

Happy Thanksgiving to you and your family! I hope this email finds you healthy and well.

I just wanted to send you a quick email for tax items to look out for. If you ever have any questions, please don't hesitate to contact me.

- **Businesses:** Congress should be approving a significant hiring credit for the hiring of Veterans. Also, a great tax strategy could be to employ your children who are 18 years old or younger!
- **IRA Contributions:** For 2011 and 2012, maximum IRA contributions remain at \$5,000; For those 50 or older, the maximum is \$6,000.
- **Capital Gains:** Favorable long-term rates extended to 2012: 0% or 15%. Also note, brokerage firms are now required to submit cost basis information to the IRS for reporting purposes. IF you transferred stock into a new brokerage firm, and they never asked for your original basis, they may be contacting you now!
- **Principal Residence Forgiveness:** Acquisition debt up to \$2million (for MFJ) can be forgiven through 2012. The maximum limit for CA is \$800,000.
- **CA Sales Tax:** If items are purchased on-line and CA sales tax is not paid, we are supposed to report and pay the tax portion on your 2011 tax returns. The FTB/BOE has issued a "suggested" (reasonable) tax table, based on the amount of people in your family and annual income. We'll definitely want to utilize this as there are talks that states have worked out a process with Amazon...
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Calendar year 2013: MANY changes on the horizon ->

- Higher income brackets will be assessed an additional 0.9% (Hospital Insurance) and 3.8% (Unearned Income Medicare Contribution Tax) on certain incomes.
- FSA limit will be \$2,500.
- **Medical expenses will have a threshold of 10% instead of 7.5%.**

