**Tax time, oh my!**

Its tax time and time to look at your personal financial position, and this is also a great time to see how ones financial strategy works for today and in the future. I do not prepare taxes so if something strikes a nerve contact your personal accountant. I do have to have the knowledge of how investments and strategies can affect ones taxes which may be able to help improve your current financial situation. In other words, keep more money for you and less to the government, especially with the current increase in taxes and the potential increases in the future. Before I begin, I have to throw out some interesting statistics which I would recommend some of you take your blood pressure medicine first, while others will feel proud of their success.

Do you realize that if you make $34,000 per person, (a family of four would have to make $136,000) you are considered in the Global Elite AKA top 1% wage earners in the world. Congratulations! You are a Global Elite. To be in the top 1% wage earners in the United States the income is $434,000. Now Thank You to the US Elite 1% - you provide 38% of the revenue to the federal government. Thank you US corporations for staying here in the US because the corporate tax bracket for you is 40% and that is the third highest corporate income tax in the world behind Chad and United Arab Emeritus. If you want to get rid of something tax it. 13 corporations have moved overseas in the last 2 years, 9 of them are now in Ireland with around 100 billion in revenue. With that sucking sound of the tax base repositioning, the future for lower taxes look slim.

So let's look at several concepts to control taxes. The difference between tax deferral and tax free, the difference of income tax and capital gains, then we sprinkle in a new tax on investment income of 3.8 %. In order to really maximize, to keep more money in your pocket, make sure you know your tax bracket. That means the percentage of tax on every dollar you earn when you reach certain income levels the tax increases. The younger you are the more deductions you have available to you and your family which allows you to control your taxes. When doing investment planning, you need to take into account the probability of being in a higher tax bracket due to the lack of deductions. Sometimes when one defers their IRA distributions until the age of 70 ½ and the addition of social security being added back as income, often places a person in a higher tax bracket. Prior to retiring, outline a strategy of all potential income sources throughout your retirement to manage your financial situation. An opportunity that is missed by working people is sometimes a person's income is reduced for a short time due to a career change, medical leave or slower sales, this may be an opportunity to reallocate money from a traditional IRA ( tax deferred) to a Roth (tax free). There are insurance products that promote tax deferred and potential tax free income, beware of the real rate of return in these products, the investment strategies, fees, as well as distribution risks that are involved.

Then the difference in income tax and capital gains simply put - income tax is higher than capital gains tax. One way to improve one's taxes is place investments that produce a lot of taxable income in accounts or investments that defer taxes, and investments that are low in income producing are better served in a taxable account

There are strategies of gifting highly appreciated investments that can provide income and the power of selecting a charity to receive the benefits vs. the federal government. This strategy does take a team effort of financial advisor, accountant and attorney but is very powerful.

As for the Estate tax of 40%, make sure the ownership of your investments are properly titled in order to reduce your potential tax liability. The way life insurance is owned can add to one's estate tax. Investments that may be given to charity can provide you and your heirs an income for a certain period of time. The remainder will go to a charity of your choice instead of the tax coffers of the federal government.

This is a great time to review your personal situation with your accountant and financial advisor to keep your wealth with you.