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NEWSLETTER
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HAPPY THANKSGIVING

We will be closed Thursday and Friday, November 24th and 25th, to observe the Thanksgiving holiday.

INDIANA INHERITANCE TAX

Indiana is one of the few states that impose an inheritance tax. The tax is not imposed on the surviving spouse or charitable organizations. The type of beneficiary you are determines the amount of exemption you are entitled to. A Class "A" beneficiary includes parents, children, grandparents, grandchildren and other lineal ancestors and lineal descendants. Each Class A beneficiaries receive a \$100,000 exemption. For example; Assume a widow (or widower) leaves her (or his) entire \$3,000,000 estate to an only child. The taxable estate would be (\$2,900,000). Ignoring allowable deductions, the Indiana inheritance tax would be \$232,250 leaving the child \$2,767,750. There would no Federal Estate Tax since the exemption from such tax is \$5,000,000. A Class "B" beneficiary includes brothers, sisters, lineal descendants of brothers or sisters, daughters-in-law and sons-in-law. These receive a \$500 exemption. Each Class "C" beneficiaries include anyone that are not Class "A" or Class "B" beneficiaries including but not limited to aunts, uncles, cousins, friends, nieces and nephews by marriage and corporations. These are provided an exemption of \$100 each.

LOCAL TAXES

Don't forget to pay your real estate and personal property taxes which are due this month.

FLAT TAX

Our 1997 *Newsletter* briefly mentioned the flat tax, described by the "politicos" as being "fair". The percent for the flat tax has ranged from 9% to 20%. Using current tax rates and the following earnings for a single taxpayer, let us compare the results using a 9% flat tax currently being touted by a GOP aspirant to the U.S. presidency:

Taxable Earnings	<u>\$ 20,000</u>	<u>\$100,000</u>	<u>\$1,000,000</u>
Current Tax	2,015	19,098	324,371
Flat Tax	<u>1,800</u>	<u>9,000</u>	<u>90,000</u>
Difference	215	10,098	234,371

IF YOU LIKE OUR SERVICE, TELL OTHERS. IF YOU DON'T, TELL US

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