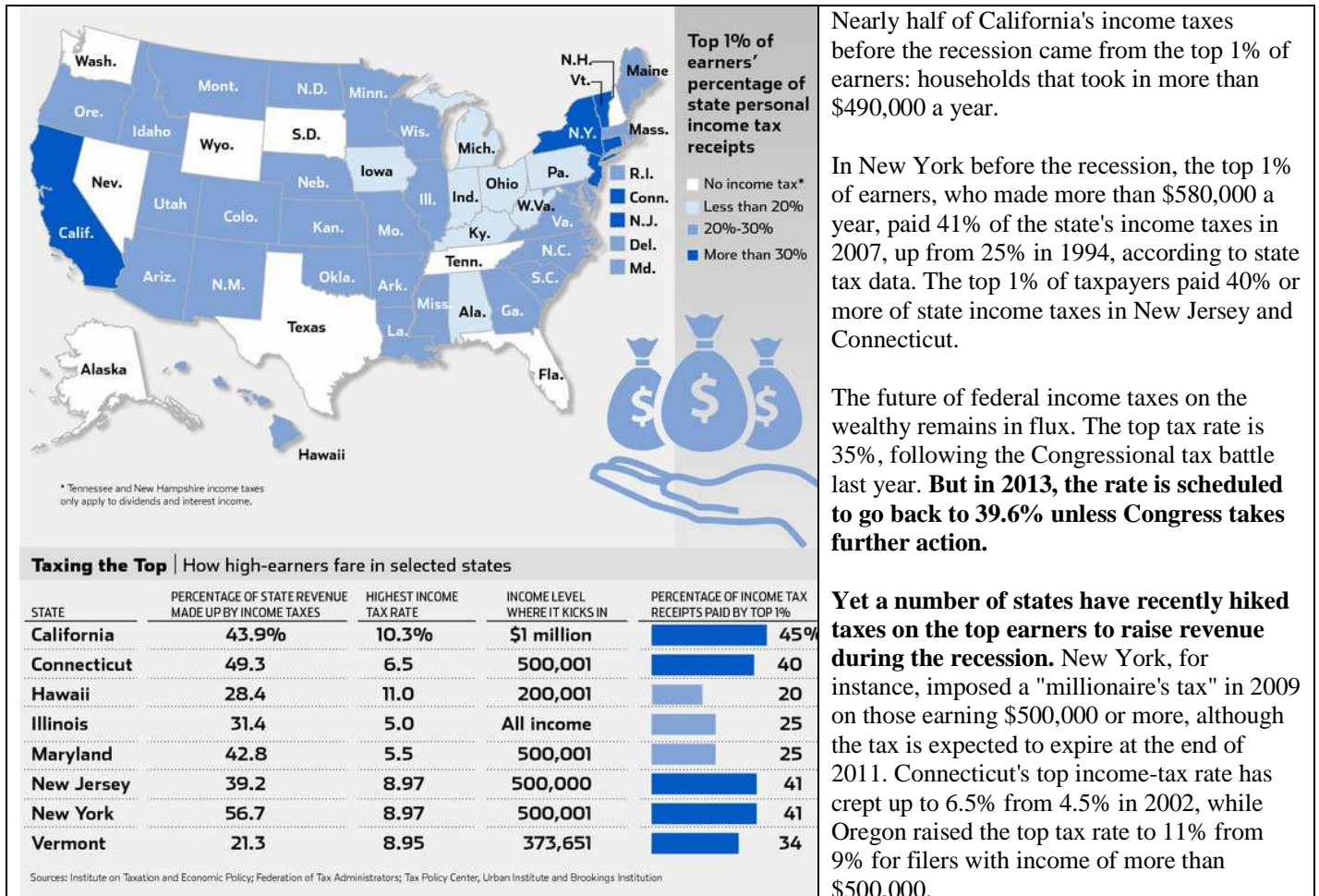


THE WALL STREET JOURNAL

March 26, 2011 – REVIEW By Robert Frank

The Price of Taxing the Rich

The top 1% of earners fill the coffers of states like California and New York during a boom—and leave them starved for revenue in a bust.



Comments March 26, 2011

Between the temporarily low 35% top federal marginal income tax rate (TFMTR) and State income tax rates as high as 11%, retirees may have unexpected taxes in retirement. The origin of these taxes may be Required Minimum Distributions (RMDs).

If you maximize your traditional IRAs and/or employer-sponsored retirement plans (401(k), 403(b), 457(b), SEPs, SIMPLE IRAs, etc.) you will likely retire with a large nest egg. Unfortunately, in most circumstances you must withdrawal at least a minimum amount annually after your turn 70 ½. The amount you must withdrawal is called the Required Minimum Distribution (RMD) and is based on Life Expectancy tables published by the IRS. RMDs from pre-tax employer plans and traditional IRAs are generally subject to federal and State income taxes. Hawaii's 11% top income tax rate begins when your income reaches \$200,001, while New Jersey's 8.97% top income tax rate begins at \$500,000.

Importantly, there are estate and financial planning strategies to avoid RMDs entirely. Implementing estate and financial planning strategies that allow you to avoid RMDs can mean avoiding federal and State income taxes.

Aaron Skloff, AIF, CFA, MBA
CEO - Skloff Financial Group

Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA), is the Chief Executive Officer of Skloff Financial Group, a NJ based Registered Investment Advisory firm. The firm specializes in financial planning and investment management services for high net worth individuals and benefits for small to middle sized companies. He can be contacted at www.skloff.com or 908-464-3060.