



Buckingham
Financial
Group, Inc.

June 2011 Financial Planning Strategies:

Welcome to the inaugural edition of Financial Planning Strategies. In the coming months we will be updating you periodically on various topics relevant to your financial planning. If you have any questions regarding the topics addressed or there is a topic you would like covered in the future, feel free to e-mail us at: service@buckinghamfinancial.com.

The 2010 Tax Relief Act led to several tax law changes that will affect your 2011 tax returns. The \$800 Making Work Pay Credit that many of you received in 2010 expired December 31, 2010. You likely saw an adjustment in your federal tax withholding at the beginning of the year to reflect this change. However, it is important to review your 2011 tax forecast to ensure you have withheld a sufficient amount of taxes for the year to avoid underpayment penalties when filing in April. You also saw a 2% reduction in your payroll tax, increasing your net wages by 2% for 2011.

Another provision of the 2010 Tax Relief Act was the extension of lower ordinary income tax rates first put into place under the Economic Growth and Tax Relief Reconciliation Act of 2011 (EGTRRA), commonly known as the "Bush Tax Laws." Reduced capital gains taxes, including the zero percent capital gains rate for capital gains income in the 15% tax bracket, were extended as well through 2012 under this law. This may provide us with an opportunity to make adjustments to the tax cost basis of many of your after-tax holdings over the next two years.

One additional part of the law providing greater certainty for your tax planning over the next two years was the extension of the alternative minimum tax (AMT) "patch." This will allow us to forecast your taxes with greater accuracy through 2012 as we have a better understanding of your actual tax liability much earlier in the year.

Various other deductions and credits such as education and energy efficiency credits were extended through 2011 and 2012 as well. We will expand on these further in the future. If you have not already done so, please forward a copy of your most recent paycheck stubs to our office as soon as possible. We look forward to working with you to put in place a tax strategy for 2011. As always, if you would like further information feel free to contact our office.

Sincerely,

Melissa L. Mueller, CFP®

Vice President of Financial Planning

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