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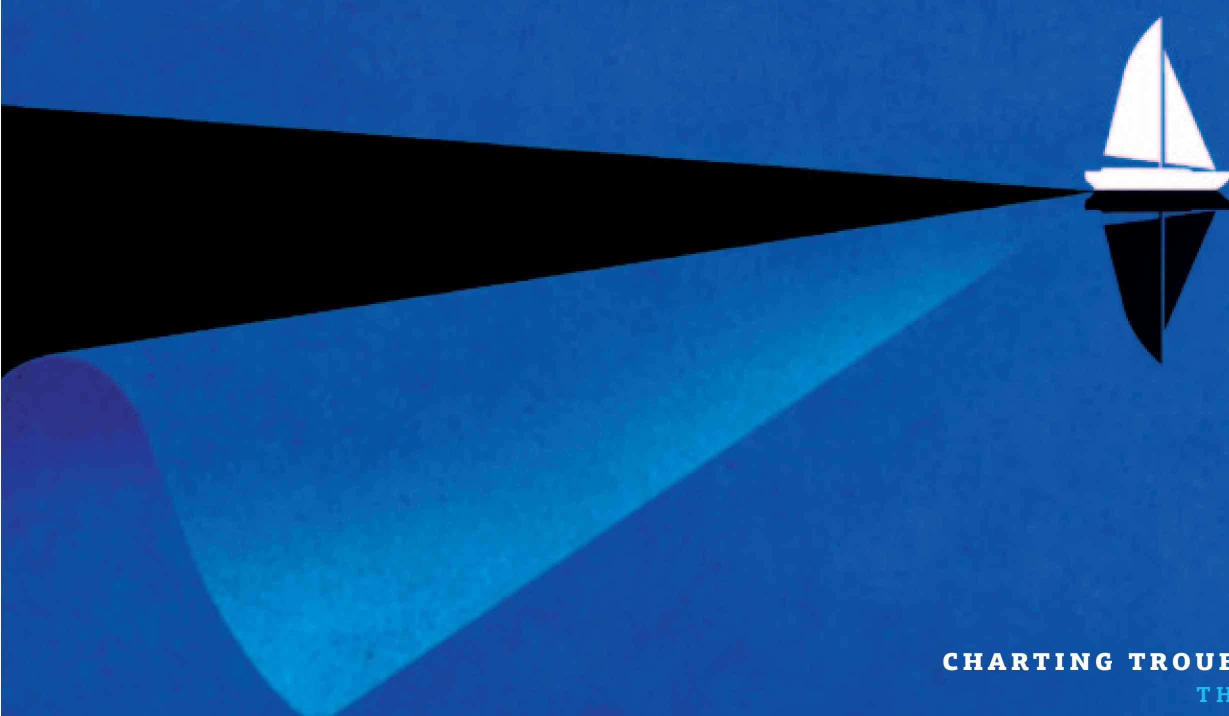

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Signature Estate & Investment Advisors LLC
Paul Taghibagi, CFP®, ChFC®, AIF®, Senior Partner

What are some financial opportunities I should look for this year?

By Paul Taghibagi

Every year brings some financial change, and 2012 is no exception. Here are some relevant changes relating to investment, tax and estate planning for this year.

RETIREMENT PLANS

Annual limits for 401(k), 403(b) and 457 contributions rise slightly to $17,000, and you can contribute an additional $5,500 to these accounts if you are 50 or older this year. IRA contribution levels are unchanged from 2011: The ceiling is $5,000, $6,000 if you will be 50 or older in 2012.

As you strive to contribute as much as you comfortably can to these accounts, you will probably notice some changes with the retirement plan at your workplace. In 2012, retirement plan sponsors (i.e., employers) will have to note all the fees and expenses linked to the funds in the plan to the plan participants. So if you have a 401(k) or 403(b), you may notice some differences in the disclosures on your statements, and you will probably notice more information coming your way about fees. There is also a push in Washington to have financial companies provide projections of your expected monthly benefit at retirement age.

INCOME TAXES

Wealthy Americans are set to face greater income tax burdens in 2013, so 2012 may be the last year to take advantage of certain factors. For example, the top tax bracket in 2013 is slated to be 39.6 percent instead of the current 35 percent. This year, capital gains and dividends will be taxed at 15 percent or less. In 2013, the qualified capital gains tax rate is scheduled to rise to 20 percent, and qualified dividends will be taxed as ordinary income. So taking a little more income in 2012 could be smart.

In 2013, the wealthiest Americans—those earning more than $200,000 as individuals or $250,000 as married couples—are supposed to be hit with new Medicare taxes: a 3.8 percent levy on unearned income (such as capital gains, income from real estate, dividends and interest) and a 0.9 percent tax on earned income. So next year high-income earners could effectively face taxes in the neighborhood of 45 percent on the federal level.

Additionally, the IRS is planning to limit itemized deductions for upper-income taxpayers in 2013. A phase-out will also apply for the personal exemption deduction.

ESTATE AND GIFT TAXES

At the end of 2012, some very nice estate tax breaks are also set to expire. Barring action by Congress, 2013 could see a large increase in the federal estate tax rate from 35 percent to 55 percent. The individual estate tax exclusion (currently $5.12 million) is scheduled to be reduced to $1 million.

These numbers and percentages also apply to gift taxes. For 2013, the top federal gift tax rate is set to go from 35 percent to 55 percent, and the lifetime gift tax exemption amount is scheduled to fall from $5.12 million to $1 million per individual.

Speaking of gifts, we said goodbye to charitable IRA gifts in 2011. The IRA charitable rollover, a boon to nonprofits and a handy tax deduction option for taxpayers older than 70½, was not extended into 2012.

ROTH IRA CONVERSIONS

Thanks to legislation that took effect in 2010, investors at any level of income can convert a traditional IRA to a Roth IRA. A Roth IRA has the benefits of allowing your retirement account to grow tax free. A conversion does, however, trigger a tax bill on the amount of money converted. With federal taxes set to increase in the years ahead, this might be the year to consider a Roth conversion.

Given all these changes, it might be wise to meet with your financial professional as you strive to make the most of your money.

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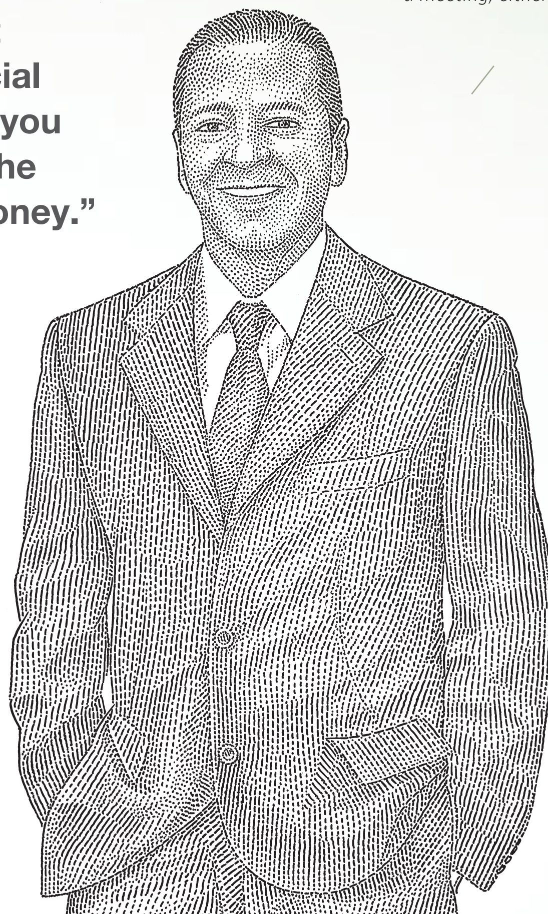
– Paul Taghibagi

How to reach Paul Taghibagi

Please call my office at 310.712.2323 to schedule a meeting, either over the telephone or in person.



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Coaching my daughter's soccer team

MY FAVORITE AUTHOR IS...

Jules Verne

IF I WEREN'T A WEALTH ADVISOR, I'D BE...

The CEO of a publicly traded company

About Paul Taghibagi

Paul Taghibagi, CFP, ChFC, AIF, has been in the securities industry since 1990 and is one of the four founding partners of SEIA LLC. Less than 10 years after its inception, SEIA reached the milestone of $1 billion in assets under management. Mr. Taghibagi graduated with honors from the University of California, Santa Barbara, with a bachelor of science degree in business economics, and he is a Certified Financial Planner. His emphasis is investment planning and wealth management for affluent individuals, foundations and corporations. Additionally, he is a member of SEIA's investment committee. Mr. Taghibagi lives in Pacific Palisades, Calif., with his wife and two daughters.

Assets Under Management
$330 million (Taghibagi)
$2.1 billion (firm, as of 12/31/11)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
$1 million (investment services)
$5 million (Private Client Group)

Largest Client Net Worth $100 million

Financial Services Experience
21 years

Compensation Method Asset-based and fixed fees

Primary Custodian for Investor Assets
Charles Schwab & Co. and Fidelity Investments

Professional Services Provided
Investment advisory and money management services; estate, retirement, corporate benefits, income tax and insurance planning

Association Memberships
Financial Planning Association, National Association of Insurance and Financial Advisors and ProVisors

Website
www.seia.com

Email
pt@seia.com

Signature Estate & Investment Advisors LLC | 2121 Avenue of the Stars, Suite 1600, Los Angeles, CA 90067 | 310.712.2323

ILLUSTRATION BY KEVIN SPROULS

Paul Taghibagi, CFP®, ChFC®, AIF®

Senior Partner

Signature Estate & Investment Advisors LLC
2121 Avenue of the Stars
Suite 1600
Los Angeles, CA 90067
Tel. 310.712.2323

pt@seia.com

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