

3.8% SURTAX ON INVESTMENT INCOME

The outcome of the "fiscal cliff" is unknown; the 3.8% surtax on investment income is a sure thing.¹

IMPACTS THOSE WITH INVESTMENT INCOME AND AN ADJUSTED GROSS INCOME OF:



TAX RATES ON DIVIDENDS AND LONG-TERM CAPITAL GAINS WILL RISE



¹ Investment income subject to the surtax includes interest, dividends, royalties, rents, and capital gains.

THE FISCAL CLIFF: WHERE DO YOU FALL?

If lawmakers fail to act before January 1, 2013 and address the pending "fiscal cliff," \$7 trillion worth of tax increases and spending cuts will go into effect. While the entire scenario is larger than what's pictured here, these are some key impacts to the average American:

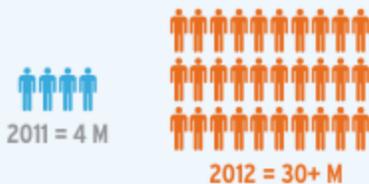
AMT PATCH²

WILL NOT BE RENEWED

Income exempt from the Alternative Minimum Tax in 2012, filed in 2013, decreases (with exemption amounts adjusted for inflation).



RESULTS IN 30+ MILLION PEOPLE HIT BY THE "WEALTH" TAX

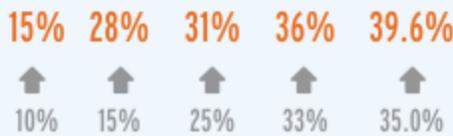


Note: a bipartisan bill from the Senate Finance Committee proposes a patch for 2012 and 2013 but it has not passed the Senate or House yet.

BUSH TAX CUTS³

The Bush tax cuts are ALL set to expire December 31, 2012.

INCOME TAX RATES WILL RISE



CAPITAL GAINS RATE INCREASES FOR MOST FILERS



QUALIFIED DIVIDEND RATE RISES TO ONE'S TOP INCOME TAX RATE

up from 15% for most filers



PEP/PEASE LIMITATIONS RESTORED

High-income households may not be able to take some itemized deductions and personal exemptions in full.



ESTATE TAX PARAMETERS REVERT TO PRE-2001 LEVELS

The exemption level falls from \$5 million to \$1 million and the top rate on taxable estates rises from 35% to 55%.



EXPANSION OF ELIGIBILITY FOR THE EARNED INCOME TAX CREDIT EXPIRES



MARRIAGE PENALTY RELIEF EXPIRES



Low- or middle-income two-earner couple will owe more to the IRS than they would if they were single making the same income.

CHILD TAX CREDIT DECREASES AND THE REFUNDABLE PORTION REDUCED



³ Investment News, "Nine Issues Driving the Fiscal Cliff," <http://www.investornews.com/2012/01/09/nine-issues-driving-the-fiscal-cliff/>



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