Up to 85% taxed
MD/Joint	\$32,000-\$44,000	More than \$44,000
Single	\$25,000-\$34,000	More than \$34,000

Taxable wage base: \$106,800

ESTATE

Annual gifting limit: \$13,000

Estate tax applicable exclusion amount: \$5,000,000

Non-citizen spouse annual gift exclusion: \$136,000

2010 through 2012 Gift and Estate Tax Rate Schedule

Taxable Estate	Tentative Tax Equals	Plus	Of Amount Over
0-\$10,000	\$0	18%	\$0
\$10,000-\$20,000	\$1,800	20%	\$10,000
\$20,000-\$40,000	\$3,800	22%	\$20,000
\$40,000-\$60,000	\$8,200	24%	\$40,000
\$60,000-\$80,000	\$13,000	26%	\$60,000
\$80,000-100,000	\$18,200	28%	\$80,000
\$100,000-\$150,000	\$23,800	30%	\$100,000
\$150,000-\$250,000	\$38,800	32%	\$150,000
\$250,000-\$500,000	\$70,800	34%	\$250,000
\$500,000+	\$155,800	35%	\$500,000
Credit shelter amount \$5,000,000		Credit amount \$1,730,800	

Trusts and Estate Income Tax Rates

If taxable income is:	Your tax is:
Not over \$2,300	15% of taxable income
Over \$2,300 to \$5,450	\$345 + 25% of the excess over \$2,300
Over \$5,450 to \$8,300	\$1,132.50 + 28% of the excess over \$5,450
Over \$8,300 to \$11,350	\$1,930.50 + 33% of the excess over \$8,300
Over \$11,350	\$2,937 + 35% of the excess over \$11,350

BUSINESS

Corporate Tax Rates

Taxable income over	Not over	Tax rate
\$0	\$50,000	15%
\$50,000	\$75,000	25%
\$75,000	\$100,000	34%
\$100,000	\$335,000	39%
\$335,000	\$10,000,000	34%
\$10,000,000	\$15,000,000	35%
\$15,000,000	\$18,333,333	38%
\$18,333,333	35%

Corporate dividend exclusion

Corporations are eligible for a 70% dividend exclusion on dividends received from domestic corporations whose stock was held for more than 45 days.

Section 179 expensing qualifying businesses can expense up to \$500,000.

Standard mileage rate: 51 cents per mile for business miles.

TAXABLE YIELD EQUIVALENTS

Tax Exempt Yields	15%	25%	28%	33%	35%
4.0%	4.71%	5.33%	5.56%	5.97%	6.15%
4.5	5.29	6.00	6.25	6.72	6.92
5.0	5.88	6.67	6.94	7.46	7.69
5.5	6.47	7.33	7.64	8.21	8.46
6.0	7.06	8.00	8.33	8.96	9.23
6.5	7.65	8.67	9.03	9.70	10.00
7.0	8.24	9.33	9.72	10.45	10.77
7.5	8.82	10.00	10.42	11.19	11.54
8.0	9.41	10.67	11.11	11.94	12.31

UNIFORM LIFETIME TABLE

For the majority of IRA participants, the following table is used for determining a participant's required minimum distributions (RMDs). There is an exception when a spousal beneficiary is more than 10 years younger than the participant and is the sole beneficiary on January 1. In this case, a different table is used.

To calculate your RMD, first find the age you will turn in 2011 and the corresponding applicable divisor. Then divide the prior year-end balance of your IRA account by the divisor. The resulting number is the dollar figure you will need to remove from your IRA to meet your RMD for the current year.

For example, if you are now 82, your applicable divisor is 17.1. If the balance in your IRA as of December 31 of last year was \$235,000, divide that amount by 17.1. The result is \$13,742.69. This is the amount of your RMD for the current year.

Age	Applicable Divisor	Age	Applicable Divisor	Age	Applicable Divisor
70	27.4	86	14.1	102	5.5
71	26.5	87	13.4	103	5.2
72	25.6	88	12.7	104	4.9
73	24.7	89	12.0	105	4.5
74	23.8	90	11.4	106	4.2
75	22.9	91	10.8	107	3.9
76	22.0	92	10.2	108	3.7
77	21.2	93	9.6	109	3.4
78	20.3	94	9.1	110	3.1
79	19.5	95	8.6	111	2.9
80	18.7	96	8.1	112	2.6
81	17.9	97	7.6	113	2.4
82	17.1	98	7.1	114	2.1
83	16.3	99	6.7	115 and over	1.9
84	15.5	100	6.3		
85	14.8	101	5.9		

PRESENT VALUE OF A LUMP SUM

What if you know you will need \$10,000 accumulated 10 years from now? How much money do you need to invest today at an average interest rate of 8% to obtain your goal? Looking at the table below, go to 10 years and then across to 8%. You see that \$0.463 invested today at 8% should yield \$1 in 10 years. Since you want \$10,000, multiply \$0.463 by \$10,000 to arrive at \$4,630.

Years	5%	6%	8%	10%	12%
10	.614	.558	.463	.386	.322
20	.377	.312	.215	.149	.104
30	.231	.174	.099	.057	.033
40	.142	.097	.046	.022	.011

FUTURE VALUE OF A LUMP SUM

If you invest \$10,000 at an interest rate of 8%, how much will your investment be worth in 10 years? By referring to the table, you find that \$1 invested today at 8% would grow to \$2.159 in 10 years. Since you invested \$10,000, multiply \$2.159 by \$10,000, giving you \$21,590.

Years	5%	6%	8%	10%	12%
10	1.629	1.791	2.159	2.594	3.105
20	2.653	3.207	4.661	6.727	9.646
30	4.322	5.743	10.063	17.449	29.959
40	7.040	10.286	21.725	45.259	93.051

PRESENT VALUE OF A SERIES OF ANNUAL PAYMENTS

How much money would you need to invest today at an interest rate of 8% to provide \$10,000 per year for 10 years? Looking at the chart below, to receive \$1 per year for 10 years at 8%, you would need to invest \$6,710. Multiply that figure by \$10,000 to get \$67,100, the amount which you would need to invest.

Years	5%	6%	8%	10%	12%
10	7.722	7.360	6.710	6.144	5.650
20	12.462	11.470	9.818	8.513	7.469
30	15.372	13.765	11.258	9.427	8.055
40	17.159	15.046	11.925	9.779	8.244

FUTURE VALUE OF A SERIES OF ANNUAL PAYMENTS

If you deposit \$5,000 in an annuity at the end of each year for 10 years at an 8% interest rate, you would have \$72,435 ($\$5,000 \times \14.487) in your account at the end of the 10th year.

Years	5%	6%	8%	10%	12%
10	12.578	13.181	14.487	15.937	17.549
20	33.066	36.786	45.762	57.275	72.052
30	66.439	79.058	113.283	164.494	241.333
40	120.800	154.762	259.057	442.593	767.091

IV. IMPORTANT DEADLINES

Quarterly taxes due:

January 15, April 15, June 15, October 15

Corporate return deadline:

March 15 for calendar year filers

RMD deadline:

April 1, 2011 for those turning 70 ½ in 2010,
December 31 thereafter.

Tax deadline:

April 18, 2011 for 2010 returns;
October 17, 2011 for extension

SIMPLE IRA establishment:

October 1, 2011; QP establishment
December 31, 2011

**Last day to re-characterize a Roth conversion if
you filed your taxes timely: October 17, 2011**

Double-up deadline: November 30, 2011

**Last date for conversion, RMD, lock in gains/
losses, make contributions to 529 plans, gift:**

December 31, 2011

The information provided in this brochure is based on internal and external sources believed reliable; however, the accuracy and completeness of the information is not guaranteed and the figures may have changed since the time of printing. Examples are hypothetical illustrations and not intended to reflect the actual performance of any particular security. Please consult your tax advisor for questions relating to your individual situation.

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