

Form 1040 Department of the Treasury—Internal Revenue Service (99) U.S. Individual Income Tax Return

2011

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1—Dec. 31, 2011, or other tax year beginning

2011, ending

20

See separate instructions.

Your first name and initial MICHAEL R

Last name PENCE

Your social security number

If a joint return, spouse's first name and initial KAREN S

Last name PENCE

Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

ARLINGTON VA 22213-1206

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

You Spouse

Filing Status

- 1 Single
2 Married filing jointly (even if only one had income)
3 Married filing separately. Enter spouse's SSN above and full name here.
4 Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here.
5 Qualifying widow(er) with dependent child

Exemptions

- 6a Yourself. If someone can claim you as a dependent, do not check box 6a
6b Spouse
6c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) if child under age 17 qual. for child tax credit (see instr.)
7 Total number of exemptions claimed

Income

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2
8a Taxable interest. Attach Schedule B if required
8b Tax-exempt interest. Do not include on line 8a
9a Ordinary dividends. Attach Schedule B if required
9b Qualified dividends
10 Taxable refunds, credits, or offsets of state and local income taxes
11 Alimony received
12 Business income or (loss). Attach Schedule C or C-EZ
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here
14 Other gains or (losses). Attach Form 4797
15a IRA distributions
15b Taxable amount
16a Pensions and annuities
16b Taxable amount
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
18 Farm income or (loss). Attach Schedule F
19 Unemployment compensation
20a Social security benefits
20b Taxable amount
21 Other income. List type and amount
22 Combine the amounts in the far right column for lines 7 through 21. This is your total income

Adjusted Gross Income

- 23 Educator expenses
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ
25 Health savings account deduction. Attach Form 8889
26 Moving expenses. Attach Form 3903
27 Deductible part of self-employment tax. Attach Schedule SE
28 Self-employed SEP, SIMPLE, and qualified plans
29 Self-employed health insurance deduction
30 Penalty on early withdrawal of savings
31a Alimony paid b Recipient's SSN
32 IRA deduction
33 Student loan interest deduction
34 Tuition and fees. Attach Form 8917
35 Domestic production activities deduction. Attach Form 8903
36 Add lines 23 through 35
37 Subtract line 36 from line 22. This is your adjusted gross income

Tax and Credits

38 Amount from line 37 (adjusted gross income) 38 185,798

39a Check You were born before January 2, 1947, Blind. Spouse was born before January 2, 1947, Blind. Total boxes checked 39a

b If your spouse itemizes on a separate return or you were a dual-status alien, check here 39b

40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40 59,206

41 Subtract line 40 from line 38 41 126,592

42 Exemptions. Multiply \$3,700 by the number on line 6d 42 18,500

43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43 108,092

44 Tax (see instr.). Check if any from: a Form(s) 8814 b Form 4972 c 962 elec. 44 19,273

45 Alternative minimum tax (see instructions). Attach Form 6251 45

46 Add lines 44 and 45 46 19,273

47 Foreign tax credit. Attach Form 1116 if required 47

48 Credit for child and dependent care expenses. Attach Form 2441 48

49 Education credits from Form 8863, line 23 49

50 Retirement savings contributions credit. Attach Form 8880 50

51 Child tax credit (see instructions) 51

52 Residential energy credits. Attach Form 5695 52

53 Other credits from Form: a 3800 b 8801 c 53

54 Add lines 47 through 53. These are your total credits 54

55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0- 55 19,273

Other Taxes

56 Self-employment tax. Attach Schedule SE 56 116

57 Unreported social security and Medicare tax from Form: a 4137 b 8919 57

58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required 58

59a Household employment taxes from Schedule H 59a

b First-time homebuyer credit repayment. Attach Form 5405 if required 59b

60 Other taxes. Enter code(s) from instructions 60

61 Add lines 55 through 60. This is your total tax 61 19,389

Payments

If you have a qualifying child, attach Schedule EIC.

62 Federal income tax withheld from Forms W-2 and 1099 62 22,566

63 2011 estimated tax payments and amount applied from 2010 return 63

64a Earned income credit (EIC) 64a

b Nontaxable combat pay election 64b

65 Additional child tax credit. Attach Form 8812 65

66 American opportunity credit from Form 8863, line 14 66

67 First-time homebuyer credit from Form 5405, line 10 67

68 Amount paid with request for extension to file 68

69 Excess social security and tier 1 RRTA tax withheld 69

70 Credit for federal tax on fuels. Attach Form 4136 70

71 Credits from Form: a 2439 b 8839 c 8801 d 8885 71

72 Add lines 62, 63, 64a, and 65 through 71. These are your total payments 72 22,566

Refund

73 If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you overpaid 73 3,177

74a Amount of line 73 you want refunded to you. If Form 8888 is attached, check here 74a 3,177

b Routing number Checking Savings

d Account number

75 Amount of line 73 you want applied to your 2012 estimated tax 75

Amount You Owe

76 Amount you owe. Subtract line 72 from line 61. For details on how to pay, see instructions 76

77 Estimated tax penalty (see instructions) 77

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? Yes. Complete below. No

Designee's name **STEPHEN REED** Personal identification number (PIN) [redacted] Phone no. **317-549-3091**

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature **LEGISLATOR** Date [redacted] Daytime phone number [redacted]

Spouse's signature. If a joint return, both must sign. Date [redacted] Spouse's occupation **TEACHER** If the IRS sent you an Identity Protection PIN, enter it here (see instr.) [redacted]

Paid

Print/type preparer's name **STEPHEN REED** Preparer's signature [redacted] Date **03/12/12** Check self-employ

Preparer Use Only

Firm's name **Cadick Williams McAllister Ford, LLC** Firm's EIN [redacted]

Firm's address **2905 East 46th Street Indianapolis IN 46205-2408** Phone no. **317-549-3091**

Form **8879**

IRS e-file Signature Authorization

OMB No. 1545-0074

2011

Department of the Treasury
Internal Revenue Service

▶ Do not send to the IRS. This is not a tax return.
▶ Keep this form for your records. See instructions.

Declaration Control Number (DCN) ▶

Taxpayer's name
MICHAEL R PENCE

Social security number

Spouse's name
KAREN S PENCE

Spouse's social security number

Part I Tax Return Information — Tax Year Ending December 31, 2011 (Whole Dollars Only)

1	Adjusted gross income (Form 1040, line 38; Form 1040A, line 22; Form 1040EZ, line 4)	185,798
2	Total tax (Form 1040, line 61; Form 1040A, line 35; Form 1040EZ, line 10)	19,389
3	Federal income tax withheld (Form 1040, line 62; Form 1040A, line 36; Form 1040EZ, line 7)	22,566
4	Refund (Form 1040, line 74a; Form 1040A, line 43a; Form 1040EZ, line 11; Form 1040-SS, Part I, line 12a)	3,177
5	Amount you owe (Form 1040, line 76; Form 1040A, line 45; Form 1040EZ, line 12)	

Part II Taxpayer Declaration and Signature Authorization (Be sure you get and keep a copy of your return)

Under penalties of perjury, I declare that I have examined a copy of my electronic individual income tax return and accompanying schedules and statements for the tax year ending December 31, 2011, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts from my electronic income tax return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send my return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). I authorize EFTPS to issue me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To request that my PIN be mailed to me, or to revoke (cancel) a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537. Payment cancellation requests must be received no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal Consent.

Taxpayer's PIN: check one box only

I authorize Cadick Williams McAllister Ford, LL to enter or generate my PIN 
ERO firm name
as my signature on my tax year 2011 electronically filed income tax return.
Enter five numbers, but do not enter all zeros

I will enter my PIN as my signature on my tax year 2011 electronically filed income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Your signature ▶ _____ Date ▶ 02/24/12

Spouse's PIN: check one box only

I authorize Cadick Williams McAllister Ford, LL to enter or generate my PIN 
ERO firm name
as my signature on my tax year 2011 electronically filed income tax return.
Enter five numbers, but do not enter all zeros

I will enter my PIN as my signature on my tax year 2011 electronically filed income tax return. Check this box **only** if you are entering your own PIN and your return is filed using the Practitioner PIN method. The ERO must complete Part III below.

Spouse's signature ▶ _____ Date ▶ 02/24/12

Practitioner PIN Method Returns Only—continue below

Part III Certification and Authentication — Practitioner PIN Method Only

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. 
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature for the tax year 2011 electronically filed income tax return for the taxpayer(s) indicated above. I confirm that I am submitting this return in accordance with the requirements of the Practitioner PIN method and **Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns.**

ERO's signature ▶ _____ Date ▶ 02/24/12

**ERO Must Retain This Form — See Instructions
Do Not Submit This Form to the IRS Unless Requested To Do So**

For Paperwork Reduction Act Notice, see your tax return instructions.

Form **8879** (2011)

Taxpayer Name MICHAEL R PENCE
 Spouse Name KAREN S PENCE

DO NOT SUBMIT THIS DOCUMENT TO IRS UNLESS REQUESTED TO DO SO

ERO Declaration

I declare that the information contained in this electronic tax return is the information furnished to me by the taxpayer. If the taxpayer furnished me a completed tax return, I declare that the information contained in this electronic tax return is identical to that contained in the return provided by the taxpayer. If the furnished return was signed by a paid preparer, I declare I have entered the paid preparer's identifying information in the appropriate portion of this electronic return. If I am the paid preparer, under the penalties of perjury I declare that I have examined this electronic return, and to the best of my knowledge and belief, it is true, correct, and complete. This declaration is based on all information of which I have any knowledge.

ERO Signature

I am signing this Tax Return by entering my PIN below.

ERO's PIN 

Taxpayer Declarations

Perjury Statement

Under penalties of perjury, I declare that I have examined this return, including any accompanying statements and schedules and, to the best of my knowledge and belief, it is true, correct, and complete.

Consent to Disclosure

I consent to allow my Intermediate Service Provider, transmitter, or Electronic Return Originator (ERO) to send my return to IRS and to receive the following information from IRS: a) an acknowledgment of receipt or reason for rejection of transmission; b) the reason for any delay in processing or refund; and, c) the date of any refund.

Electronic Funds Withdrawal Consent

If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an ACH Electronic Funds Withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of my Federal taxes owed on this return and/or a payment of estimated tax, and the financial institution to debit the entry to this account. I further understand that this authorization may apply to future Federal tax payments that I direct to be debited through the Electronic Federal Tax Payment System (EFTPS). I authorize EFTPS to issue me a personal identification number (PIN) to access EFTPS. This authorization is to remain in full force and effect until I notify the U.S. Treasury Financial Agent to terminate the authorization. To request that my PIN be mailed to me, or to revoke (cancel) a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537. Payment cancellation requests must be received no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I further acknowledge that the personal identification number (PIN) below is my signature for my electronic income tax return and, if applicable, my Electronic Funds Withdrawal consent.

I am signing this Tax Return/Form and Electronic Funds Withdrawal Consent, if applicable, by entering my Self-Select PIN below.

Date (all numerics)

02/24/12

Taxpayer's PIN (enter five numbers, other than all zeroes)



Spouse's PIN (enter five numbers, other than all zeroes)



Form 1310 Signature and Verification

Completion of this section indicates that I am requesting a refund of taxes overpaid by or on behalf of the decedent. Under penalties of perjury, I declare that I have examined this Form 1310 claim, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of person claiming refund

Date

**SCHEDULE A
(Form 1040)**

Itemized Deductions

OMB No. 1545-0074

2011

Attachment
Sequence No. **07**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040.**

▶ **See Instructions for Schedule A (Form 1040).**

Name(s) shown on Form 1040

MICHAEL R & KAREN S PENCE

Your social security number

Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.		
1	Medical and dental expenses (see instructions)	431	
2	Enter amount from Form 1040, line 38	185,798	
3	Multiply line 2 by 7.5% (.075)	13,935	
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		0
Taxes You Paid	5 State and local (check only one box):		
a	<input checked="" type="checkbox"/> Income taxes, or	10,376	
b	<input type="checkbox"/> General sales taxes		
6	Real estate taxes (see instructions)	7,020	
7	Personal property taxes	587	
8	Other taxes. List type and amount ▶		
9	Add lines 5 through 8		17,983
Interest You Paid	10 Home mortgage interest and points reported to you on Form 1098	26,546	
Note. Your mortgage interest deduction may be limited (see instructions).	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶		
	12 Points not reported to you on Form 1098. See instructions for special rules	91	
	13 Mortgage insurance premiums (see instructions)		
	14 Investment interest. Attach Form 4952 if required. (See instructions.)		
	15 Add lines 10 through 14		26,637
Gifts to Charity	16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions	11,098	
If you made a gift and got a benefit for it, see instructions.	17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	488	
	18 Carryover from prior year		
	19 Add lines 16 through 18		11,586
Casualty and Theft Losses	20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)		
Job Expenses and Certain Miscellaneous Deductions	21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶		
	22 Tax preparation fees		
	23 Other expenses—investment, safe deposit box, etc. List type and amount ▶		
	24 Add lines 21 through 23		
	25 Enter amount from Form 1040, line 38		
	26 Multiply line 25 by 2% (.02)		
	27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-		
Other Miscellaneous Deductions	28 Other—from list in instructions. List type and amount ▶ MEMBER OF CONGRESS		3,000
Total Itemized Deductions	29 Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40		59,206
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>		

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Schedule A (Form 1040) 2011

**SCHEDULE C
(Form 1040)**

**Profit or Loss From Business
(Sole Proprietorship)**

OMB No. 1545-0074

2011

Attachment Sequence No. **09**

Department of the Treasury
Internal Revenue Service (99)

▶ For information on Schedule C and its instructions, go to www.irs.gov/schedulec
▶ Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

Name of proprietor KAREN S PENCE		Social security number (SSN) [REDACTED]
A Principal business or profession, including product or service (see instructions) WATERCOLOR ARTIST	B Enter code from Instructions ▶ 541920	
C Business name. If no separate business name, leave blank. KAREN PENCE	D Employer ID number (EIN), (see instr.)	
E Business address (including suite or room no.) ▶ City, town or post office, state, and ZIP code IN		
F Accounting method: (1) <input checked="" type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		
G Did you "materially participate" in the operation of this business during 2011? If "No," see instructions for limit on losses		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
H If you started or acquired this business during 2011, check here		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I Did you make any payments in 2011 that would require you to file Form(s) 1099? (see instructions)		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
J If "Yes," did you or will you file all required Forms 1099?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Part I Income

1a Merchant card and third party payments. For 2011, enter -0-	1a 0
b Gross receipts or sales not entered on line 1a (see instructions)	1b 2,075
c Income reported to you on Form W-2 if the "Statutory Employee" box on that form was checked. Caution. See instr. before completing this line	1c
d Total gross receipts. Add lines 1a through 1c	1d 2,075
2 Returns and allowances plus any other adjustments (see instructions)	2
3 Subtract line 2 from line 1d	3 2,075
4 Cost of goods sold (from line 42)	4
5 Gross profit. Subtract line 4 from line 3	5 2,075
6 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6
7 Gross income. Add lines 5 and 6	7 2,075

Part II Expenses Enter expenses for business use of your home only on line 30.

8 Advertising	8	18 Office expense (see instructions)	18
9 Car and truck expenses (see instructions)	9	19 Pension and profit-sharing plans	19
10 Commissions and fees	10 375	20 Rent or lease (see instructions):	20a
11 Contract labor (see instructions)	11	a Vehicles, machinery, and equipment	20b
12 Depletion	12	b Other business property	21
13 Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	21 Repairs and maintenance	21
14 Employee benefit programs (other than on line 19)	14	22 Supplies (not included in Part III)	22 87
15 Insurance (other than health)	15	23 Taxes and licenses	23
16 Interest:	16a	24 Travel, meals, and entertainment:	24a
a Mortgage (paid to banks, etc.)	16b	a Travel	24b
b Other	17	b Deductible meals and entertainment (see instructions)	25
17 Legal and professional services	17 575	25 Utilities	25
28 Total expenses before expenses for business use of home. Add lines 8 through 27a	28 1,134	26 Wages (less employment credits)	26
29 Tentative profit or (loss). Subtract line 28 from line 7	29 941	27a Other expenses (from line 48)	27a 97
30 Expenses for business use of your home. Attach Form 8829. Do not report such expenses elsewhere	30	b Reserved for future use	27b
31 Net profit or (loss). Subtract line 30 from line 29.	31 941		
• If a profit, enter on both Form 1040, line 12 (or Form 1040NR, line 13) and on Schedule SE, line 2. If you entered an amount on line 1c, see instr. Estates and trusts, enter on Form 1041, line 3.			
• If a loss, you must go to line 32.			
32 If you have a loss, check the box that describes your investment in this activity (see instructions).		32a <input type="checkbox"/> All investment is at risk.	
• If you checked 32a, enter the loss on both Form 1040, line 12, (or Form 1040NR, line 13) and on Schedule SE, line 2. If you entered an amount on line 1c, see the instructions for line 31. Estates and trusts, enter on Form 1041, line 3.		32b <input type="checkbox"/> Some investment is not at risk.	
• If you checked 32b, you must attach Form 6198. Your loss may be limited.			

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule C (Form 1040) 2011

KAREN S PENCE

Schedule C (Form 1040) 2011 WATERCOLOR ARTIST

Part III Cost of Goods Sold (see instructions)

33 Method(s) used to value closing inventory: a [] Cost b [] Lower of cost or market c [] Other (attach explanation)

34 Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation [] Yes [] No

Table with 2 columns: Description (lines 35-41) and Amount. Line 35: Inventory at beginning of year. Line 36: Purchases less cost of items withdrawn for personal use. Line 37: Cost of labor. Line 38: Materials and supplies. Line 39: Other costs. Line 40: Add lines 35 through 39. Line 41: Inventory at end of year. Line 42: Cost of goods sold.

Part IV Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 to find out if you must file Form 4562.

43 When did you place your vehicle in service for business purposes? (month, day, year) ▶

44 Of the total number of miles you drove your vehicle during 2011, enter the number of miles you used your vehicle for:

a Business b Commuting (see instructions) c Other

45 Was your vehicle available for personal use during off-duty hours? [] Yes [] No

46 Do you (or your spouse) have another vehicle available for personal use? [] Yes [] No

47a Do you have evidence to support your deduction? [] Yes [] No

b If "Yes," is the evidence written? [] Yes [] No

Part V Other Expenses. List below business expenses not included on lines 8-26 or line 30.

Table with 2 columns: Description and Amount. Row 1: LOCK BOX 97. Subsequent rows are blank.

48 Total other expenses. Enter here and on line 27a 48 97

**SCHEDULE D
(Form 1040)**

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

▶ Attach to Form 1040 or Form 1040NR. ▶ See instructions for Schedule D (Form 1040).

▶ Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.

OMB No. 1545-0074

2011

Attachment
Sequence No. **12**

Name(s) shown on return

MICHAEL R & KAREN S PENCE

Married joint return

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete if you round off cents to whole dollars.	(e) Sales price from Form(s) 8949, line 2, column (e)	(f) Cost or other basis from Form(s) 8949, line 2, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 2, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I				
2 Short-term totals from all Forms 8949 with box B checked in Part I				
3 Short-term totals from all Forms 8949 with box C checked in Part I				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824				4
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				5
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet in the instructions				6 ()
7 Net short-term capital gain or (loss) . Combine lines 1 through 6 in column (h). If you have any long-term capital gains or losses, go to Part II below. Otherwise, go to Part III on the back				7 0

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

Complete Form 8949 before completing line 8, 9, or 10. This form may be easier to complete if you round off cents to whole dollars.	(e) Sales price from Form(s) 8949, line 4, column (e)	(f) Cost or other basis from Form(s) 8949, line 4, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 4, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
8 Long-term totals from all Forms 8949 with box A checked in Part II				
9 Long-term totals from all Forms 8949 with box B checked in Part II				
10 Long-term totals from all Forms 8949 with box C checked in Part II				
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824				11
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1				12
13 Capital gain distributions. See the instructions				13
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions				14 (4,536)
15 Net long-term capital gain or (loss) . Combine lines 8 through 14 in column (h). Then go to Part III on the back				15 -4,536

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule D (Form 1040) 2011

Part III Summary

<p>16 Combine lines 7 and 15 and enter the result</p> <ul style="list-style-type: none"> • If line 16 is a gain, enter the amount from line 16 on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 17 below. • If line 16 is a loss, skip lines 17 through 20 below. Then go to line 21. Also be sure to complete line 22. • If line 16 is zero, skip lines 17 through 21 below and enter -0- on Form 1040, line 13, or Form 1040NR, line 14. Then go to line 22. 	16	-4,536
<p>17 Are lines 15 and 16 both gains? <input type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.</p>		
<p>18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet in the instructions</p>	18	
<p>19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet in the instructions</p>	19	
<p>20 Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). Do not complete lines 21 and 22 below. <input type="checkbox"/> No. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Schedule D Tax Worksheet in the instructions. Do not complete lines 21 and 22 below.</p>		
<p>21 If line 16 is a loss, enter here and on Form 1040, line 13, or Form 1040NR, line 14, the smaller of:</p> <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500)] <p>Note. When figuring which amount is smaller, treat both amounts as positive numbers.</p>	21	3,000
<p>22 Do you have qualified dividends on Form 1040, line 9b, or Form 1040NR, line 10b? <input type="checkbox"/> Yes. Complete Form 1040 through line 43, or Form 1040NR through line 41. Then complete the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040, line 44 (or in the instructions for Form 1040NR, line 42). <input checked="" type="checkbox"/> No. Complete the rest of Form 1040 or Form 1040NR.</p>		

**SCHEDULE SE
(Form 1040)**

Self-Employment Tax

OMB No. 1545-0074
2011
Attachment
Sequence No. **17**

Department of the Treasury
Internal Revenue Service (99)

▶ **Attach to Form 1040 or Form 1040NR.** ▶ **See separate instructions.**

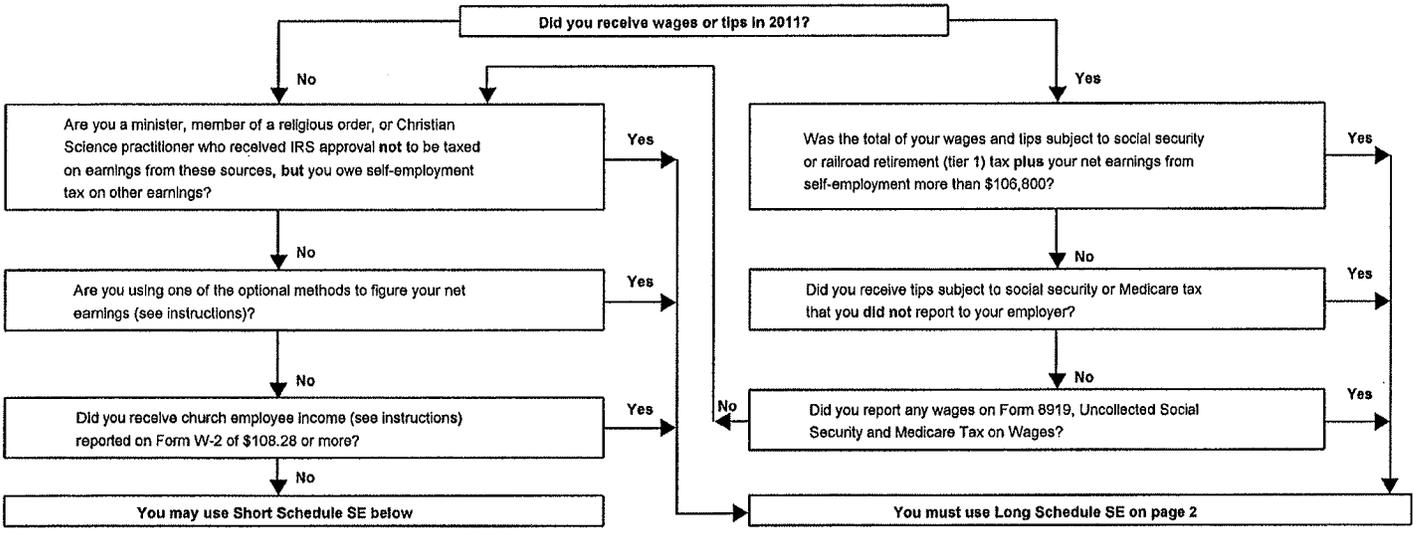
Name of person with **self-employment** income (as shown on Form 1040)
KAREN S PENCE

Social security number of person
with **self-employment** income ▶

Before you begin: To determine if you must file Schedule SE, see the instructions.

May I Use Short Schedule SE or Must I Use Long Schedule SE?

Note. Use this flowchart **only** if you must file Schedule SE. If unsure, see Who Must File Schedule SE in the instructions.



Section A—Short Schedule SE. Caution. Read above to see if you can use Short Schedule SE.

1a Net farm profit or (loss) from Schedule F, line 34, and farm partnerships, Schedule K-1 (Form 1065), box 14, code A	1a	
b If you received social security retirement or disability benefits, enter the amount of Conservation Reserve Program payments included on Schedule F, line 4b, or listed on Schedule K-1 (Form 1065), box 20, code Y	1b	
2 Net profit or (loss) from Schedule C, line 31; Schedule C-EZ, line 3; Schedule K-1 (Form 1065), box 14, code A (other than farming); and Schedule K-1 (Form 1065-B), box 9, code J1. Ministers and members of religious orders, see instructions for types of income to report on this line. See instructions for other income to report	2	941
3 Combine lines 1a, 1b, and 2	3	941
4 Multiply line 3 by 92.35% (.9235). If less than \$400, you do not owe self-employment tax; do not file this schedule unless you have an amount on line 1b Note. If line 4 is less than \$400 due to Conservation Reserve Program payments on line 1b, see instructions.	4	869
5 Self-employment tax. If the amount on line 4 is: • \$106,800 or less, multiply line 4 by 13.3% (.133). Enter the result here and on Form 1040, line 56, or Form 1040NR, line 54 • More than \$106,800, multiply line 4 by 2.9% (.029). Then, add \$11,107.20 to the result. Enter the total here and on Form 1040, line 56, or Form 1040NR, line 54	5	116
6 Deduction for employer-equivalent portion of self-employment tax. If the amount on line 5 is: • \$14,204.40 or less, multiply line 5 by 57.51% (.5751) • More than \$14,204.40, multiply line 5 by 50% (.50) and add \$1,067 to the result. Enter the result here and on Form 1040, line 27, or Form 1040NR, line 27	6	67

For Paperwork Reduction Act Notice, see your tax return instructions.

Schedule SE (Form 1040) 2011

Form **8606**

Nondeductible IRAs

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to Form 1040, Form 1040A, or Form 1040NR.

2011
Attachment
Sequence No. **48**

Name. If married, file a separate form for each spouse required to file Form 8606. See instructions.

Your social security number

KAREN S PENCE

**Fill in Your Address Only
If You Are Filing This
Form by Itself and Not
With Your Tax Return**

Home address (number and street, or P.O. box if mail is not delivered to your home)

Apt. no.

City, town or post office, state, and ZIP code

Part I Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, SEP, and SIMPLE IRAs

Complete this part only if one or more of the following apply.

- You made nondeductible contributions to a traditional IRA for 2011.
- You took distributions from a traditional, SEP, or SIMPLE IRA in 2011 and you made nondeductible contributions to a traditional IRA in 2011 or an earlier year. For this purpose, a distribution does not include a rollover, qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions.
- You converted part, but not all, of your traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2011 (excluding any portion you recharacterized) and you made nondeductible contributions to a traditional IRA in 2011 or an earlier year.

1	Enter your nondeductible contributions to traditional IRAs for 2011, including those made for 2011 from January 1, 2012, through April 17, 2012 (see instructions)		1
2	Enter your total basis in traditional IRAs (see instructions)		2
3	Add lines 1 and 2		3
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> In 2011, did you take a distribution from traditional, SEP, or SIMPLE IRAs, or make a Roth IRA conversion? </div> No → Enter the amount from line 3 on line 14. Do not complete the rest of Part I. Yes → Go to line 4.			
4	Enter those contributions included on line 1 that were made from January 1, 2012, through April 17, 2012		4
5	Subtract line 4 from line 3		5
6	Enter the value of all your traditional, SEP, and SIMPLE IRAs as of December 31, 2011, plus any outstanding rollovers (see instructions)	6	
7	Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2011. Do not include rollovers, qualified charitable distributions, a one-time distribution to fund an HSA, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see instructions)	7	
8	Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2011. Do not include amounts converted that you later recharacterized (see instructions). Also enter this amount on line 16	8	
9	Add lines 6, 7, and 8	9	
10	Divide line 5 by line 9. Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter "1.000"	10	
11	Multiply line 8 by line 10. This is the nontaxable portion of the amount you converted to Roth IRAs. Also enter this amount on line 17	11	
12	Multiply line 7 by line 10. This is the nontaxable portion of your distributions that you did not convert to a Roth IRA	12	
13	Add lines 11 and 12. This is the nontaxable portion of all your distributions		13
14	Subtract line 13 from line 3. This is your total basis in traditional IRAs for 2011 and earlier years		14
15	Taxable amount. Subtract line 12 from line 7. If more than zero, also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b Note: You may be subject to an additional 10% tax on the amount on line 15 if you were under age 59½ at the time of the distribution (see instructions).		15

Part II 2011 Conversions From Traditional, SEP, or SIMPLE IRAs to Roth IRAs

Complete this part if you converted part or all of your traditional, SEP, and SIMPLE IRAs to a Roth IRA in 2011 (excluding any portion you recharacterized).

16	If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2011. Do not include amounts you later recharacterized back to traditional, SEP, or SIMPLE IRAs in 2011 or 2012 (see instructions)	16
17	If you completed Part I, enter the amount from line 11. Otherwise, enter your basis in the amount on line 16 (see instructions)	17
18	Taxable amount. Subtract line 17 from line 16. Also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b	18

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **8606** (2011)

Part III Distributions From Roth IRAs

Complete this part only if you took a distribution from a Roth IRA in 2011. For this purpose, a distribution does not include a rollover, a qualified charitable distribution, a one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see instructions).

19	Enter your total nonqualified distributions from Roth IRAs in 2011, including any qualified first-time homebuyer distributions and certain qualified distributions (see instructions)	19	
20	Qualified first-time homebuyer expenses (see instructions). Do not enter more than \$10,000	20	
21	Subtract line 20 from line 19. If zero or less, enter -0-, skip lines 22 through 24, and enter -0- on line 25	21	
22	Enter your basis in Roth IRA contributions (see instructions)	22	1,540
23	Subtract line 22 from line 21. If zero or less, enter -0-, skip line 24, and enter -0- on line 25. If more than zero, you may be subject to an additional tax (see instructions)	23	0
24	Enter your basis in conversions from traditional, SEP, and SIMPLE IRAs and rollovers from qualified retirement plans to a Roth IRA (see instructions)	24	
25	Subtract line 24 from line 23. If zero or less, enter -0- and see the Note below. Note. If you completed lines 20a and 20b or 25a and 25b of your 2010 Form 8606, go to line 26 (see instructions). Otherwise, skip lines 26 through 35 and go to line 36.	25	0
26	Enter the total of lines 20a, 20b, 25a, and 25b from your 2010 Form 8606. (If zero, see the note above)	26	
27	Enter the smaller of line 23 or line 24	27	
28	Enter the portion of line 24, if any, that was converted before 2010 (see instructions)	28	
29	Subtract line 28 from line 27	29	
30	Enter the amount, if any, from your 2010 Form 8606, line 33	30	
31	Subtract line 30 from line 26	31	
32	Enter the smaller of line 29 or line 31	32	
33	Enter the total of lines 20a and 25a from your 2010 Form 8606	33	
34	Add lines 32 and 33	34	
35	Enter the smaller of line 31 or line 34	35	
36	Taxable amount. Add lines 25 and 35. If more than zero, also include this amount on Form 1040, line 15b; Form 1040A, line 11b; or Form 1040NR, line 16b Next. If the amount on line 26 is more than zero, complete lines 37 and 38 to refigure the amount you must include in your income in 2012; otherwise, skip lines 37 and 38.	36	
37	Add lines 30 and 35	37	
38	Amount subject to tax in 2012. Subtract line 37 from line 26. If you do not take a distribution in 2012 from a Roth IRA, enter this amount on the applicable line of your 2012 tax return	38	

Part IV Certain Distributions from Designated Roth Accounts

Complete this part only if you took a distribution from your designated Roth account in 2011 and, in 2010, you had an in-plan rollover to your designated Roth account and you completed lines 25a and 25b of your 2010 Form 8606 that you filed to report the in-plan rollover.

39	Enter the amount from box 10 of your 2011 Form 1099-R	39	
40	Enter the total of lines 25a and 25b from your 2010 Form 8606	40	
41	Enter the amount, if any, from line 3 of the Designated Roth Account Income Acceleration Worksheet in your 2010 Instructions for Form 8606	41	
42	Subtract line 41 from line 40	42	
43	Enter the smaller of line 39 or line 42	43	
44	Enter the amount from line 25a of your 2010 Form 8606	44	
45	Add lines 43 and 44	45	
46	Taxable amount. Enter the smaller of line 42 or line 45. Include this amount on Form 1040, line 16b; Form 1040A, line 12b; or Form 1040NR, line 17b	46	
47	Add lines 41 and 46	47	
48	Amount subject to tax in 2012. Subtract line 47 from line 40. Include this amount on the applicable line of your 2012 tax return	48	

Sign Here Only If You Are Filing This Form by Itself and Not With Your Tax Return

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name	Firm's EIN			
	Firm's address	Phone no.			

Form **1040** **Salaries & Wages Report** **2011**

Name **MICHAEL R & KAREN S PENCE** Taxpayer Identification Number XXXXXXXXXX

T/S	Employer	Federal Wages	Federal Withheld	Soc Sec Wages
A	T HOUSE OF REPRESENTATIVES	150,723	20,556	106,800
B	S IMMANUEL CHRISTIAN SCHOOL	26,433	1,692	26,433
C	S THE DOMINION SCHOOL INC	7,553	318	7,553
D				
E				
F				
G				
H				
I				
J				
K				
L				
M				
		Taxpayer	150,723	20,556
		Spouse	33,986	2,010
		Totals	184,709	22,566
				106,800
				33,986
				140,786

	Soc Sec Withheld	Medicare Wages	Medicare Withheld	Soc Sec Tips	Allocated Tips	Dep Care Ben	Other, Box 14
A	4,486	166,214	2,410				
B	1,110	26,433	383				
C	317	7,553	110				
D							
E							
F							
G							
H							
I							
J							
K							
L							
M							
Taxpayer	4,486	166,214	2,410				
Spouse	1,427	33,986	493				
Totals	5,913	200,200	2,903				

	State	State Wages	State Withheld	Name of Locality	Local Wages	Local Withheld
A	IN	150,723	4,955	Shelby	I73 150,723	I73 4,200
B	VA	26,433	976			
C	VA	7,553	204			
D						
E						
F						
G						
H						
I						
J						
K						
L						
M						
Taxpayer		150,723	4,955		150,723	4,200
Spouse		33,986	1,180			
Totals		184,709	6,135		150,723	4,200