

January 21, 2009

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Dave Camp
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Re: *Alternative Minimum Tax*

Dear Chairman Rangel and Ranking Member Camp:

The Financial Planning Association® (FPA®)¹ respectfully requests that the Committee on Ways and Means consider including an Alternative Minimum Tax (AMT) “patch” as part of its portion of the economic recovery package that is scheduled to be marked up on Thursday, January 22, 2009.

The AMT no longer serves its original intent to ensure that the ultra-wealthy pay their fair share of taxes. Increasingly, the burden of the AMT falls on the middle class. Worse, taxpayers are frequently unaware they owe this tax until they file their tax returns, leaving them unable to plan for its financial consequences.

While FPA believes that the best solution to the AMT would be a permanent fix, passing an interim patch early in the year would allow financial planners to better help their clients make tax-wise decisions and would provide a greater level of certainty in these uncertain economic times.

The lack of clarity affects a number of tax-planning activities, such as:

- Whether to make 4th quarter estimated state and property taxes before or after the end of the year
- Whether to make miscellaneous itemized deduction payments before or after the end of the year
- When to make significant medical expense payments that would be deductible but adjusted for AMT purposes
- Whether it is appropriate to accelerate income into 2009
- Whether it is appropriate to defer income into 2010

¹ The Financial Planning Association is the largest organization in the United States representing financial planners and affiliated firms, with more than 28,000 individual members. FPA maintains an administrative office in Denver and a government relations office in Washington, D.C.

- The level of income above which the AMT exemption no longer phases out, which affects the desirable timing of completing large transactions that would generate capital gains such as diversifying concentrated stock or selling a small business
- The impact of various personal expenses in 2009 versus 2010 that would be eligible for various nonrefundable tax credits, such as paying tuition in 2009 versus 2010, adoption expenses this year or next, etc.

These are just a few examples of how the AMT directly impacts Americans' financial futures. The Financial Planning Association looks forward to working with you to pass legislation to address this issue.

Sincerely,

A handwritten signature in black ink that reads "Richard Salmen". The signature is fluid and cursive, with the first name "Richard" and last name "Salmen" clearly legible.

Richard Salmen, CFP[®], CFA, EA
President, Financial Planning Association

CC: Members of the Committee on Ways and Means