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Tax Freedom Day – April 12, 2011



Happy Tax Freedom Day, the made-up holiday when the average American starts working for him- or herself, is today! In case you weren't aware, the average American will spend 102 days working to pay his/hers 2011 tax bill. That makes April 12th, Tax Freedom Day. And by the way, if you are one of the 53% who pays income taxes, your 2010 income taxes are due in just a few days.

Origin and Methodology

Tax Freedom Day was created by Dallas Hostetler, a Florida businessman, in 1948. Hostetler promoted his copyrighted concept until 1971 when he retired and deeded the intellectual property to the Tax Foundation. Every dollar that is officially called income by the government is counted, and every payment to the government that is officially considered a tax is counted. Taxes at all levels of government are included, whether levied by Uncle Sam or state and local governments. Determining the national Tax Freedom Day involves calculating an overall effective tax rate for the nation. This is done by dividing the nation's total tax payments by the nation's income. Then the nation has finally earned enough to pay all the taxes that will be due for that year, Tax Freedom Day has arrived.



Tax Freedom Day 2011

Tax Freedom Day will arrive on April 12th this year. That means Americans will work well over three months of the year before they have earned enough money to pay this year's tax obligations. Tax Freedom Day arrives three days later in 2011 than it did in 2010, but nearly two weeks earlier than in 2007. This shift toward a lower tax burden since 2007 has been triggered by three factors:

1. The Great Recession has reduced tax collections even faster than it has reduced income,
2. President Obama and the Congress extended the Bush-era tax cuts for an additional two years, and
3. As part of the extension agreement, the Making Work Pay tax credit was replaced with the 2 percent reduction in payroll tax.

Despite these tax reductions, Americans will pay more in taxes in 2011 than they will spend on groceries, clothing and shelter combined.



"So far, so good — I've got our budget all balanced except for food, clothing, and shelter!"

The Federal Budget Deficit and Tax Freedom Day



Tax Freedom Day, like almost all tax burden measures, ignores the current year's deficit. Only taxes that will actually be collected during 2011 count in the tally. In many years the deficit is fairly small as a percentage of total government spending, so Tax Freedom Day gives a good idea of the size of government.

Since 2008, however, deficits have increased dramatically. As a result, Tax Freedom Day may give the impression that the burden of government is smaller than it really is. If the federal government were planning to collect enough in taxes during 2011

to finance all of its spending, it would have to collect \$1.48 trillion more, and Tax Freedom Day would arrive on May 23rd. This date for a deficit-inclusive measure is the latest since World War II.

So Congratulations! You may not have sent a check yet or signed on the dotted line, but you've already put in the work to free yourself from Uncle Sam's grip for this year. What's that you say? You don't feel like you've beat the tax man yet this year? *Are you sure you've done everything you can to save taxes for YOURSELF?*

Who Needs Tax Planning?

Former President Jimmy Carter called the Internal Revenue Code "a disgrace to the human race." But not everyone shares the same opportunities for tax planning. If your income comes solely from a job, and your deductions are simple, you may not need the expertise of a Certified Tax Coach™. However, if you fall into one of these three groups, you can't afford not to benefit from the insight and analysis that a Certified Tax Coach can provide:

- **You own your own business:** Owning your own business – even a startup or sideline business – is the best tax shelter left in America. **Are you taking advantage of every chance to pay less?**
- **You own real estate:** Real estate is a great tax shelter and a foundation of countless family fortunes. Tax laws favor real estate to make housing more affordable. **Does your tax pro understand how to make those laws work for you? Or are you missing little-known but legal opportunities to pay less?**
- **You manage investments:** Today's volatile market proves you can't control whether your investments go up or down. But you can control how you pay tax on those investments. You can also choose investments that provide you with tax-advantaged or even tax-free income. **Do your advisors know how to structure the most tax-efficient portfolio for you?**



Why Find a Certified Tax Coach™?

Typical tax professionals focus on putting the right numbers in the right boxes on the right forms. They do a great job recording history – usually the history you give them!

Certified Tax Coaches™ focus on proactive tax strategies to save you money before April 15. They don't just record history – they help you write it. Did you know that Lynn is a Certified Tax Coach?



Certified Tax Coaches™ have completed special training and regularly participate in ongoing continuing education programs. They also must adhere to the American Institute of Certified Tax Coaches™ Code of Ethics.

April 15th will soon be upon us. If you haven't taken the necessary steps to do all you can to lower **YOUR TAX BURDEN**, then you owe it to yourself to celebrate Tax Freedom Day by scheduling your tax planning appointment **TODAY!** The schedule is filling up and we are taking appointments for May and June at this time. **Call our office at 863-295-9895 to schedule an appointment with your personal Certified Tax Coach!**

Investments are subject to market risks including the potential loss of principal invested.

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