



From the Desk of

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As the New Year gets underway, I'd like to take this time to remind you to look for new opportunities to improve your financial outlook. Paying down debt or increasing your contributions to your retirement plan or reducing expenses all add up. Small things can make a big difference 20 or even 10 years from now, so it is always important to make adjustments where necessary. As we prepare our taxes for the last year, it is also a great time to review changes to the tax laws and your own situation. Millions of taxpayers can breathe a little easier now that the lower tax rates have been extended for another two years. The 2010 Tax Relief Act also makes important changes to tax laws that affect estate planning and gifting.



Another bit of good news is that filers have an extra three days to file this year. Thanks to an obscure holiday observed in Washington called Emancipation day which will be observed April 15th of this year. The official tax deadline for filing is Monday April 18th. As the year opens, I wish you happiness, success and prosperity throughout 2011. My staff and I are always here to help and will continue to look for opportunities to help you advance throughout the New Year.



Less Taxing Taxes!

Below are some commonly overlooked tax deductions:

State Sales Taxes: This deduction was recently extended through 2011 and although all taxpayers have the option to take this write-off, it makes sense mostly for those who live in states that do not impose income taxes. If you live in a state with income taxes, you may still be better off using the sales tax deduction if you made a major purchase like an automobile. Taking the time to look at which deduction works best for you will allow you to take the option that works best in your situation.

Reinvested dividends: Although this isn't really a tax deduction, it is an important subtraction that can save you on taxes. If you are invested in the market and have dividends reinvested to buy more shares, those reinvestment's count towards your cost basis. This is important when you sell your shares as it can reduce the taxable capital gains. You can always contact the funds you are invested in to get the correct cost basis information.

Job-hunting costs: If you or someone you know are among the millions of unemployed Americans looking for work in 2010, be sure to keep track of job-search expenses. To qualify for this deduction, the total of your itemized deductions must exceed 2% of your adjusted gross income and you must be seeking a position in the same line of work. If you're looking for a position in the same line of work, you are allowed to deduct these costs as miscellaneous expenses. You may deduct expenses such as food and lodging if your search takes you away from home. You may also deduct any transportation or fees you pay to agencies that try to help you find a job. Job-hunting expenses while looking for your first job don't qualify.



For Your Eyes Only

Protecting ourselves physically is something that we naturally developed by mimicking our parents' protective nature. Protecting ourselves from identity theft is not intuitive. Knowing how to protect yourself from this new form of invasion is important to your financial well-being.

A new technology called Radio Frequency Identification, RFID, is being inserted into many new credit cards, drivers' licenses, passports and security badges. Instead of swiping your cards through a machine, RFID cards just need to be held in front of a scanner for the scanner to read your personal information. Unfortunately, identity thieves carrying these small scanners can obtain and view your personal information by just walking by you on the street.

However, we can be proactive and protect ourselves before becoming a victim by shielding our cards. Companies like Identity Stronghold produce protective sleeves that block data from being obtained. Simply by storing your cards in a protective sleeve developed to block RFID can be a proactive way to keep your identity and personal information for your eyes only.



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Quarterly Rapport



Money & Happiness



A certain amount of money does influence our happiness but money doesn't buy happiness. As psychologists have reported and realty TV has capitalized on, happiness doesn't rise in proportion with more income. So how can you be happier in 2011, no matter what your income level?

Laura Rowley from MoneyandHappiness.com reports that there are six mind sets in relationship to money that will help you find greater happiness.

1 Stop Comparing. All of us are competitive. We compete in sports, in business and in life. While happiness is our ultimate goal, few compete for happiness. Bottom line never measure your financial achievements against anything except your own goals and aspirations.

2 Be Grateful. Gratitude is incompatible with negative emotions like envy, greed and bitterness. Try writing down five things you are grateful for. Doing this little exercise just once a week will produce a significant rise in your happiness.

3 Don't make money a top priority. Research shows money-seekers suffer more anxiety and experience more health problems related to stress. Money doesn't cause these problems but making money central to your life does.

4 Be Conscious of how you talk about money. The way we think and speak about money has a big impact on our happiness. Think of yourself as making wise choices with your money based on your own values and priorities instead of as someone who has to do without. Saying "I choose to spend my money on other things" will positively affect your happiness versus saying "I can't afford that".

5 Focus on the Essentials. Studies have shown that money scored last on the list when it came to a happy and fulfilled life. Freedom to make our own choices, feeling competent in what we do and close friendships rated higher than having money.

6 Help Others. Acts of kindness make you feel better about yourself and fosters a sense of interdependence, cooperation and can inspire friendship.



2010 Tax Table

Marginal Tax Rate	Single	Married Filing Jointly or Qualified Widow(er)	Married Filing Separately	Head of Household
10%	\$0 – \$8,350	\$0 – \$16,700	\$0 – \$8,350	\$0 – \$11,950
15%	\$8,351 – \$33,950	\$16,701 – \$67,900	\$8,351 – \$33,950	\$11,951 – \$45,500
25%	\$33,951 – \$82,250	\$67,901 – \$137,050	\$33,951 – \$68,525	\$45,501 – \$117,450
28%	\$82,251 – \$171,550	\$137,051 – \$208,850	\$68,525 – \$104,425	\$117,451 – \$190,200
33%	\$171,551 – \$372,950	\$208,851 – \$372,950	\$104,426 – \$186,475	\$190,201 – \$372,950
35%	\$372,951+	\$372,951+	\$186,476+	\$372,951+

This chart is an estimation only and should not be solely relied upon. Please visit www.irs.gov for your tax bracket.



2010 Tax Relief Act

The recent passage of the 2010 Tax Relief Act has many breathing a sigh of relief. No one likes uncertainty especially when it pertains to our money and taxes. The passage of this latest law, while only in effect for two years, has a few interesting components that should be reviewed when considering your estate plan.

Exclusion -

While 2010 was the magical year where there was no estate tax; many assumed that the exclusion going into 2011 would be set lower than the \$5,000,000 that Congress passed. This \$5,000,000 exclusion will be in effect for 2011 and 2012. Amounts over \$5,000,000 will be taxed at a 35% rate.

Additional Exclusion -

A new feature to the estate tax exclusion! For married couples, any unused portion of the estate tax exemption from the first spouse to die can be added to the second spouse's exclusion upon passing. There are certain procedures that must be followed when the first spouse dies for this additional exclusion to be granted; so proper estate planning is the key.

Gift Tax Exemption -

Previous set at \$1,000,000, the gift tax exemption is now set at \$5,000,000. Increasing the exemption will allow for some incredible, once-in-a-lifetime opportunities to pass wealth forward to the next generation.

While changes in laws will occur frequently, revisiting or even developing an estate plan based on the current Tax Relief Act will assure you that the legacy you leave behind will be the most beneficial to those who matter most.