

Keep Guns Out of the Hands of Your Children (Or Other Heirs)

There have been many overhauls, changes, revisions etc. of the tax code since 2001 but (if memory serves me correctly) I would like to address just one portion of the "overhaul" that occurred in 2001. That was the 10 year, \$1.3 Trillion tax cut that was to begin in 2002 and end in 2011. I don't remember people talking about the problem then, but it was obvious. Starting in 2002, the tax code was to begin initiating the lowering of tax rates as well as other changes, one of those was the increase of the exclusion amount for Estate Taxes. For example in the beginning the exclusion amount was \$1 million. Then \$2 million was to be free of taxes for each person (as it was in 2008) and then \$3.5 million in 2009. Finally in 2010, THE NINTH YEAR there was to be no more federal estate tax.

Just one fat WHOOPS HOWEVER!! That made the tax cut a \$1.6 trillion tax cut instead of the agreed \$1.3 trillion tax cut that was negotiated and promised to us poor ignorant taxpayers. There was an easy solution. Just don't make a big deal out of telling the public how you guys (and gals) in Congress did it. So they just made the rates, exclusions etc. in year 10 about the same as they were before 2002!!

For example, although there is no federal estate tax at all in 2010 (year 9), there would be an exclusion in 2011 of only \$1 million. I even hear now, talk about "will Obama look to revise the code or just let the tax decrease expire." Well isn't that stupid. They have to revise it. If it were not revised, in 2010 the heirs of someone dying in that year would pay NO federal estate tax, and those dying in 2011 would leave heirs an inheritance stuck with about a 55% tax (over and above the first \$1 million which would not be taxed).

By the way, those of you that think you might get away with this by using your lifetime exemption for giving gifts, forget about it. The exclusion for gifts, which was the same as the exclusion amount for estate tax prior to 2002, was stopped at \$1 million. For example, this year with an estate tax exemption of \$3.5 million the gift tax exemption is still \$1 million. ALSO, if you gave away (over and above what was allowed - scheduled to be \$13,000 per donee in 2009) the \$1 million during your lifetime, the estate exclusion is reduced by that amount in 2009. (Of course there is no estate tax when funds are left to a spouse.)

All of this means that there absolutely must be a change, at least in the estate tax calculation in 2009 for 2010. I know there will certainly be PR put out by both the D's and the R's, blaming the other for both installing an estate tax in 2011 by one side, and having no tax in 2010 by the other. If this wasn't so sad, it would be laughable. Isn't it a sad state of affairs that (hopefully not) the first time you hear about this is *here*??

Currently there will be no estate tax in 2010. Just please remember, if there is no change at all, keep alert especially if your heirs start talking about borrowing your shotgun in 2010 just for some target practice!!



Social Security Retirement Benefits By Year of Birth

Nomatter what your full retirement age (also called “normal retirement age”) is, you may start receiving benefits as early as age 62 or as late as age 70. You can retire at any time between age 62 and full retirement age. However, if you start benefits early, your benefits are reduced a fraction of a percent for each month before your full retirement age. The following chart shows at what age you receive the full benefits you are entitled to, based upon your year of birth, with no limit to your earnings.

<i>Year of Birth *</i>	<i>Full (Normal) Retirement Age</i>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

* If you were born on January 1st, you should refer to the previous year.

How Many '0's

I thought it would be interesting, with all of the big numbers being thrown around these days, to take a look at the difference between some of them.

Million, Billion, Trillion. I've got it!! How much more is one than the other. Let's say that you start counting from One to a Million, every second, day & night (no sleep of course). You would get to One Million in about a week and a half..

Keep counting. *You would get to One Billion in just under 32 years!!*

Now for the next step, I'm sorry we're going to have to find someone else. (You're probably sick and tired of counting anyway.)

Actually to get to One Trillion it will take someone about 32 thousand years. That means that the counting would have to have begun about the end of the last Ice Age, about 10 thousand years ago (probably the counting would have begun by a cave man in a rather chilly cave.) Unfortunately the counting would have to continue from today for about another 20 thousand years by the friends and/or family of that poor cave man, at which time we will certainly be well into the next Ice Age.

These numbers are thrown around with such abandon but just think about it. One Million- a week and a half. One Billion- 32 years and One Trillion- 32 thousand years.

Happy New Year

STAFF

- Arthur Rosenberg.....President
- Steven Rosenberg.....Executive Vice President
- Jacki Simmons.....Vice President
- Tom Gallagher.....Investment Assistant
- Joanne Keller.....Investment Assistant
- Allen Hefner.....Client Services
- Erica Gurian.....Client Services
- Halina Campbell.....Client Services
- Bill Harbison.....Accounting
- Carol Edmond.....Client Services
- Carla SchenkClient Services

THE ARANDA GROUP

Jenkins Court - Suite 230
 610 Old York Road
 Jenkintown, PA. 19046-2837
 Phone - 215-576-6666
 Toll Free- 877-272-4033
 Fax- 215-884-0356
 Web [http://](http://www.arandagroup.com)

www.arandagroup.com
 For E-mail- Use first name only of the person above followed by:
 @arandagroup.com

Save a Tree!!

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We have had a good response from many of our clients who are now getting their Friday Envelopes by email. They often get an opportunity to see their information on Friday afternoon. If, on the other hand, when you are getting your Friday Envelopes by email and you prefer to receive certain items by mail, of course we will be glad to comply.