

TAX RATES ARE ON THE RISE

	2010 Top Federal Rate ¹	Increase Based On Expiration of Tax Cuts in 2011	2011 Top Federal Rate ¹	New Health Insurance Tax Effective in 2013	2013 Top Federal Rate ¹	Increase from 2010 to 2013
Wages	35.00%	4.60%	39.60%	0.90% ⁶	40.50%	5.50%
Taxable Retirement Distributions	35.00%	4.60%	39.60%	0%	39.60%	4.60%
Long Term Capital Gains	15.00%	5.00%	20.00%	3.80% ⁷	23.80%	8.80%
Dividends Income ²	15.00%	24.60%	39.60%	3.80% ⁷	43.40%	28.40%
Passive Income ³	35.00%	4.60%	39.60%	3.80% ⁷	43.40%	8.40%
Active Income ⁴ from Partnership	35.00%	4.60%	39.60%	0.90% ⁶	40.50%	5.50%
Active Income from S Corporation	35.00%	4.60%	39.60%	0% ⁵	39.60%	4.60%
C Corporation Income ⁸	35.00%	0%	35.00%	0%	35.00%	0%

Note 1 Reflects top income tax rates, income may also be subject to employment or self-employment tax.

Note 2 Assumes expiration of the 2003 tax act with no Congressional action to lower 2011 qualifying dividend rate to 20%.

Note 3 Interest, rents, royalties, short term capital gains and income from passive activities.

Note 4 Trade or business income.

Note 5 Trade or business income excluding wages paid to an active S corporation shareholder.

Note 6 Increased rate begins when earnings reach \$200,000 for single individuals and \$250,000 for married filing jointly.

Note 7 Increased rate begins when modified adjusted gross income reaches \$200,000 for single individuals and \$250,000 for married filing jointly.

Note 8 Keep in mind C corporation income is subject to "double" tax. Income is taxed at the corporate level and again when distributed to shareholders.