

# HAMBLIN & ASSOCIATES, INC.

TAX SPECIALISTS

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Dear Client:

**Email and Website: Please contact us with your email address**

Kit, Marc, Dale, Mary and Linda can be reached on E-mail by using their name@hamblinassociates.com. For example, to reach Kit, go to [kit@hamblinassociates.com](mailto:kit@hamblinassociates.com).

The address of the website is [hamblinassociates.com](http://hamblinassociates.com). We are in the process of updating the website. On the website you will find our tax letter, explanations of various incomes, deductions, and credits that may affect your taxes.

**2010 Tax Organizer:**

Your tax organizer for 2010 will be mailed to you separately. The shaded side of the organizer shows what items were reported on your tax returns for 2009. For example, if you had interest income in 2009, the organizer shows the name of the bank and the amount reported on your 2009 return. Other income and deductions follow the same pattern.

When you come in to have your taxes prepared, please bring in the completed organizer, making sure that all changes to addresses, phone numbers and your email address are on the organizer so we may update our records. Also bring along your Forms W-2, Forms 1099 for interest, dividends, pensions, IRA distributions, non-employee compensation, gambling winnings and losses, and any other Forms 1099. Your December 2010 stockbroker statements are helpful in calculating the cost of securities sold and deductible brokerage fees. If you have any questions about different forms or transactions received during the year, give us a call. If you are unsure of some paperwork received, bring it in with your tax return information so it can be reviewed to see if it applies to your taxes.

**Real Estate Sales** – We will need copies of purchases and sales escrows, as well as the California withholding Form 593(B) if applicable.

**Itemized Deductions:**

In 2010 you can use either the higher of state income tax paid or sales tax paid. All cash contributions require a receipt, regardless of the amount. Non-cash contributions require documentation and/or may require appraisals.

**Standard Mileage Deductions per Mile:**

	<u>Business</u>	<u>Medical</u>	<u>Charity</u>	<u>Moving</u>
2010:	50 cents	16.5 cents	14 cents	16.5 cents
2011:	51 cents	19 cents	14 cents	19 cents

**Social Security:**

Social Security tax on earned income of \$106,800 for 2010. Social Security tax rate is 4.2% for employees, but remains 6.2% for employers, 10.4% on self-employed. In addition, the Medicare tax is 1.45% on employees and 2.9% self employed, no income limit on tax.

Early retirees can receive reduced Social Security benefits starting at age 62. A portion of Social Security received before normal retirement age must be paid back if earned income is over \$13,560 for 2008, \$14,160 for 2009.

**Personal Exemptions 2010 - \$3,650**

**Standard Deduction – We use higher of itemized deductions or standard deduction:**

Married \$11,400 plus \$1,100 for each spouse 65 or older  
Single \$ 5,700 -- \$6,800 for age 65 and up  
Head of Household \$ 8,400 plus \$1,400 for age 65 or older  
Legally blind taxpayers can add another \$1,100

**Estate Tax Exemption - Amount of Estate not taxed:**

\$3.5 million for 2009, eliminated for 2010, \$5 million for 2011. Estate planning is very complex and requires much analysis and choice of alternatives.

Annual gift tax exclusion for 2010 is \$13,000 per donee, \$26,000 if spouse also makes gift.

**Capital Gains Tax Rates:**

A taxpayer’s income tax is computed by multiplying the taxpayer’s income by which taxable tax bracket the taxpayer is in. There are two sets of tax rates – ordinary income and long-term capital gains. Note: If income is only Capital Gains, zero tax on first \$65,000 of income.

**Taxable Income Rates:**

Ordinary Income Rates		Long Term Capital Gain Income Capital Gain Rates	
Married Filing Jointly			
\$0 – \$ 16,750	10% Taxable Income		0%
\$16,751 - \$ 68,000	15% of excess over \$16,751		0%
\$68,001 - \$137,300	25% of excess over \$68,101		15%
\$137,301 - \$209,250	28% of income over \$137,301		15%
\$209,250 - \$373,650	33% of income over \$209,251		15%

**Tax Credits – Federal and State:** Check our website for a list of credits that may relate to you.

Sincerely,

*Kit Hamblin*

Hamblin & Associates, Inc.