

***Income  
Tax  
Analysis  
for  
Robert & Karen Sample***



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IMPORTANT: The illustrations or other information generated by this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

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## Income Tax Calculation

### Tax Rate Schedules:

The tax calculations prepared in this report use the actual federal tax rate schedules as published by the IRS. In other words, the taxable income reported herein is taxed first at the 10% level, then 15% and so forth, based on the actual breakpoints provided by the IRS. A financial plan that is prepared using only a single estimated tax bracket to illustrate the amount of taxes due can substantially understate or overstate the actual real tax impact on the plan.

### Comparison of estimated income tax rate versus actual tax bracket calculations (married couple)

	<b>\$50,000</b>	-- Income Level --	<b>\$50,000</b>	
	Using 15% estimated rate	Using 2014 tax rates.	\$33,650 taxable	
Tax due...	<b>\$7,500</b>		\$16,350	- Exemption and standard deduction
		Tax due...	<b>\$4,140</b>	<b>- a \$3,360 or 45% difference.</b>

### Indexing of tax brackets:

A further complication of the tax planning aspect is the fact that many of the numbers used in computing taxes are "indexed" each year to compensate for the effects of inflation. These include personal exemptions, standard deductions, marginal tax brackets and other items.

### American Taxpayer Relief Act of 2012

On January 1, 2013, this act was signed into law extending tax cuts for individuals earning under \$400,000/\$450,000. It allowed the 2001 tax cuts to expire for anyone earning more than these amounts.

### Marginal Tax Bracket percentages:

<u>Pre-tax Act</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2005</u>	<u>2014</u>
0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
28.0%	27.5%	27.5%	25.0%	25.0%	25.0%
31.0%	30.5%	30.0%	28.0%	28.0%	28.0%
36.0%	35.5%	35.0%	33.0%	33.0%	33.0%
39.6%	39.1%	38.6%	35.0%	35.0%	35.0%
					39.6%

### Phaseout provisions:

Itemized deductions and personal exemptions are currently phased out for high income taxpayers. The 2012 tax changes increase the phaseout limits and attach annual index adjustments.

### Other changes:

The Child Tax Credit is kept at \$1,000 through 2017. Marriage penalty relief and a broader 15% rate bracket for joint filers is now permanent. The standard deduction for married couples is kept at 200% of single rates.

The Alternative Minimum Tax exclusion levels were increased to \$78,750 for married and \$50,600 for single filers for 2012 with annual indexing attached. Qualified dividends will continue to be taxed at long-term capital gains rates. Dividends and capital gains will now be taxed at a rate of 0%, 15%, or 20% depending on the taxpayer's marginal bracket, with an additional 3.8% Hospital Insurance tax on capital gains for anyone with an AGI over \$200,000/\$250,000.

## Income Tax Planning

An important factor in any financial plan is consideration of the effect of income taxes, both now and in the future. Unfortunately there is a great deal of uncertainty about the nature of the income tax codes when it comes to planning for the future. In recent years a number of tax changes have been passed by congress.

**ATRA** In 2013, the American Taxpayer Relief Act provided some stability for future tax planning. An easy way to summarize the effects of ATRA is this; for those earning more than \$400,000/\$450,000, the tax cuts of 2001 have "sunset". Changes include:

- Lowest tax bracket made permanent
- New 39.6% tax rate introduced
- Itemized deduction and exemption phaseout reinstated with higher thresholds
- Child tax credit of \$1,000 extended through 2017
- Marriage tax penalty eliminated by rule
- AMT relief made permanent with inflation indexing
- Estate taxes stabilized based on 2010 law
- Capital gains rates made permanent for anyone with Taxable Income less than \$400,000/\$450,000

This is the first time in more than 10 years that there is stability in the tax code moving forward. It remains to be seen what new planning techniques will be introduced, but the stability will allow more long term planning.

To make the most of tax planning, an understanding of the relative importance of planning and different techniques to your situation is needed. Taxpayers at the upper edge of the 35% bracket will need to make use of strategies that may not be necessary for those at the lower end of the 25% bracket. Current year planning can look very different based on the situation.

In addition, it is important to consider the long-term impact of taxes and your income streams. For instance, it may be advantageous to convert some IRA or 401(k) money to Roth accounts in the years leading up to age 70. This could reduce RMDs while in lower tax brackets so they do not push income levels into higher brackets. Tax planning depends heavily on your situation, and not all solutions are for everyone. Make sure to work with a tax specialist when working to implement complex strategies.

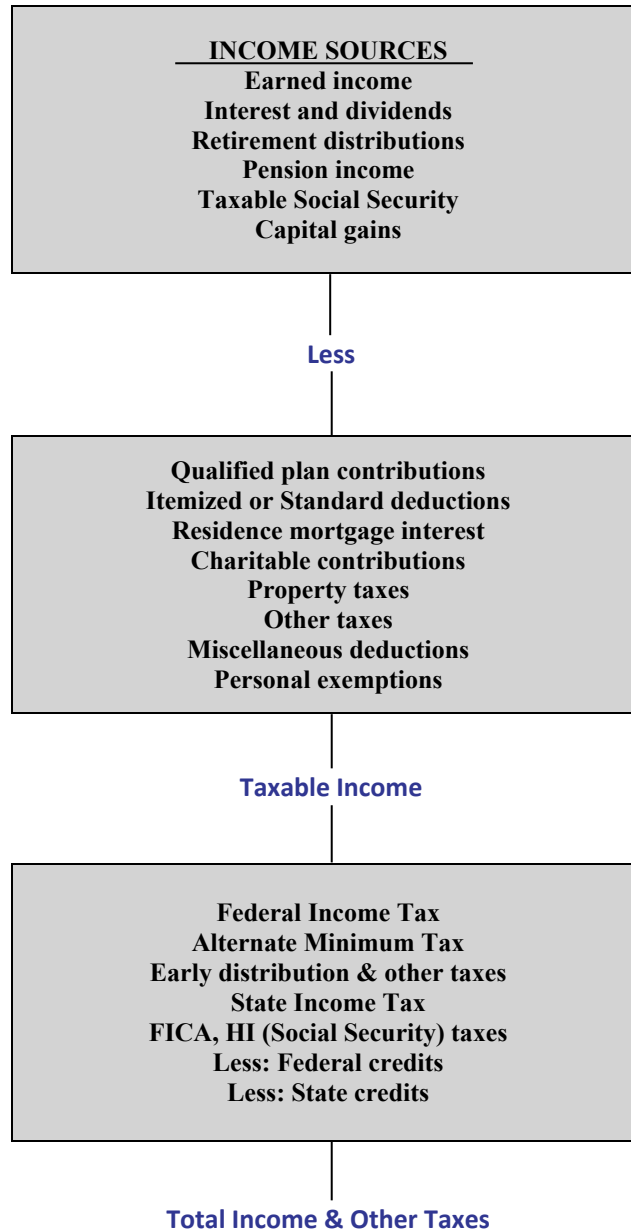
2014 tax rates			
Single Rates		Joint Rates	
\$0	10.00%	\$0	10.00%
\$9,075	15.00%	\$18,150	15.00%
\$36,900	25.00%	\$73,800	25.00%
\$89,350	28.00%	\$148,850	28.00%
\$186,350	33.00%	\$226,850	33.00%
\$405,100	35.00%	\$405,100	35.00%
\$406,750	39.60%	\$457,600	39.60%

Now that Congress has made permanent changes to the tax code, new strategies and techniques are certain to crop up. Most will likely revolve around keeping taxpayers under the new \$400,000/\$450,000 marginal rate, which is also where capital gains rates increase from 15% to 20%.

Moving forward, it is important to consider the present and future tax implications and their effect on the tax strategies you implement. The hardest part is attempting to anticipate future changes to the tax law. There will likely be additional future changes that cannot be accurately predicted.

## ***Income Tax Chart***

Federal income taxes, including personal exemptions and standard deductions, are computed using the IRS tax rate tables with all amounts indexed at 2.00 % per year.



## Income Tax - Current Year

The following calculations give an idea of the amount of taxes you might pay based on the income and asset information provided. These amounts are approximations only and the actual tax amounts may be higher or lower than illustrated.

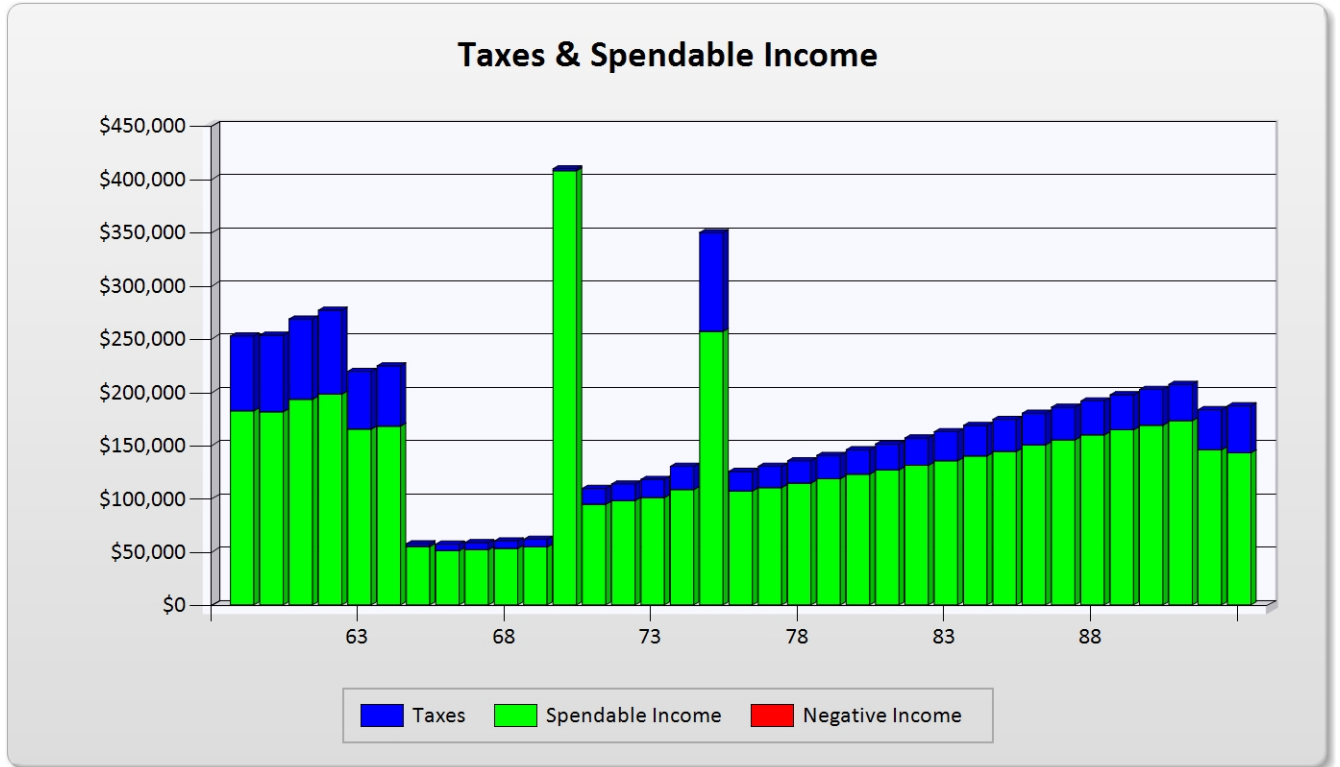
<b>INCOME:</b>	Gross	Taxable
Salaries and wages	\$220,000	\$220,000
Interest	2,859	1,434
Dividends*	2,659	2,659
Schedule C (self employment)	25,000	25,000
Schedule D (net gain/loss)	6,011	6,011
Schedule E (passive gain/loss)	3,281	3,281
Pension income & retirement distributions	813	813
<b>GROSS INCOME</b>		<b>\$259,198</b>
 <b>Adjustments:</b>		
Retirement plan deposits - Robert		(\$18,500)
Retirement plan deposits - Karen		(3,500)
Self Employment FICA	3,532	(1,766)
<b>ADJUSTED GROSS INCOME</b>		<b>\$235,432</b>
 <b>Itemized Deductions:</b>		
	Gross	Allowed
Mortgage interest	\$15,906	\$15,906
Charitable contributions	10,000	10,000
Medical expenses	5,500	
Property taxes	4,500	4,500
State taxes	17,724	17,724
	Itemized deductions	\$48,130
	or Standard deductions	\$12,400
	Personal exemptions ( 4 )	(\$7,900)
<b>TAXABLE INCOME</b>		<b>\$179,402</b>
 <b>TAX SUMMARY:</b>		
Federal Income Tax	\$36,352	
FICA (Social Security) & HI Tax	16,146	
State Income Tax	17,724	
<b>TOTAL TAXES</b>		<b>\$70,222</b>

Your combined federal & state marginal tax bracket is 37.00%.

Your total taxes equal 29.83% of your Adjusted Gross Income, and 39.14% of your Taxable income.

\*Dividend and Capital Gains taxed marginally at 15.00%.

## Tax -vs- Income



Spendable income is defined here as your total sources of funds less the amount owed for taxes each year. Included in income sources are . . .

- Earned income (salaries & wages)
- Pension and Social Security income
- Interest and dividends taken in cash
- Other (misc. income, net proceeds from sale of residence, life insurance proceeds, etc.)

Generally, income taxes will be highest during your earning years. In your later years as you start consuming your savings and investment accounts, the amount of income tax will gradually decrease as a percent of total income. There may be periods when the income tax is greater than the income sources. This usually occurs when you are drawing from capital accounts to meet your need for income.

## Tax -vs- Expense Graph



In a given year there are many factors that affect the amount of income and other taxes payable. This graph attempts to show the amount of taxes paid each year compared to other expenses. The expenses covered include. . .

- Personal living expenses
- Life insurance premiums
- Debt payments
- Asset and retirement account deposits
- Other misc. expenses

Causes for high taxes relative to other expenses could include increased distribution from pension plans or other qualified plans, liquidation of assets generating a capital gain, liquidation of tax-deferred investment or higher amounts of earned income compared to the scheduled expenses.



## Tax Summary

Ages	Federal Income Tax Amounts					State Tax	Additional State Tax or (credits)	FICA and HI Tax	Total Taxes
	Federal Income Tax	Additional AMT Tax	Federal Credits	Early distr. & other tax	Total Fed. Income Tax				
	1	2	3	4	5	6	7	8	9
59 56	\$36,351				\$36,351	\$18,054	(\$330)	\$16,146	\$70,221
60 57	37,228				37,228	18,540	(330)	16,579	72,017
61 58	39,259				39,259	19,435	(330)	17,071	75,435
62 59	40,875	164			41,039	20,204	(330)	17,884	78,797
63 60	28,138				28,138	15,663	(330)	10,871	54,342
64 61	29,525				29,525	16,369	(330)	11,118	56,682
65 62						2,978	(330)		2,648
66 63	1,040				1,040	5,487	(330)		6,197
67 64	1,240				1,240	5,827	(330)		6,737
68 65	1,372				1,372	6,047	(330)		7,089
69 66	1,469				1,469	6,232	(330)		7,371
70 67	137				137	2,222	(330)		2,029
71 68	7,408				7,408	7,870	(330)		14,948
72 69	7,781				7,781	8,206	(330)		15,657
73 70	8,316				8,316	9,181	(330)		17,167
74 71	11,432				11,432	10,766	(330)		21,868
75 72	55,726				55,726	33,173	(330)	4,217	92,786
76 73	9,216				9,216	9,621	(330)		18,507
77 74	9,756				9,756	10,579	(330)		20,005
78 75	10,334				10,334	10,997	(330)		21,001
79 76	10,884				10,884	11,405	(330)		21,959
80 77	11,556				11,556	11,836	(330)		23,062
81 78	12,464				12,464	12,286	(330)		24,420
82 79	13,413				13,413	12,752	(330)		25,835
83 80	14,402				14,402	13,234	(330)		27,306
84 81	15,430				15,430	13,732	(330)		28,832
85 82	16,346				16,346	14,205	(330)		30,221
86 83	16,122				16,122	13,960	(330)		29,752
87 84	16,795				16,795	14,370	(330)		30,835
88 85	17,457				17,457	14,779	(330)		31,906
89 86	18,096				18,096	15,185	(330)		32,951
90 87	18,429				18,429	15,494	(330)		33,593
91 88	18,690				18,690	15,782	(330)		34,142
92 89	23,131				23,131	14,392	(165)	379	37,737
93 90	27,195				27,195	16,574	(165)	612	44,216
94 91									0

## Taxable Income Analysis

Ages	Earned Income (including non-cash)	Interest Dividend Cap Gain	Qualified Plan Distribution	Other Taxable Income**	Pension Plans	Taxable Social Security	Adjustments	AGI (including cap gain)	Less *		Taxable Ordinary Income	Net Capital Gain, Div, \$ 1250
									Exemptions	Item/Std Deductions		
	1	2	3	4	5	6	7	8	9	10	11	12
59 56	\$245,000	\$10,104	\$813				(\$20,485)	\$235,432	\$7,900	\$48,130	\$170,732	\$8,670
60 57	252,350	11,736	864				(24,479)	240,471	8,058	48,251	173,940	10,221
61 58	259,921	13,347	917	1,055			(25,214)	250,026	8,219	48,758	181,317	11,732
62 59	267,718	15,432	974				(25,970)	258,154	8,383	49,115	187,007	13,649
63 60	208,219	17,206	1,035	1,620			(20,822)	207,258	8,551	44,136	139,236	15,335
64 61	214,466	18,933	1,100				(19,857)	214,642	8,722	44,379	144,449	17,092
65 62		35,331	1,170			25,805	6,251	68,557	8,896	33,691		25,970
66 63		47,998	1,244			37,703	6,943	93,888	9,074	33,649	10,405	40,760
67 64		48,784	1,323			39,537	7,656	97,301	9,256	33,623	12,409	42,012
68 65		48,986	1,408			40,701	8,393	99,489	9,441	33,593	13,729	42,725
69 66		49,150	1,500			41,515	9,155	101,321	9,630	33,557	14,690	43,443
70 67		23,052	1,601		2,400	23,447	9,943	60,443	9,822	33,222	1,372	16,027
71 68		25,227	43,838		2,448	43,192	10,756	125,461	10,019	41,128	57,063	17,251
72 69		24,971	46,360		2,497	44,056	11,597	129,481	10,219	41,750	59,705	17,807
73 70		30,968	49,049		2,547	44,937	12,468	139,969	10,423	42,385	63,424	23,737
74 71		29,480	59,568		2,598	45,836	19,235	156,717	10,632	43,106	80,704	22,275
75 72		90,828	62,989	161,711	2,650	46,753	20,167	385,097	10,845	65,487	64,553	244,212
76 73		29,486	66,598		2,703	47,688		146,474	11,061	44,437	69,917	21,059
77 74		35,356	70,127		2,757	48,642		156,881	11,283	45,156	73,681	26,761
78 75		35,300	74,125		2,812	49,614		161,851	11,508	45,904	77,710	26,729
79 76		35,328	77,941		2,868	50,607		166,744	11,738	46,674	81,552	26,780
80 77		35,357	81,993		2,926	51,619		171,894	11,973	47,468	85,621	26,832
81 78		35,481	86,147		2,984	52,651		177,263	12,213	48,287	89,784	26,979
82 79		35,600	90,472		3,044	53,704		182,820	12,457	49,132	94,108	27,124
83 80		35,715	94,968		3,105	54,778		188,566	12,706	50,002	98,592	27,266
84 81		35,827	99,634		3,167	55,874		194,502	12,960	50,900	103,234	27,408
85 82		36,100	103,884		3,230	56,991		200,206	13,220	51,826	107,444	27,716
86 83		29,540	108,225		3,295	58,131		199,191	13,484	53,286	111,362	21,059
87 84		30,283	112,504		3,361	59,294		205,442	13,754	55,394	114,705	21,589
88 85		31,048	116,823		3,428	60,480		211,779	14,029	57,591	118,025	22,134
89 86		31,831	121,158		3,496	61,689		218,174	14,309	59,880	121,294	22,692
90 87		32,615	124,580		3,566	62,923		223,684	14,595	62,266	123,573	23,250
91 88		33,390	127,876		3,638	64,181		229,085	14,887	64,753	125,645	23,801
92 89		34,035	130,787		3,710	41,443		209,975	7,592	68,293	109,840	24,250
93 90		36,610	133,460		3,785	42,272		216,126	7,744	56,425	125,266	26,691
94 91												

\*Adjusted for 2012 Tax Act reintroducing phaseout provision. \*\* Includes stock options, unrecaptured §1250 gain and other income items..

## Interest, Dividend, Capital Gain Sources

Ages	Taxable Interest				Dividends	Capital Gain / Loss					§ 1250 Unrecaptured Gain
	Taxable Account	Tax Deferred Account	Equity Account	Total Interest		Equity CG Distr.	Sale of Assets	R/E Sale, Stock Opt.	Add'l Gain/Loss	Total CG/Loss	
	1	2	3	4	5	6	7	8	9	10	11
59 56	\$1,161		\$273	\$1,434	\$2,660	\$6,011				\$6,011	
60 57	1,200		315	1,515	3,069	7,153				7,153	
61 58	1,253		362	1,615	3,524	8,209				8,209	
62 59	1,364		419	1,783	4,080	9,570				9,570	
63 60	1,393		477	1,870	4,644	10,692				10,692	
64 61	1,309		532	1,841	5,182	11,910				11,910	
65 62			7,519	7,519	7,519	10,955	8,557	782		20,294	
66 63			7,238	7,238	7,238	10,301	23,222			33,523	
67 64			6,772	6,772	6,772	9,582	25,659			35,241	
68 65			6,261	6,261	6,261	8,803	27,662			36,465	
69 66			5,707	5,707	5,707	7,962	29,774			37,736	
70 67	888		6,137	7,025	6,137	9,890				9,890	
71 68	1,075		6,901	7,976	6,901	10,351				10,351	
72 69			7,164	7,164	7,164	10,643				10,643	
73 70			7,231	7,231	7,231	10,565	5,941			16,506	
74 71			7,205	7,205	7,205	10,555	4,516			15,071	
75 72	577		7,750	8,327	7,750	12,069		62,684		74,753	161,711
76 73			8,427	8,427	8,427	12,632				12,632	
77 74			8,595	8,595	8,595	12,580	5,587			18,167	
78 75			8,571	8,571	8,571	12,546	5,614			18,160	
79 76			8,548	8,548	8,548	12,512	5,721			18,233	
80 77			8,525	8,525	8,525	12,480	5,828			18,308	
81 78			8,502	8,502	8,502	12,444	6,035			18,479	
82 79			8,476	8,476	8,476	12,405	6,243			18,648	
83 80			8,449	8,449	8,449	12,363	6,455			18,818	
84 81			8,419	8,419	8,419	12,318	6,673			18,991	
85 82			8,384	8,384	8,384	12,262	7,071			19,333	
86 83			8,481	8,481	8,481	12,578				12,578	
87 84			8,694	8,694	8,694	12,895				12,895	
88 85			8,914	8,914	8,914	13,221				13,221	
89 86			9,139	9,139	9,139	13,554				13,554	
90 87			9,365	9,365	9,365	13,885				13,885	
91 88			9,589	9,589	9,589	14,212				14,212	
92 89			9,785	9,785	9,785	14,465				14,465	
93 90			9,919	9,919	9,919	14,608	2,166			16,774	
94 91											

## Federal Income Tax Worksheet

Ages	Filing Status	Taxable Ordinary Income	Cap. Gain, Div. & § 1250	Marginal rate brackets indexed at 2.0 %						Max CG Rate	Cap. Gain Div & § 1250 Tax	Ordinary Income Tax	Total Tax
				4	5	6	7	8	9				
59 56	Joint	\$170,732	\$8,670	\$18,150	\$73,800	\$148,850	\$226,850	\$405,100	\$457,600	15%	\$1,300	\$35,052	\$36,351
60 57	Joint	173,940	10,221	18,513	75,276	151,827	231,387	413,202	466,752	15%	1,533	35,695	37,228
61 58	Joint	181,317	11,732	18,883	76,782	154,864	236,015	421,466	476,087	15%	1,759	37,500	39,259
62 59	Joint	187,007	13,649	19,261	78,317	157,961	240,735	429,895	485,609	15%	2,047	38,828	40,875
63 60	Joint	139,236	15,335	19,646	79,883	161,120	245,550	438,493	495,321	15%	2,300	25,838	28,138
64 61	Joint	144,449	17,092	20,039	81,481	164,342	250,461	447,263	505,227	15%	2,563	26,962	29,525
65 62	Joint		25,970	20,440	83,111	167,629	255,470	456,208	515,332				
66 63	Joint	10,405	40,760	20,849	84,773	170,982	260,579	465,333	525,639			1,040	1,040
67 64	Joint	12,409	42,012	21,266	86,468	174,401	265,791	474,639	536,151			1,241	1,240
68 65	Joint	13,729	42,725	21,691	88,198	177,890	271,107	484,132	546,874			1,373	1,372
69 66	Joint	14,690	43,443	22,125	89,962	181,447	276,529	493,815	557,812			1,469	1,469
70 67	Joint	1,372	16,027	22,567	91,761	185,076	282,059	503,691	568,968			137	137
71 68	Joint	57,063	17,251	23,019	93,596	188,778	287,701	513,765	580,347			7,409	7,408
72 69	Joint	59,705	17,807	23,479	95,468	192,553	293,455	524,040	591,954			7,782	7,781
73 70	Joint	63,424	23,737	23,949	97,378	196,404	299,324	534,521	603,793			8,316	8,316
74 71	Joint	80,704	22,275	24,428	99,325	200,333	305,310	545,211	615,869	15%	548	10,884	11,432
75 72	Joint	64,553	244,212	24,916	101,312	204,339	311,416	556,115	628,187	15%	47,289	8,437	55,726
76 73	Joint	69,917	21,059	25,414	103,338	208,426	317,645	567,238	640,750			9,217	9,216
77 74	Joint	73,681	26,761	25,923	105,405	212,594	323,998	578,583	653,565			9,756	9,756
78 75	Joint	77,710	26,729	26,441	107,513	216,846	330,478	590,154	666,637			10,335	10,334
79 76	Joint	81,552	26,780	26,970	109,663	221,183	337,087	601,957	679,970			10,884	10,884
80 77	Joint	85,621	26,832	27,509	111,856	225,607	343,829	613,996	693,569	15%	89	11,468	11,556
81 78	Joint	89,784	26,979	28,060	114,093	230,119	350,705	626,276	707,440	15%	400	12,065	12,464
82 79	Joint	94,108	27,124	28,621	116,375	234,721	357,720	638,802	721,589	15%	728	12,685	13,413
83 80	Joint	98,592	27,266	29,193	118,703	239,416	364,874	651,578	736,021	15%	1,073	13,329	14,402
84 81	Joint	103,234	27,408	29,777	121,077	244,204	372,171	664,609	750,741	15%	1,434	13,996	15,430
85 82	Joint	107,444	27,716	30,373	123,498	249,088	379,615	677,902	765,756	15%	1,749	14,598	16,346
86 83	Joint	111,362	21,059	30,980	125,968	254,070	387,207	691,460	781,071	15%	967	15,155	16,122
87 84	Joint	114,705	21,589	31,600	128,488	259,151	394,951	705,289	796,693	15%	1,170	15,626	16,795
88 85	Joint	118,025	22,134	32,232	131,057	264,334	402,850	719,395	812,627	15%	1,365	16,092	17,457
89 86	Joint	121,294	22,692	32,876	133,678	269,621	410,907	733,783	828,879	15%	1,546	16,550	18,096
90 87	Joint	123,573	23,250	33,534	136,352	275,014	419,126	748,458	845,457	15%	1,570	16,859	18,429
91 88	Joint	125,645	23,801	34,204	139,079	280,514	427,508	763,427	862,366	15%	1,554	17,136	18,690
92 89	Single	109,840	24,250	17,444	70,930	171,751	358,208	778,696	781,868	15%	3,637	19,495	23,131
93 90	Single	125,266	26,691	17,793	72,349	175,186	365,372	794,270	797,505	15%	4,003	23,192	27,195
94 91													

## Adjustments to Income, Passive Income

Ages		Qualified Plan Contrib.	One Half Self Empl Taxes	Self Empl Medical Premiums	Alimony	Other Adjustments	Total Adjustments	Passive Gain or (Loss)	Allowable Amount	Loss Carry Forward
59	56	\$22,000	\$1,766				\$23,766	\$3,281	\$3,281	
60	57	22,660	1,819				24,479			
61	58	23,340	1,874				25,214			
62	59	24,040	1,930				25,970			
63	60	20,822					20,822			
64	61	21,447					21,447	1,590	1,590	
65	62							6,251	6,251	
66	63							6,943	6,943	
67	64							7,656	7,656	
68	65							8,393	8,393	
69	66							9,155	9,155	
70	67							9,943	9,943	
71	68							10,756	10,756	
72	69							11,597	11,597	
73	70							12,468	12,468	
74	71							19,235	19,235	
75	72							20,167	20,167	
76	73									
77	74									
78	75									
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## Itemized Deduction & Exemption

Ages		Mortgage Interest Deduction	Medical Expense & Premium	Charitable Contribution	Property and Other Tax	Other Deductible Interest	State Income Tax	Misc. Itemized Deduction	Total Itemized Deduction	No. Exmp	Personal Exemption 3950
		1	2	3	4	5	6	7	8	9	10
59	56	\$15,906		\$10,000	\$4,500		\$17,724		\$48,130	2	\$3,950
60	57	15,117		10,300	4,624		18,210		48,251	2	4,029
61	58	14,293		10,609	4,751		19,105		48,758	2	4,110
62	59	13,432		10,927	4,882		19,874		49,115	2	4,192
63	60	12,533		11,255	5,016		15,333		44,136	2	4,276
64	61	11,594		11,593	5,154		16,039		44,379	2	4,361
65	62	10,612	3,195	11,941	5,295		2,648		33,691	2	4,448
66	63	9,587	1,164	12,299	5,441		5,157		33,649	2	4,537
67	64	8,517	1,351	12,668	5,591		5,497		33,623	2	4,628
68	65	7,398	1,686	13,048	5,744		5,717		33,593	2	4,721
69	66	6,230	2,085	13,439	5,902		5,902		33,557	2	4,815
70	67	4,640	6,783	13,842	6,065		1,892		33,222	2	4,911
71	68	12,175	923	14,258	6,232		7,540		41,128	2	5,010
72	69	11,591	1,194	14,685	6,403		7,876		41,750	2	5,110
73	70	10,977	853	15,126	6,579		8,851		42,385	2	5,212
74	71	10,331		15,580	6,760		10,436		43,106	2	5,316
75	72	9,652		16,047	6,946		32,843		65,487	2	5,423
76	73	8,938	2,543	16,528	7,137		9,291		44,437	2	5,531
77	74	8,188	2,362	17,024	7,333		10,249		45,156	2	5,642
78	75	7,400	2,767	17,535	7,535		10,667		45,904	2	5,754
79	76	6,571	3,225	18,061	7,742		11,075		46,674	2	5,869
80	77	5,700	3,705	18,603	7,955		11,506		47,468	2	5,987
81	78	4,784	4,213	19,161	8,174		11,956		48,287	2	6,107
82	79	3,821	4,754	19,736	8,398		12,422		49,132	2	6,229
83	80	2,809	5,332	20,328	8,629		12,904		50,002	2	6,353
84	81	1,746	5,948	20,938	8,867		13,402		50,900	2	6,480
85	82	628	6,647	21,566	9,110		13,875		51,826	2	6,610
86	83	0	8,082	22,213	9,361		13,630		53,286	2	6,742
87	84		8,857	22,879	9,618		14,040		55,394	2	6,877
88	85		9,693	23,566	9,883		14,449		57,591	2	7,015
89	86		10,597	24,273	10,155		14,855		59,880	2	7,155
90	87		11,667	25,001	10,434		15,164		62,266	2	7,298
91	88		12,829	25,751	10,721		15,452		64,753	2	7,444
92	89		16,526	26,523	11,016		14,227		68,293	1	7,593
93	90		17,787	27,319	11,319				56,425	1	7,745
94	91										

## Itemized Deduction Phaseout

	Indexed Standard Deduction*	Itemized Deduction Phaseout Calculations							Adjusted ID
		GrossID	Net ID Times 80%	AGI	Phaseout Threshold	AGI Less Floor	3.00% Times 6	Disallowed*	
	1	2	3	4	5	6	7	8	9
59	\$12,400	\$48,130	\$38,504	\$235,432	\$305,050				\$48,130
60	12,648	48,251	38,601	240,471	311,151				48,251
61	12,901	48,758	39,007	250,026	317,374				48,758
62	13,159	49,115	39,292	258,154	323,722				49,115
63	13,422	44,136	35,309	207,258	330,196				44,136
64	13,691	44,379	35,503	214,642	336,800				44,379
65	15,316	33,691	26,953	68,557	343,536				33,691
66	15,622	33,649	26,919	93,888	350,407				33,649
67	15,935	33,623	26,899	97,301	357,415				33,623
68	17,687	33,593	26,875	99,489	364,563				33,593
69	18,041	33,557	26,846	101,321	371,854				33,557
70	18,402	33,222	26,578	60,443	379,291				33,222
71	18,770	41,128	32,902	125,461	386,877				41,128
72	19,145	41,750	33,400	129,481	394,615				41,750
73	19,528	42,385	33,908	139,969	402,507				42,385
74	19,919	43,106	34,485	156,717	410,557				43,106
75	20,317	65,487	52,390	385,097	418,768				65,487
76	20,724	44,437	35,550	146,474	427,144				44,437
77	21,138	45,156	36,125	156,881	435,687				45,156
78	21,561	45,904	36,723	161,851	444,400				45,904
79	21,992	46,674	37,339	166,744	453,288				46,674
80	22,432	47,468	37,975	171,894	462,354				47,468
81	22,880	48,287	38,630	177,263	471,601				48,287
82	23,338	49,132	39,305	182,820	481,033				49,132
83	23,805	50,002	40,002	188,566	490,654				50,002
84	24,281	50,900	40,720	194,502	500,467				50,900
85	24,767	51,826	41,461	200,206	510,476				51,826
86	25,262	53,286	42,628	199,191	520,686				53,286
87	25,767	55,394	44,315	205,442	531,099				55,394
88	26,283	57,591	46,073	211,779	541,721				57,591
89	26,808	59,880	47,904	218,174	552,556				59,880
90	27,344	62,266	49,813	223,684	563,607				62,266
91	27,891	64,753	51,802	229,085	574,879				64,753
92	14,897	68,293	54,634	209,975	488,631				68,293
93	15,195	56,425	45,140	216,126	498,404				56,425
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\*Adjusted for 2012 tax code changes.

## Alternative Minimum Tax Worksheet

Ages	Taxable Income + Exemptions	Municipal Bond Income	Item. Ded. Adjustments	Other Pref. Item + St. Opt.	Less Exempt. Amount*	AMT Tax on Ordinary Income			AMT Tax on Capital Gains			Tentative Minimum Tax
						Taxable (less CG)	Tax at 26%	Tax at 28%	Taxable Cap. Gain	Tax Rate	Tax	
	1	2	3	4	5	6	7	8	9	10	11	12
59 56	\$187,302		\$22,224		(\$68,844)	\$132,012	\$34,323		\$8,670	15.00	\$1,301	\$35,623
60 57	192,219		22,834		(69,836)	134,997	35,099		10,221	15.00	1,533	36,632
61 58	201,268		23,856	431	(69,711)	144,112	37,469		11,732	15.00	1,760	39,228
62 59	209,039		24,755		(70,176)	149,970	38,992		13,649	15.00	2,047	41,039
63 60	163,122		20,348		(85,382)	82,753	21,516		15,335	15.00	2,300	23,816
64 61	170,263		21,193		(85,936)	88,428	22,991		17,092	15.00	2,564	25,554
65 62	34,866		7,943	(431)	(92,500)							
66 63	60,239		10,598		(94,300)							
67 64	63,677		11,088		(96,200)							
68 65	65,895		11,461		(98,100)							
69 66	67,763		11,804		(100,100)							
70 67	27,221		7,957		(102,100)							
71 68	84,333		13,772		(104,100)							
72 69	87,731		14,279		(106,200)							
73 70	97,584		15,430		(108,300)				4,713	15.00	707	707
74 71	113,611		17,196		(110,500)				20,307	15.00	3,046	3,045
75 72	319,610		39,788		(76,550)	38,636	10,045		244,212	15.00	36,632	46,677
76 73	102,037		16,428		(115,000)				3,465			
77 74	111,725		17,582		(117,300)				12,007	15.00	1,801	1,801
78 75	115,947		18,202		(119,600)				14,549	15.00	2,182	2,182
79 76	120,070		18,817		(122,000)				16,886	15.00	2,533	2,532
80 77	124,426		19,460		(124,400)				19,486	15.00	2,923	2,922
81 78	128,976		20,129		(126,900)				22,205	15.00	3,331	3,330
82 79	133,689		20,820		(129,500)				25,009	15.00	3,751	3,751
83 80	138,564		21,533		(132,100)	731	190		27,266	15.00	4,090	4,279
84 81	143,602		22,269		(134,700)	3,762	978		27,408	15.00	4,111	5,089
85 82	148,380		22,985		(137,400)	6,249	1,625		27,716	15.00	4,157	5,782
86 83	145,905		22,991		(140,100)	7,737	2,012		21,059	15.00	3,159	5,170
87 84	150,048		23,658		(142,900)	9,217	2,396		21,589	15.00	3,238	5,634
88 85	154,188		24,332		(145,800)	10,586	2,752		22,134	15.00	3,320	6,072
89 86	158,295		25,010		(148,700)	11,913	3,097		22,692	15.00	3,404	6,501
90 87	161,418		25,598		(151,700)	12,066	3,137		23,250	15.00	3,488	6,624
91 88	164,333		26,173		(154,700)	12,005	3,121		23,801	15.00	3,570	6,691
92 89	141,682		25,243		(101,500)	41,175	10,705		24,250	15.00	3,638	14,342
93 90	159,701		11,319		(103,500)	40,829	10,616		26,691	15.00	4,004	14,619
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## Early Distribution Penalty Tax

Ages		Robert			Karen			Tax Deferred Accounts	Early Distribution Penalty
		Pension Income	Account Distributions	Total Qualified Plan Income	Pension Income	Account Distributions	Total Qualified Plan Income		
		1	2	3	4	5	6	7	
59	56								
60	57								
61	58								
62	59								
63	60								
64	61								
65	62								
66	63								
67	64								
68	65								
69	66								
70	67						2,400		
71	68		42,127	42,127				2,448	
72	69		44,524	44,524				2,497	
73	70		47,053	47,053				2,547	
74	71		49,720	49,720	9,849		12,447		
75	72		52,531	52,531	10,458		13,108		
76	73		55,494	55,494	11,104		13,807		
77	74		58,339	58,339	11,788		14,545		
78	75		61,612	61,612	12,513		15,325		
79	76		64,724	64,724	13,217		16,085		
80	77		67,967	67,967	14,026		16,952		
81	78		71,342	71,342	14,805		17,789		
82	79		74,850	74,850	15,622		18,666		
83	80		78,491	78,491	16,477		19,582		
84	81		82,263	82,263	17,371		20,538		
85	82		85,581	85,581	18,304		21,534		
86	83		88,949	88,949	19,276		22,571		
87	84		92,353	92,353	20,151		23,512		
88	85		95,777	95,777	21,046		24,474		
89	86		99,201	99,201	21,957		25,453		
90	87		101,697	101,697	22,883		26,449		
91	88		104,060	104,060	23,816		27,454		
92	89		106,252	106,252	24,535		28,245		
93	90		108,232	108,232	25,228		29,013		
94	91								

## Additional Tax & Deductions

Age	Federal (Credits) or Additional Tax	State (Credits) or Addit'l Tax	Incr/Decr to Federal Taxable Inc.	Incr/Decr to State Taxable Inc.	Other Preference AMT Income	Additional Capital Gain, (loss)
	1	2	3	4	5	6
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## FICA Worksheet

Age	Maximum Soc Sec Wage Base	Robert			Age	Karen		
		Wages	* Self Empl	Hosp. Ins.		Wages	* Self Empl	Hosp. Ins.
		6.20%	12.40%	1.45% 2.90%		6.20%	12.40%	1.45% 2.90%
	1	2	3	4		5	6	7
59	\$117,000	\$7,254		\$2,683	56	\$2,170	\$2,863	\$1,177
60	119,340	7,399		2,763	57	2,235	2,949	1,233
61	121,727	7,547		2,847	58	2,302	3,037	1,338
62	124,161	7,698		3,241	59	2,371	3,128	1,446
63	126,645	7,852		3,019	60			
64	129,177	8,009		3,110	61			
65	131,761				62			
66	134,396				63			
67	137,084				64			
68	139,826				65			
69	142,622				66			
70	145,475				67			
71	148,384				68			
72	151,352				69			
73	154,379				70			
74	157,467				71			
75	160,616			4,218	72			
76	163,828				73			
77	167,105				74			
78	170,447				75			
79	173,856				76			
80	177,333				77			
81	180,880				78			
82	184,497				79			
83	188,187				80			
84	191,951				81			
85	195,790				82			
86	199,706				83			
87	203,700				84			
88	207,774				85			
89	211,929				86			
90	216,168				87			
91	220,491				88			
92	224,901				89			379
93	229,399				90			613
94					91			

\* Self employed FICA tax has been adjusted to 92.35% of SE income according to IRS Form SE.

\*\* Beginning in 2013 includes additional Medicare tax from Health Care Reconciliation Act

## Taxable Social Security Worksheet

Ages	Adjusted Gross Income (SS)	Tax-Free Interest	Social Security	50% method (pre '94)		85% method (post '93)		Current Year Taxable
				* Exclusion Amount	Taxable SS	* Exclusion Amount	Taxable SS	
	1	2	3	4	5	6	7	8
59 56	\$235,432	\$1,425		\$32,000		\$44,000		
60 57	240,471	1,506		32,000		44,000		
61 58	250,026	1,592		32,000		44,000		
62 59	258,154	1,682		32,000		44,000		
63 60	207,258	1,778		32,000		44,000		
64 61	214,642	1,880		32,000		44,000		
65 62	42,752	1,987	45,122	32,000	17,650	44,000	25,805	25,805
66 63	56,185	2,100	46,024	32,000	23,012	44,000	37,703	37,703
67 64	57,763	2,220	46,945	32,000	23,472	44,000	39,537	39,537
68 65	58,787	2,346	47,884	32,000	23,942	44,000	40,701	40,701
69 66	59,805	2,480	48,841	32,000	24,421	44,000	41,515	41,515
70 67	36,996	2,621	49,818	32,000	16,263	44,000	23,447	23,447
71 68	82,269	2,771	50,814	32,000	25,407	44,000	43,192	43,192
72 69	85,425	2,929	51,831	32,000	25,915	44,000	44,056	44,056
73 70	95,031	3,096	52,867	32,000	26,434	44,000	44,937	44,937
74 71	110,881	3,272	53,925	32,000	26,962	44,000	45,836	45,836
75 72	338,345	3,459	55,003	32,000	27,502	44,000	46,753	46,753
76 73	98,787	3,656	56,103	32,000	28,052	44,000	47,688	47,688
77 74	108,240	3,864	57,225	32,000	28,613	44,000	48,642	48,642
78 75	112,237	4,084	58,370	32,000	29,185	44,000	49,614	49,614
79 76	116,137	4,317	59,537	32,000	29,769	44,000	50,607	50,607
80 77	120,276	4,563	60,728	32,000	30,364	44,000	51,619	51,619
81 78	124,612	4,823	61,943	32,000	30,971	44,000	52,651	52,651
82 79	129,116	5,098	63,181	32,000	31,591	44,000	53,704	53,704
83 80	133,788	5,389	64,445	32,000	32,223	44,000	54,778	54,778
84 81	138,628	5,696	65,734	32,000	32,867	44,000	55,874	55,874
85 82	143,214	6,021	67,049	32,000	33,524	44,000	56,991	56,991
86 83	141,060	6,364	68,390	32,000	34,195	44,000	58,131	58,131
87 84	146,148	6,727	69,757	32,000	34,879	44,000	59,294	59,294
88 85	151,299	7,110	71,152	32,000	35,576	44,000	60,480	60,480
89 86	156,485	7,515	72,576	32,000	36,288	44,000	61,689	61,689
90 87	160,761	7,944	74,027	32,000	37,014	44,000	62,923	62,923
91 88	164,904	8,396	75,508	32,000	37,754	44,000	64,181	64,181
92 89	168,532	8,875	48,756	25,000	24,378	34,000	41,443	41,443
93 90	173,855	9,381	49,731	25,000	24,866	34,000	42,272	42,272
94 91								

\* The SS exclusion amounts are not indexed for inflation at the present time.

## State Income Tax (est.)

Ages		* State Tax State	* Federal Code	Add Back State Tax & Fed Exemp.	Incr/Decr State Taxable	State Personal Exemp.	Net State Taxable	* State Tax Rate	Estimated State Tax	State Credits or Add'l Tax	Estimated Net State Tax	
		1	2	3	4	5	6	7	8	9	10	11
59	56	OR	1	\$179,402	\$25,954		\$205,356		\$18,054	(\$330)	\$17,724	
60	57	OR	1	184,161	26,598		210,760		18,540	(330)	18,210	
61	58	OR	1	193,049	27,654		220,703		19,435	(330)	19,105	
62	59	OR	1	200,656	28,587		229,243		20,204	(330)	19,874	
63	60	OR	1	154,571	24,214		178,784		15,663	(330)	15,333	
64	61	OR	1	161,541	25,091		186,632		16,369	(330)	16,039	
65	62	OR	1	25,970	11,874		37,844		2,978	(330)	2,648	
66	63	OR	1	51,165	14,561		65,726		5,487	(330)	5,157	
67	64	OR	1	54,421	15,083		69,505		5,827	(330)	5,497	
68	65	OR	1	56,454	15,488		71,942		6,047	(330)	5,717	
69	66	OR	1	58,133	15,862		73,995		6,232	(330)	5,902	
70	67	OR	1	17,399	12,044		29,443		2,222	(330)	1,892	
71	68	OR	1	74,314	17,889		92,204		7,870	(330)	7,540	
72	69	OR	1	77,512	18,425		95,938		8,206	(330)	7,876	
73	70	OR	1	87,161	19,604		106,765		9,181	(330)	8,851	
74	71	OR	1	102,979	21,398		124,377		10,766	(330)	10,436	
75	72	OR	1	308,765	44,018		352,783		33,173	(330)	32,843	
76	73	OR	1	90,976	20,682		111,658		9,621	(330)	9,291	
77	74	OR	1	100,442	21,862		122,304		10,579	(330)	10,249	
78	75	OR	1	104,439	22,505		126,944		10,997	(330)	10,667	
79	76	OR	1	108,332	23,143		131,475		11,405	(330)	11,075	
80	77	OR	1	112,453	23,809		136,262		11,836	(330)	11,506	
81	78	OR	1	116,763	24,499		141,262		12,286	(330)	11,956	
82	79	OR	1	121,232	25,209		146,440		12,752	(330)	12,422	
83	80	OR	1	125,858	25,940		151,798		13,234	(330)	12,904	
84	81	OR	1	130,642	26,692		157,334		13,732	(330)	13,402	
85	82	OR	1	135,160	27,425		162,585		14,205	(330)	13,875	
86	83	OR	1	132,421	27,444		159,865		13,960	(330)	13,630	
87	84	OR	1	136,294	28,124		164,417		14,370	(330)	14,040	
88	85	OR	1	140,159	28,808		168,967		14,779	(330)	14,449	
89	86	OR	1	143,986	29,494		173,480		15,185	(330)	14,855	
90	87	OR	1	146,823	30,089		176,912		15,494	(330)	15,164	
91	88	OR	1	149,446	30,669		180,115		15,782	(330)	15,452	
92	89	OR	1	134,090	21,984		156,074		14,392	(165)	14,227	
93	90	OR	1	151,957	24,318		176,275		16,574	(165)	16,409	
94	91											

\* State tax is computed using: 1=State Tax Table or Percent of 2=Gross income, 3=AGI, 4=Federal Tax, 5=Fed Taxable Income

## Taxable Earned Income

Robert					Karen					Total Taxable Earned Income
Age	Salary and Wages	Increase Factor	Self Employment	Increase Factor	Age	Salary and Wages	Increase Factor	Self Employment	Increase Factor	
	1	2	3	4		5	6	7	8	
59	\$185,000	1.00			56	\$35,000	1.00	\$25,000	1.00%	\$245,000
60	190,550	1.03			57	36,050	1.03	25,750	1.03%	252,350
61	196,267	1.06			58	37,132	1.06	26,523	1.06%	259,921
62	202,154	1.09			59	38,245	1.09	27,318	1.09%	267,718
63	208,219	1.13			60					208,219
64	214,466	1.16			61					214,466
65					62					
66					63					
67					64					
68					65					
69					66					
70					67					
71					68					
72					69					
73					70					
74					71					
75					72					
76					73					
77					74					
78					75					
79					76					
80					77					
81					78					
82					79					
83					80					
84					81					
85					82					
86					83					
87					84					
88					85					
89					86					
90					87					
91					88					
92					89					
93					90					
94					91					

Earned income subject to income tax.