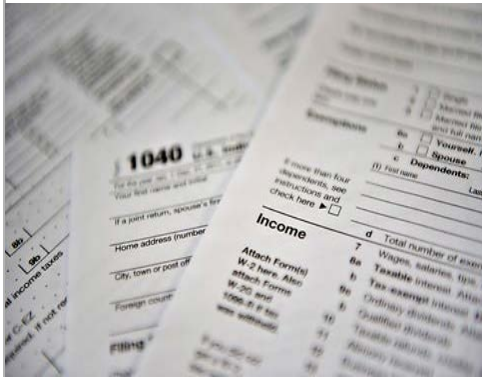


## Medicare Surtax: Will it Affect You?



Beginning January 1st, 2013, under the Affordable Health Care Act, a 3.8% Medicare surtax will impact certain investment income. This will only affect individuals whose modified adjusted gross income (MAGI) is above a specified threshold amount. Your MAGI is calculated by adding all of your taxable income to your net foreign income and subtracting any allowed deductions. Additionally, a 0.9% tax will be applied to wages on the amount that MAGI surpasses the given thresholds. The typical tax deduction for half of self-employment taxes paid will not apply to Medicare surtaxes paid.

### MAGI Thresholds:

**You will not be subject to the surtax if your MAGI falls below the given thresholds.**

- \$200,000 for single filers**
- \$250,000 for married, filing jointly**
- \$125,000 for married, filing separately**
- \$11,650 for estates and trusts**

**If your MAGI exceeds these thresholds, the 3.8% surtax will be applied to the *lesser* of all of your investment income *or* the amount by which your MAGI exceeds the threshold.**

### Net Investment Income Includes:

- Dividends**
- Interest**
- Capital Gains**
- Rent**
- Taxable Distributions from Nonqualified Annuities**
- Taxable Withdrawals from Life Insurance and Royalties**

### Net Investment Income Does Not Include:

- Traditional IRAs**
- Retirement Income**
- Life Insurance**

**For more information or to have your questions answered, please contact your Trusted Advisor.  
(508)620-1000**

**Join our Online Community**



[www.Financial-Foundations.com](http://www.Financial-Foundations.com)

One Research Drive | Suite 100B | Westborough, MA, 01581

*Securities offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Adviser. Financial Foundations is a Registered Investment Adviser. Advisory services, fixed insurance products and services, and tax services offered by Financial Foundations are separate and unrelated to Commonwealth.*