

# MONEY TALK

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## More Taxes!

Did you know that the IRS code imposed a 3.8% tax on certain investment income of individuals, and of trusts and estates, above certain threshold amounts? This tax actually went into effect two years ago — January 1, 2013.

According to the Internal Revenue Service, individuals will owe the tax if they have Net Investment Income **and** also have Modified Adjusted Gross Income over the following threshold amounts:

<b>3.8% Net Investment Income Tax (NIIT) Thresholds</b>	
<b>Filing Status</b>	<b>Threshold</b>
Married Filing Jointly	\$250,000
Married Filing Separately	\$125,000
Single	\$200,000
Head of Household With Q Person	\$200,000
Q Widower With Dependent Child	\$250,000

These threshold amounts are not currently indexed for inflation. We will have to wait and see if indexing ever becomes a reality.

Estates and Trusts are subject to the NIIT if they have undistributed Net Investment Income, **and** also have Adjusted Gross Income over the dollar amount at which the highest tax bracket for an estate or trust begins for any particular tax year.

For individuals, your investment income includes, but is not limited to: interest, dividends, capital gains, rental and royalty income, certain passive activity income and income from non-qualified annuities. Seek the advice of your tax professional for more information.

Some common types of income that are **not** considered Net Investment Income are: wages, unemployment, operating income from a non-passive business, social security benefits, alimony, tax-exempt interest, self-employment income, and certain types of retirement plan income.

In addition to the Net Investment Income Tax, another individual tax was introduced in 2013. This one, under the Affordable Care Act, is known as the “Additional Medicare Tax.” You could be subject to both the Net Investment Income Tax (NIIT) and the 0.9% Additional Medicare Tax, but not on the same type of income. The 0.9% Additional Medicare Tax applies to wages, self-employment income and certain other compensation which exceeds various threshold amounts.



The following chart lists the threshold amounts where you will trigger the Additional Medicare Tax.

<b>0.9% Additional Medicare Tax Thresholds</b>	
<b>Filing Status</b>	<b>Threshold</b>
Single or Head of Household	\$200,000
Married Filing Jointly	\$250,000
Married Filing Separately	\$125,000

*It is a wise man who seeks the professional advice of someone who knows more than they do.*

*For further information on these two additional taxes, contact your income tax professional.*

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# Identity Theft

Ever wonder what a nightmare your life could become if someone were to steal your identity? If you haven't thought about it, right now is not soon enough.

An identity thief could destroy your credit and empty your bank account. They could even file an erroneous income tax return under your name and social security number. So they could cash in on the big fat "refund" that they concocted on the return, the thief's address (instead of yours) would be on the falsified return. And sad but true, the Internal Revenue Service will hold you responsible for returning the fabricated refund that the thief made off with.

U.S. Advisors does everything it can to protect client data, but "everything" is never enough. We all need to be constantly on guard about protecting our personal information. It is always a good idea to review all of your financial reports and statements no less than on a monthly basis. Even if you are on "paper overload," just eyeballing the bottom line could alert you to something fishy going on. Of course, it's always best to do a thorough review, but a quick review is better than no review.

The creation of the Internet brought a golden opportunity to the many impersonators, thieves and scammers of the world. Even a "worldly person" can be fooled by a professional victimizer. Never give your personal information to anyone unless you are 100% sure of who you are dealing with and how your information will be used.

Unless instructed by you, U.S. Advisors does not transmit personal information by way of the Internet. It is sometimes inconvenient for both us and you, but we believe that the old fashion way is safer.

## Planning "in" Retirement

**Retirement** — the "R" word seems to be on the minds of a lot of individuals, and not because so many of us are aging, but because we want to stop and smell the roses.

Before you retire, you will want to have a plan in place for managing your retirement income, and your retirement savings and investments. Enjoy your retirement, but be careful about withdrawing too much from your investments. After all, your retirement assets need to last a lifetime. A good rule to follow is to assume that you will live to be at least age 100. It might sound like a long time, but many Americans are living and thriving many years beyond the normal mortality tables.

Take control of your retirement planning — it's never too late!



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***About Dixie Butler — she is a Certified Financial Planner, a Certified Divorce Financial Analyst, and is an Enrolled Agent, entitling her to practice before the IRS. She has been in the investment and financial industry for over 25 years.***

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