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Greetings to all of you. Please accept our best wishes for a blessed and happy new year!

We continue to see a tax environment that indicates both opportunity and complexity! Planning and time allow us to better serve and help you this year and into the future, while navigating the complexities of identity theft, provision of the Affordable Care Act, and the overall uncertainty in our economy and tax legislation.

For those of you who have provided us with an e-mail address in the past, we have e-mailed you an engagement letter, a tax checklist, and an organizer, which should assist you in gathering your tax documents and information for us. The engagement letter will be in a separate PDF file labeled "Action Required." It is important that you print, read, sign, and return this letter to us when you drop off your tax information. If you did not receive this package in your e-mail, or do not have an e-mail account on file with us, please call us and we will send you a package by mail.

So, what's new in the tax law? The biggie is the ACA. In a nutshell, you must now tell the IRS whether you have health insurance, who pays for it, and which people shown on your tax return are covered. Let us be clear that, if you do not have coverage, you will have to pay an extra tax this year. If you do not have health insurance, and need help figuring out how to get it, please let us be of assistance. The [healthcare.gov](http://healthcare.gov) website has improved dramatically and is much easier to navigate than it was a year ago. Another ACA effect is the additional 3.8% tax assessed on investment income of those with modified adjusted gross income greater than \$250,000. Investment income excludes wages, IRA distributions, pension distributions and Social Security payments, but includes interest, dividends, capital gains, rents, and some types of annuities. This additional tax is how the government is funding the subsidies for those who do not pay full price for their health insurance through the ACA.

The ACA is not the only important issue this year. In addition to the ACA, a 39.6% marginal tax bracket has been added, and maximum capital gain taxes have increased from 15% to 20%. The IRA limit has also been raised to \$5,500 for those who are under 50 years of age, and \$6,500 for those 50 years and older. Finally, the personal exemption for each taxpayer and dependents is \$4,000 now, but is subject to being phased out for some higher income individuals and joint filers.

If possible, please schedule an appointment this year to drop off your tax information, so that we may sit with you for a half hour and go over your tax documents and answer any questions or concerns you may have.

As always, we appreciate you and your trust in us. We look forward to hearing from you soon.

Sincerely,

Finn Gartman Hart, PLC