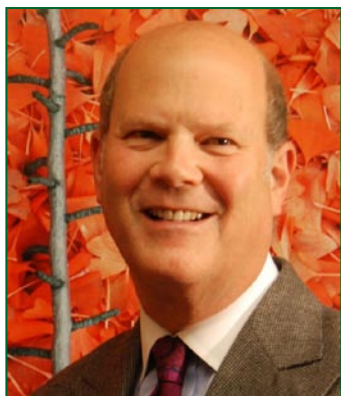


B²: Bud's Brainstorms

Insights you need in 60 seconds or less



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Reference Guide for Upcoming Tax Changes

Keeping abreast of what's around the bend is an important part of our responsibility to you. As investors, we know that unexpected change and market volatility occur. However, other types of change can be anticipated.

Prior legislation has given us a peek into what to expect in upcoming years regarding Income Tax Rates, the Tax Surcharge on investment income, and other provisions in the new Health Care laws. Since we expect them, we can prepare for them by developing strategies to deal with the adverse effect they may have on your cash flow. Here's what's coming up:

Income Type	2010	2011	2012	2013*
Taxable IRA distributions and Roth conversions (Ordinary Income)	35.0%	39.6%	39.6%	39.6%
Short-term Capital Gains	35.0%	39.6%	39.6%	43.4%
Long-term Capital Gains	15.0%	20.0%	20.0%	23.8%
Interest Income	35.0%	39.6%	39.6%	43.4%
Qualified Dividend Income	15.0%	39.6%	39.6%	43.4%
Qualified Roth IRA Distributions	0%	0%	0%	0%

*In 2013 the top federal tax rate includes income taxes **and** the 3.8% surtax on investment income



*Source: Ed Slott Newsletter

NOTE: What stands out here is that taxes on long term capital gains rates will increase by a third next year, from 15-20%, while taxes on dividend interest will more than double next year and nearly triple by 2013.

LOOK FOR CHANGES IN ESTATE AND GIFT TAXES: The chart below shows what will happen if Congress fails to act regarding Estate and Gift Taxation.

Year	Lifetime Gift Tax Exemption	Total Gift and Estate Tax Exemption*	Generation Skipping Tax (GST) Exemption	Gift, Estate, and GST Taxes/Top Rates
2009	\$1 million	\$3.5 million	\$3.5 million	45%
2010	\$1 million	Unlimited	Unlimited	35%
2011	\$1 million	\$1 million	\$1 million	55%

*The estate tax exemption amount is reduced for lifetime taxable gifts.

So, what do you need to do? The actions that you need to take may seem counterintuitive, but there are ways to come out ahead. We'll be in touch to help you capture these opportunities.