

THE CENTER FOR WEALTH PLANNING

Tax Change Summary 2010 - 2013

February 2011

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Recent tax law changes have made definitive long-term tax planning more challenging. Clients are inquiring as to what the current and expiring laws will mean for them. The chart below highlights the changes over the next few years that will impact many of our clients.

INCOME TAX

	2010	2011	2012	2013
Top Federal Tax Bracket	35%	35%	35%	39.6%
Qualified Dividends	15%	15%	15%	Ordinary Income
Long-Term Capital Gain Rate	15%	15%	15%	20%
Medicare Tax on Investment Income	N/A	N/A	N/A	3.8%
Add'l Medicare Tax on Wages	N/A	N/A	N/A	0.9%
New QSBS Acquired	75% gain exclusion taxed at 28% rate through 9/26/10. 100% gain exclusion up to \$10MM after 9/26/10	100% gain exclusion up to \$10MM	50% gain exclusion, taxed at 28% rate	50% gain exclusion, taxed at 28% rate

ESTATE TAX

	2010	2011	2012	2013
Top Estate Tax Rate	35% with full step-up in basis, or election for 0% estate tax but apply limited basis step-up amounts below	35%	35%	55%
GST Tax Rate	0%	35%	35%	55%
Estate and GST Tax Exemption	\$5MM	\$5MM	\$5MM	\$1MM (GST exemption subject to inflation adjustment)
Lifetime Gift Exemption	\$1MM	\$5MM	\$5MM	\$1MM
Annual Gift Exclusion	\$13,000	\$13,000	\$13,000*	\$13,000*
Basis	Step-up of \$1.3MM (additional \$3MM step-up to surviving spouse) Carryover basis for remainder of assets	Full step-up in basis	Full step-up in basis	Full step-up in basis

*Inflation adjustment to apply

For more information please contact your regional Wealth Strategist to learn how our Wealth Planning Group can assist you.

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