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CERTIFIED PUBLIC ACCOUNTANTS

### **Make the most out of the recent tax cut.**

As many of you know, President Obama signed the Tax Relief Act of 2010 in late December 2010. Included in this legislation is a 1 year reduction in the employee portion of the Social Security Tax (FICA). For 2011 only, the employee portion will be 4.2% rather than 6.2% on the first \$106,800 of wages. For someone making \$50,000 this translates into an additional \$38.46 a paycheck if paid bi-weekly. For a married couple where both spouses FICA wages exceed \$106,800 this is additional take home pay of \$4,200 for the year.

To make the most out of this, you should consider increasing (or starting) contributions to your retirement account. You could contribute hundreds of dollars over the course of the year without a reduction in your net paycheck. If your employer offers a match on this contribution, this is an opportunity for you to double your savings without losing any take home pay. For those not covered by an employer plan, similar benefits may be able if you contribute to a traditional IRA.

If you would like additional information about this or any other recent tax law changes, please feel free to contact a member of our tax department.