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RINA ALERT!

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Projecting Annual Income and Income Taxes

Now that half of 2009 has come and gone, it may be time to project income and income taxes for the year. If that projection looks bleak, it may be time to consider accelerating some income into this down year. One way to do that would be to take money out of your retirement plan before December 31, 2009, whether or not you are required to. Withdrawals from your 401k or most other type plans will usually be taxable but recognizing that income in a down year minimizes the income tax effect and takes advantage of lower rates and could help offset losses from other sources (**this strategy may result in early withdrawal penalties for those that are not at least 59.5 years old**). There is also the consideration of unused itemized deductions in a down year which are generally wasted when adjusted gross income is negative. While it is still early and more difficult to project annual income, the process to withdraw funds from a retirement plan can take several months so it would not be unwise to consider getting that started.

Please contact your RINA representative to assist you with your annual projection.