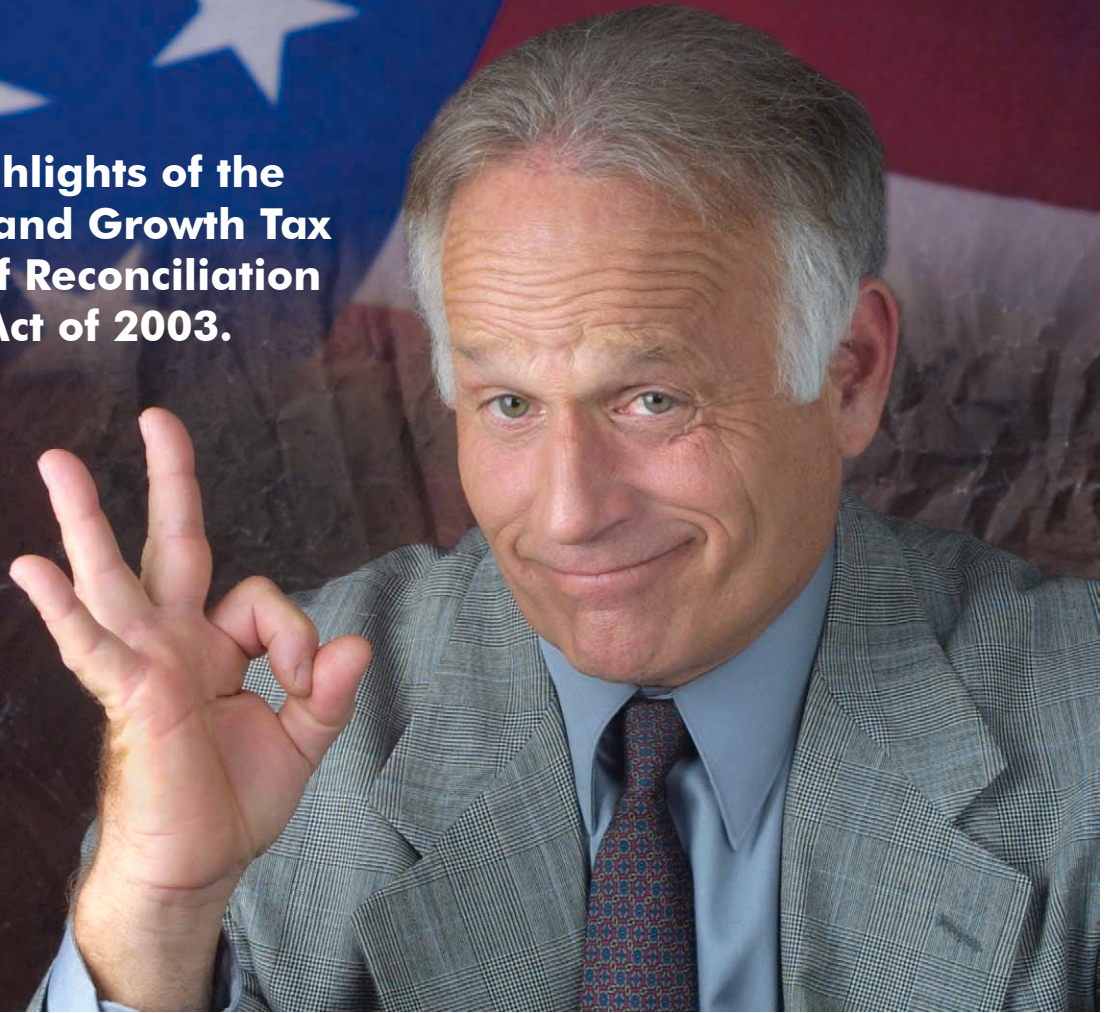


Want to make your life a little less taxing over the next few years?

**Highlights of the
Jobs and Growth Tax
Relief Reconciliation
Act of 2003.**



For the third time in three years, Congress has passed a tax cut package that is billed as the third largest tax break in history coming in at an estimated \$350 billion! It is called the *Jobs & Growth Tax Relief Reconciliation Act (JGTRRA) of 2003*. Although many provisions are retroactive to January 1, 2003, this new legislation expires or “sunsets” beginning in 2009. Investors should be wary, however, of provisions that expire sooner. The following summary highlights the individual tax relief that has an immediate impact on taxpayers in 2003.

Accelerated 10% Tax Bracket Phase-In

Under the Economic Growth & Tax Relief and Reconciliation Act (EGTRRA) of 2001, the 10% tax bracket was created at zero to \$6,000 for single filers and zero to \$12,000 for married filing jointly taxpayers. These brackets were scheduled to increase to \$7,000 and \$14,000 in 2008. JGTRRA accelerates the phase-in of the 2008 amounts to apply in 2003 and 2004. Thereafter, the EGTRRA tax bracket amounts reappear. Additionally, the cost of living adjustments on these thresholds originally scheduled to begin in 2007 will start in 2004. The following chart shows the EGTRRA and new JGTRRA phase-in of the 10% tax bracket.

EGTRRA 10% BRACKET PHASE-IN		
YEAR	Single	Married/Joint
2003	6,000	12,000
2004	6,000	12,000
2005	6,000	12,000
2006	6,000	12,000
2007*	6,000	12,000
2008	7,000	14,000
2009	7,000	14,000
2010	7,000	14,000

* Year COLAs begin

JGTRRA 10% BRACKET PHASE-IN		
YEAR	Single	Married/Joint
2003	7,000	14,000
2004*	7,000	14,000
2005	6,000	12,000
2006	6,000	12,000
2007	6,000	12,000
2008	7,000	14,000
2009	7,000	14,000
2010	7,000	14,000

* Year COLAs begin

Relief of the Marriage Penalty

The standard deduction amount for married people filing jointly was scheduled to begin to increase in 2005 and be fully phased in by 2009 to be double the amount for single taxpayers. This would increase the standard deduction from \$7,950 to \$9,500 for 2003.

EGTRRA STANDARD DEDUCTION PHASE-IN	
YEAR	Married/Joint
2003	N/A
2004	N/A
2005	174% of Single deduction
2006	180% of Single deduction
2007	187% of Single deduction
2008	190% of Single deduction
2009	200% of Single deduction
2010	200% of Single deduction

JGTRRA STANDARD DEDUCTION PHASE-IN	
YEAR	Married/Joint
2003	200% of Single deduction
2004	200% of Single deduction
2005	174% of Single deduction
2006	180% of Single deduction
2007	187% of Single deduction
2008	190% of Single deduction
2009	200% of Single deduction
2010	200% of Single deduction

In addition, the 15% tax bracket amount was also scheduled to increase for married filers beginning in 2005 and being phased in to double the single tax bracket by 2008. This means the 15% tax bracket for 2003 would increase from a range of \$12,000 to \$47,500 to a new range of \$14,000 to \$56,800!

EGTRRA 15% BRACKET PHASE-IN	
YEAR	Married/Joint
2003	N/A
2004	N/A
2005	180% of Single Threshold
2006	187% of Single Threshold
2007	190% of Single Threshold
2008	200% of Single Threshold
2009	200% of Single Threshold
2010	200% of Single Threshold

JGTRRA 15% BRACKET PHASE-IN	
YEAR	Married/Joint
2003	200% of Single Threshold
2004	200% of Single Threshold
2005	180% of Single Threshold
2006	187% of Single Threshold
2007	190% of Single Threshold
2008	200% of Single Threshold
2009	200% of Single Threshold
2010	200% of Single Threshold

Acceleration of Individual Tax Rate Reductions

The 2001 Act made some drastic reductions in tax brackets for all Americans, although it would take until 2006 for them to be fully phased in. This new law will make the 2006 tax bracket percentages effective immediately for 2003 and 2004. However, EGTRRA's original sunset provisions are still in effect, which means that tax rates revert to the 2001 schedules in the year 2011. The following chart compares the "old" 2003 tax schedule to the "new" tax schedule, taking into consideration the tax bracket changes and the elimination of the marriage penalty.

2003 "OLD" EGTRRA SCHEDULE

TAX BRACKET	SINGLE		MARRIED/JOINT	
10.0%	-	6,000	-	12,000
15.0%	6,000	28,400	12,000	47,450
27.0%	28,400	68,800	47,450	114,650
30.0%	68,800	143,500	114,650	174,700
35.0%	143,500	311,950	174,700	311,950
38.6%	311,950	+	311,950	+

2003 NEW JGTRRA SCHEDULE

TAX BRACKET	SINGLE		MARRIED/JOINT	
10.0%	-	7,000	-	14,000
15.0%	7,000	28,400	14,000	56,800
25.0%	28,400	68,800	56,800	114,650
28.0%	68,800	143,500	114,650	174,700
33.0%	143,500	311,950	174,700	311,950
35.0%	311,950	+	311,950	+

Child Tax Credit

The Child Tax Credit phase-in stretches out over the entire EGTRRA effective years. But the new Act accelerates the credit to jump to the maximum phase-in amount of \$1,000 for 2003 and 2004. Then it reverts back to the EGTRRA phase-in schedule in 2005, extending out to 2010.

EGTRRA CHILD TAX CREDIT PHASE-IN	
YEAR	Child Tax Credit Amount
2003	600
2004	600
2005	700
2006	700
2007	700
2008	700
2009	800
2010	1,000

JGTRRA CHILD TAX CREDIT PHASE-IN	
YEAR	Child Tax Credit Amount
2003	1000
2004	1000
2005	700
2006	700
2007	700
2008	700
2009	800
2010	1,000

Reduction in Tax Rates on Dividends and Capital Gains

Currently, dividends paid to shareholders are taxable as ordinary income. Capital gains taxes are 10% for individuals in the 10% and 15% tax brackets, and 20% for taxpayers above the 15% tax bracket. If a security is held five years or more, these rates are reduced to 8% and 18%, respectively. The new Act reduces the capital gains tax to 5% for taxpayers in the 10% and 15% brackets, and to 15% for those above the 15% tax bracket for transactions after May 6, 2003. These new rates are in effect from 2003 to 2007. At that time, the 5% capital gains rate goes to zero and the 15% rate remains the same. Then in 2009, it all reverts back to today's 10% and 20% rates. The five-year capital gains tax rules are eliminated until 2009, and then are reinstated.

NEW DIVIDEND & CAPITAL GAINS TAX RATES		
	10% & 15%	28% +
YEAR	Tax Bracket	Tax Bracket
2003	5%	15%
2004	5%	15%
2005	5%	15%
2006	5%	15%
2007	5%	15%
2008	0%	15%
2009	10%	20%

The above tax rates also apply to dividends income received from a domestic or qualified foreign corporation, retroactively to January 1, 2003. A "qualified" foreign corporation is a company that is incorporated with a U.S. possession or eligible for the benefits of a comprehensive U.S. tax treaty. A "non-qualified" foreign corporation's dividends will also be eligible for these lower rates if the stock is traded in a U.S. equity market. Certain types of dividends are excluded from the definition of "qualified dividend income," including dividends generated from real estate investment trusts.

Alternative Minimum Tax

To ensure that the benefits of accelerating tax rates are not reduced by the alternative minimum tax (AMT), the AMT exemption amount is increased from \$35,750 to \$40,250 for single filers, and from \$49,000 to \$58,000 for married people filing jointly.

Small Business Incentives

Raises the amount that a business can book as an expense rather than have to treat is as a capital asset and depreciate it. The old expense limit was \$25,000 and phased out at \$200,000; the new expense limit is \$100,000 and phases out at \$400,000 until 2005.

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