

## **The Tax Mess Finally Solved**

**Income Tax Rates Remain The Same, AMT Patch Installed, Estate Taxes Defined**

The current federal income tax rates will remain the same for tax years 2011 and 2012. The indexing of these rates will be announced soon and we will provide that information in a future newsletter. The uncertainty over the expiration of these tax rates was a major inhibitor to businesses expanding over the past 12 months. In addition to the tax rates remaining the same, all other provisions of the Bush era tax cuts were also left intact. This includes the child care credit among others including the current capital gains and dividend tax rates.

Congress also passed a two year patch for the alternate minimum tax (AMT). This patch will index for

inflation, the current AMT. Had this patch not been applied, over 21 million households would have been subject to a tax that was originally meant to snare less than 500 individuals.

A one year cut in the employees social security payroll tax will effect every working person. The current tax rate of 6.2% will be reduced to 4.2%. For someone making the maximum under FICA law of \$108,600, they will pocket an additional \$2,172. For all others earning less than \$108,600, you may calculate your tax savings by multiplying your gross wages by 2%. This tax cut is for tax year 2011 only.

The estate tax situation has now been redefined for the next two years as well. Estates of under \$5 million will not be federally estate taxed. For estates of \$5 million or more, they will be taxed at 35%. With careful planning a married couple may be able to shelter a \$10 million estate from the jaws of the federal government. At press time there also seems to be a provision to fix the stepped-up cost basis law which went into effect January 1, 2010. Tax payers will be taxed on the value of the asset at the time of death and not the amount that was paid for the asset. We will clarify this issue in a future newsletter.

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**Registered Investment  
Advisor Associate**



**Erica L. Momany**

**Registered Investment  
Advisor Associate**

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## TAX QUESTIONNAIRE ENCLOSED

Each year we strive to make filing your income taxes a smooth, easy process.

We offer a couple of helpful services to our clients. First, we have enclosed our yearly tax questionnaire. Please use this as a guide to help gather all the necessary information to bring in to us to have your taxes prepared.

Secondly, we still encourage everyone to drop off their taxes

for preparation. Once our accountant has promptly prepared your return, she will contact you for pickup.

We also continue to electronic file all returns with the U.S. Federal Government and the State of Michigan. This allows you to receive your refund within 10 to 14 days. Our vast experience makes electronic filing smooth and easy.

## Signs of a STROKE

### *Remember the 1st Three Letters*

During a BBQ, a woman stumbled and took a little fall - she assured everyone that she was fine (they offered to call paramedics) she said she had just tripped over a brick because of her new shoes.

They got her cleaned up and got her a new plate of food. While she appeared a bit shaken up, Jane went about enjoying herself the rest of the evening.

Jane's husband called later telling everyone that his wife had been taken to the hospital - (at 6:00 p.m. Jane passed away.) She had suffered a stroke at the BBQ. Had they known how to identify the signs of a stroke, perhaps Jane would be with us today. Some don't die. They end up in a helpless, hopeless condition instead. Please read this, it only takes a minute...

A neurologist says that if he can get to a stroke victim within 3 hours he can totally reverse the effects of a stroke...totally. He said the trick was getting a stroke recognized, diagnosed, and then getting the patient medically cared for within 3 hours, which is tough.

Thank God for the sense to remember the '3' steps, STR. Read and Learn!

Sometimes symptoms of a stroke are difficult to identify. Unfortunately, the lack of awareness spells disaster. The stroke victim may suffer severe brain damage when people nearby fail to recognize the symptoms of a stroke.

Now doctors say a bystander can recognize a stroke by asking three simple questions:

- S** - Ask the individual to **SMILE**.
- T** - Ask the person to **TALK** and **SPEAK A SIMPLE SENTENCE** (Coherently) (i.e. It is sunny out today.)
- R** - Ask him or her to **RAISE BOTH ARMS**.

If he or she has trouble with ANY ONE of these tasks, call emergency number immediately and describe the symptoms to the dispatcher.

The New Sign of a Stroke - Stick out Your Tongue. Ask the person to 'stick' out his tongue.. If the tongue is 'crooked', if it goes to one side or the other, that is also an indication of a stroke.



**Sandra M. Welch**

**Accountant**

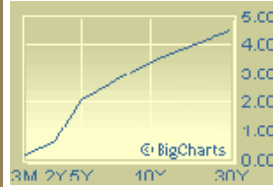


**Kelley J. Renn**

**Customer Service Representative**

# Market Scoreboard

MARKET INDEXES	Close on 12/23/10	3 Month Change	1 Year Change	3 Year Change	Bond Yield Chart		Quarter End	DJIA	S&P 500	Nasdaq
DJIA	11,573	10.26%	14.06%	-10.33%	2 Year	0.66%	Dec. 2010	11,573	1,257	2,666
S&P 500	1,257	10.17%	12.74%	-14.31%	5 Year	2.05%	Sept. 2010	10,788	1,141	2,369
Nasdaq Composite	2,666	12.54%	17.50%	-0.53%	10 Year	3.39%	June 2010	9,774	1,031	2,109
EAFE International	1,646	5.42%	4.10%	-9.36%	30 Year	4.47%	March 2010	10,857	1,169	2,398
							Dec. 2009	10,428	1,115	2,269



## Important Notice

Please contact us if any changes have occurred in your financial situation or investment objectives that necessitate a change in either the asset allocation or specific funds held in your account or if you wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions.

Mortgage Rates		Energy Oil/Barrel		Retail Unleaded Gasoline*	
15 Year Fixed	4.125%	12/23/10	\$91.08	12/23/10	\$3.09
30 Year Fixed	4.750%	09/30/10	\$79.91	09/30/10	\$2.75
5 Year Arm	3.500%	06/30/10	\$75.34	06/30/10	\$2.85
Rates subject to change without notice		03/31/10	\$82.39	03/31/10	\$2.80
All indexes do not include dividends in the calculations and rates of returns listed above.					

All performance is as of December 23, 2010. \*Retail unleaded gasoline price is determined at St. Joseph, Michigan. S&P 500® is a trademark of The McGraw-Hill Companies, Inc. Dow Jones Industrial Average (DJIA) is a trademark of Dow Jones & Company. This announcement constitutes neither an offer to sell nor a solicitation of an offer to buy any securities. The offering is made only by the prospectus which may be obtained by going to [www.KoehlerFinancialllc.com](http://www.KoehlerFinancialllc.com) and selecting Online Accounts. Please read it carefully before you invest or send money. Investment returns and principal values vary, and you may have a gain or loss when you sell shares. FINRA Broker Check is a mechanism by which consumers may check on the history of registered representatives and brokers. The FINRA Hotline Number is 1-800-289-9999 and FINRA Website Address is [www.finra.org](http://www.finra.org). Jackson National may send Randy P. Koehler and/or Erica L. Momany to educational meetings and contributes funds towards the publication of this newsletter, educational workshops and or mutual fund and variable annuity evaluation software. Customer complaints should be sent to: Koehler Financial 5764 James Drive, Stevensville, MI 49127, Attention Randy P. Koehler or e-mail [randyk@KoehlerFinancial.com](mailto:randyk@KoehlerFinancial.com) or [www.KoehlerFinancial.com](http://www.KoehlerFinancial.com). This newsletter is NOT offered as or intended to be legal advice. Randy P. Koehler, Koehler Financial Services, Inc. and its affiliates, subsidiaries, and associates do not practice law. You may request a copy of our ADV Part II by calling Koehler Financial Services, Inc. at 269-429-0650, on the web at <http://www.koehlerfinancial.com/new/Businesspracticeshome.htm> or email us at [info@koehlerfinancial.com](mailto:info@koehlerfinancial.com).

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5764 James Drive Stevensville, MI 49127

269.429.0650 Fax 269.429.8011 1.800.347.0650