



NEWBURG & COMPANY^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS
TRUSTED FINANCIAL ADVISORS

9/1/11

Tax Planning and 9/15 Estimate Reminder

Dear Client,

We wanted to take this time to remind you that if you are required to pay personal estimated tax payments, the deadline is approaching and payments should be made by **September 15, 2011**. The required annual payment for most individuals is the lower of 90% of the tax shown on the current year's return or 100% of the tax shown on the return for the previous year. Certain high-income individuals must meet a more rigorous requirement. If the adjusted gross income on your previous year's return is over \$150,000 (over \$75,000 if you are married filing separately), you must pay the lower of 90% of the tax shown on the current year's return or 110% of the tax shown on the return for the previous year. If you fail to make the required payments, you may be subject to an underpayment penalty. The penalty equals the product of the interest rate charged by IRS on deficiencies, times the amount of the underpayment for the period of the underpayment.

As we approach the 4th Quarter, this is typically the best time to consider year-end tax planning strategies. Some considerations may involve planning around the timing of income and deductions or consideration of 2011 gifting opportunities for estate tax purposes.

It is important to remember the following points when evaluating tax planning ideas:

- The objective should be to achieve your personal financial and business goals in the most "tax efficient" manner possible. Minimizing taxes enhances overall investment and business returns. Depending on your anticipated income for the current and subsequent years, it may also be advantageous to defer or accelerate the recognition of income.
- Although tax planning is most effective when done throughout the year, many tax savings, deferral or acceleration strategies can be identified and implemented as year-end approaches.
- Effective tax planning requires accurate estimates of taxable income for 2011 and 2012. Developing good estimates is critical to making planned tax savings become a reality.
- Not every tax planning opportunity is appropriate for every person. However, identifying specific planning ideas that work for you can reduce your taxes or take advantage of utilizing the best tax brackets for current and subsequent years.

We would be happy to schedule a time to further review your tax and financial planning situation. Please do not hesitate to contact us should you have any questions.

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