

Table 1. Impact of Tax Rate Rollbacks at Three Income Levels

YEAR	2008	2011	2008	2011	2008	2011
GROSS INCOME	300,000	300,000	400,000	400,000	500,000	500,000
TAXABLE INCOME	155,586	155,586	257,474	257,474	359,550	359,550
FEDERAL INCOME TAX	32,608	35,825	63,695	70,280	97,418	107,095
TOTAL TAX	52,219	55,436	85,984	92,569	122,385	132,062

As you can see in table 1, you should expect to pay about 10% more in income taxes in a few years. In the example we assumed the EP is an independent contractor and I made a few additional assumptions* in order to provide a rough estimate of the federal income tax burden.

**Married, two children, independent contractor, \$30,000 malpractice insurance, \$10,000 business expenses, \$5,000 health insurance, maxes out retirement plan, \$500,000 mortgage at 5% interest*