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**Kendall Capital Management Reveals the True Meaning and Impacts of the Recent Fiscal Cliff Deal**

*Tax Breaks and Tax Hikes: What Americans Can Expect from the New Legislation*

**Rockville, MD – January 4, 2013** – Kendall Capital Management (KCM), the award-winning Maryland-based financial services firm, today announced what Americans can expect from the new Fiscal Cliff Deal and specifically, how it will affect their taxes and bottom-line once it goes into effect.

Overall, KCM expects significant tax hikes to affect some households in the government's effort to increase federal revenues by \$600 billion over the next ten years, with virtually all working Americans seeing some tax increases over the next year. The wealthiest Americans are in for the largest income tax hike of all, however, with the top marginal tax rate expected to rise 4.6%, although individuals and households with incomes less than \$400,000 and \$450,000 respectively, will not see their federal income tax rates rise due to the preservation of the Bush-era tax cuts.

At the top level, Americans can expect the following additional elements from the new Fiscal Cliff Deal:

- In 2013, the payroll tax rate returns to its old level and employees will pay 6.2% in Social Security taxes rather than 4.2%;
- The top marginal income tax rates will rise 4.6% in 2013 to 39.6%. Individuals with more than \$400,000 in taxable income and couples with more than \$450,000
- The federal individual estate tax exemption falls slightly to \$5 million from \$5.12 million. Though, estate tax rates now top out at 40%. For Maryland residents the estate exemption maintains at \$1 million at an initial rate of 10% and rising to 16% on top of the federal estate taxes;
- The Alternative Minimum Tax (AMT) has been patched - permanently;
- 80% of itemized deductions will be eliminated in 2013 for individual with adjusted gross incomes of more than \$250,000 and couples with adjusted gross incomes of more than \$300,000.
- Dividends will not be taxed as ordinary income. Dividends coming to individuals making more than \$400,000 and households making more than \$450,000 will return to the 20% level, 5% higher than they were in 2012. Single filers with taxable incomes of more than \$35,350 and joint filers with taxable incomes above \$70,700 will see a top dividend tax rate of 15% this year. Investors in the 10% and 15% tax brackets will pay no taxes on dividends.
- Long-term unemployment benefits will be sustained through the end of 2013;
- Drastic cuts in Medicare payments to physicians will be avoided for 2013;
- The Earned Income Tax Credit (EITC), American Opportunity Tax Credit (AOTC) and Child Tax Credit will be extended through 2017;

- Companies will be able to accelerate depreciation schedules for major capital investments for another year;
- The R&E tax credit and wind production tax credit are both sustained The charitable IRA rollover provision returns which allows individuals the advantages of making charitable contributions directly to charities from there IRA account;
- The “sequester” will be delayed 2 months while Congress tries to craft a plan to replace them.

“The Fiscal Cliff Deal is a critical piece of legislation that will affect the lives and financial futures of all American citizens,” said KCM president Clark Kendall. “It is important to understand the key elements of what these new regulations will mean in the context of wealth management and effectively planning for financial success in the future.”

### **About Kendall Capital Management**

Established in 2002, Kendall Capital Management (KCM) is an independently registered investment services firm located in Rockville, Maryland. KCM was founded by CEO Clark Kendall, who has over 29 years of financial knowledge and experience. KCM employs certified CFAs, AEPs and CFPs, and offers unbiased, fee-only wealth management planning to a clientele from a variety of sectors, including non-profit organizations, corporate pension funds and high net worth families and individuals in Montgomery County, Maryland. Our financial planning team serves a variety of sectors in Montgomery County, Maryland with a focus on: non-profit organizations, corporate pension funds, and high net worth families and individuals. KCM is committed to understanding the financial goals and needs of our clients, and helping them attain these goals. To learn more about KCM, visit [www.kendallcapital.com](http://www.kendallcapital.com). Also, follow KCM on Facebook (<https://www.facebook.com/pages/Kendall-Capital/172208776442>) and Twitter (<https://twitter.com/kendallcapital> or @KendallCapital).

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