

The Financial Insider

“Providing pertinent information for your financial well being”

November 2007 Volume 1

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Quote of the Month

“Experience is one thing that you can not get for nothing.” – Oscar Wilde

Introducing “The Financial Insider” Newsletter

The “Financial Insider” newsletter was developed to provide individuals with up to date and accurate information on important and timely issues that may affect your overall financial success. The “Financial Insider” will offer information on several different aspects of finance. This includes but is not limited to: Investments, income & property taxes, mortgages, insurance, real estate, estate planning, social security and much more. The goal of our writers is to help keep our readers abreast of all information and happenings that are pertinent to their financial well being. Issues of the newsletter will be printed and distributed monthly. If you would like to receive the newsletter via e-

mail please e-mail us at info@byck.com and type in the subject line “newsletter”. Once we receive your request you will automatically start receiving The “Financial Insider” directly to your e-mail. Feel free to refer any of your colleagues or friends as well, as this is a FREE publication. We hope you find the newsletter helpful and informative. You can also send any questions or comments directly to us via e-mail at newsletter@byck.com You may also contact us via phone at 1-800-833-1704.

All editorials and opinions are just that and should not be acted upon without speaking with your financial professional or accountant.

What is your tax bracket?

Written by Stanley Byck

This is a question many taxpayers often wonder but do not ask. As tax season comes closer and 2007 income tax returns will start being filed we thought this information could come in handy. You may have heard your accountant or colleague say that a certain amount of income will put them in a different tax bracket. This in fact can be entirely true. The IRS bases its federal tax rates on a formula which often has changed with time. This formula will in fact dictate at

what rate you will be taxed by the federal government. Your tax bracket is calculated by taking into account two different variables. These are: 1) Your total taxable income (*Total gross income – all deductions & credits*) 2) Your filing status (Single, Married filing jointly, Married filing separately or Head of Household). Please go to page two to view the 2007 IRS Federal tax brackets.

continued on page two



Tax Deductions

Tax deductions are paramount when filing your tax return. Not only will you be taxed on less, you may actually be taxed at a lower rate if your deductions drop you into a lower tax bracket. A professional tax advisor should be able to aid you in maximizing all of the deductions that are available for you.

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What is your tax bracket? (continued from page 1)

The tables below are the IRS tax brackets for 2007.

Single

| If taxable income is over-- | But not over-- | The tax is: |
|-----------------------------|----------------|--|
| \$0 | \$7,825 | 10% of the amount over \$0 |
| \$7,825 | \$31,850 | \$782.50 plus 15% of the amount over 7,825 |
| \$31,850 | \$77,100 | \$4,386.25 plus 25% of the amount over 31,850 |
| \$77,100 | \$160,850 | \$15,698.75 plus 28% of the amount over 77,100 |
| \$160,850 | \$349,700 | \$39,148.75 plus 33% of the amount over 160,850 |
| \$349,700 | no limit | \$101,469.25 plus 35% of the amount over 349,700 |

Married Filing Jointly or Qualifying Widow(er)

| If taxable income is over-- | But not over-- | The tax is: |
|-----------------------------|----------------|---|
| \$0 | \$15,650 | 10% of the amount over \$0 |
| \$15,650 | \$63,700 | \$1,565.00 plus 15% of the amount over 15,650 |
| \$63,700 | \$128,500 | \$8,772.50 plus 25% of the amount over 63,700 |
| \$128,500 | \$195,850 | \$24,972.50 plus 28% of the amount over 128,500 |
| \$195,850 | \$349,700 | \$43,830.50 plus 33% of the amount over 195,850 |
| \$349,700 | no limit | \$94,601.00 plus 35% of the amount over 349,700 |

Married Filing Separately

| If taxable income is over-- | But not over-- | The tax is: |
|-----------------------------|----------------|---|
| \$0 | \$7,825 | 10% of the amount over \$0 |
| \$7,825 | \$31,850 | \$782.50 plus 15% of the amount over 7,825 |
| \$31,850 | \$64,250 | \$4,386.25 plus 25% of the amount over 31,850 |
| \$64,250 | \$97,925 | \$12,486.25 plus 28% of the amount over 64,250 |
| \$97,925 | \$174,850 | \$21,915.25 plus 33% of the amount over 97,925 |
| \$174,850 | no limit | \$47,300.50 plus 35% of the amount over 174,850 |

Head of Household

| If taxable income is over-- | But not over-- | The tax is: |
|-----------------------------|----------------|---|
| \$0 | \$11,200 | 10% of the amount over \$0 |
| \$11,200 | \$42,650 | \$1,120.00 plus 15% of the amount over 11,200 |
| \$42,650 | \$110,100 | \$5,837.50 plus 25% of the amount over 42,650 |
| \$110,100 | \$178,350 | \$22,700.00 plus 28% of the amount over 110,100 |
| \$178,350 | \$349,700 | \$41,810.00 plus 33% of the amount over 178,350 |
| \$349,700 | no limit | \$98,355.50 plus 35% of the amount over 349,700 |

Is a Roth IRA right for you?

Written by David Byck

Since its inception in 1998, the Roth IRA has become an extremely popular retirement planning tool for individuals of all ages. What makes the Roth IRA so unique is its tax free growth and its unparalleled flexibility. No other retirement vehicle allows its owner the ability to have their assets grow tax free and also affords them the ability to withdraw their contributions at ANYTIME without being taxed a penny! There is also no requirements to start taking distributions at age 70 ½. Unfortunately this flexibility only holds true for contributions and NOT growth on your investment. All withdrawals on your investments growth will be assessed a penalty and taxes if taken out prior to age 59 ½. However, the tax free growth and flexibility make this retirement option one of the best available to an investor. So what is the catch? Like anything else the Roth does have its limitations. These limitations may be one or several of the reasons that you have not yet invested in a Roth IRA.

1-You MUST be employed, monies invested must come from employment and not from gifts or other investments. The exception to this rule is if your spouse is employed and you are

not and you are filing jointly, then both of you can invest in a Roth IRA.

2-Roth IRA's are NOT tax deductible and if you really need the tax deduction that a traditional IRA can offer you will not receive it with a Roth. (That is the price for tax free growth instead of tax deferred growth.)

3- Employed individuals that earn more than a certain income may not be allowed to contribute the maximum amount allowed or may not be able to contribute to a Roth IRA whatsoever. (Please review the side column for this information) The maximum contribution an employee may make to a Roth IRA in 2007 is \$4,000. If the employed individual is age 50 or above a contribution maximum of \$5,000 is available.

Note-

Several investors have decided to convert their traditional IRA to a Roth IRA. This can be done but there are tax payments that must be made upon conversion. One should not convert their traditional retirement investment to a Roth IRA without first consulting their accountant or financial professional.

Roth IRA Income Guidelines

For those filing as a single person or Head of Household, your AGI (adjusted Gross Income) must be less than \$95,000 to invest the maximum dollar amount. Those with an AGI greater than \$110,000 will not be allowed to invest in a Roth IRA.

For those who are married filing jointly your AGI must be \$150,000 or less to invest the maximum into a Roth IRA. If your AGI is greater than \$160,000 you will not be able to invest in a Roth IRA.

If you have any questions about this newsletter or if you would like to meet with one of our professionals for tax advisory services, accounting or financial planning please contact us via phone at 800-833-1704 or via e-mail at info@byck.com



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Article Three (continued from page 2)

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