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U.S. Rep. Harry Mitchell turned to a panel of local financial advisers Monday for examples of how middle-class residents are forced to make life-changing decisions because of their tax obligations.

"I need your stories to relate to people that this is what's happening in my district, and I assume is happening around the country," he told the group during a round-table discussion at the Scottsdale Chamber of Commerce office.

The Democrat said their insight will be important when he tries to push tax legislation that he co-sponsored earlier this year. The bill is designed to keep in place the current tax rates for capital gains and estates. The current rates reflect cuts that were put into place by a Republican-led Congress in 2001 and 2003.

Without passage of new legislation, the tax cuts will expire in 2010.

The experts at the meeting obliged Mitchell's request.

Jan Boughty, an independent insurance agent and financial adviser, told Mitchell that many middle-class people never realize that their life-insurance benefits will be considered part of their estates after they die.

Well-intended million-dollar payouts transform policyholders into millionaires the instant they die, which in turn triggers higher estate tax rates.

"Unfortunately, their beneficiaries are the ones who find out about it," Boughty said.

Mitchell said he never before considered the impact his proposed legislation would have toward protecting insurance-enriched estates.

Alan Langston, executive director of the Arizona Real Estate Investors Association, told Mitchell that middle-class Americans invest in real estate as a way to build generational wealth. If the estate tax is allowed to increase, he said, the result could threaten a trusted method for middle-class Americans to move up in society.

Mitchell told the financial advisers that he's a typical property investor. He purchased his house in Tempe on a high-school teacher's salary for $13,000 more than 40 years ago. Now the assessed value on the house is $190,000, and other houses in the neighborhood are selling for more.

Mitchell told the group that he doesn't expect Congress will consider the measure he co-sponsored with Rep. Chris Shayes, R-Conn., this year. He predicted Congress will give it more attention as the current tax cuts grow closer to expiring.

At that time, he'll pitch his legislation as a compromise measure, he said. Some members of Congress seem intent to let the tax cuts expire and jump to the previous higher rates, while other members want to eliminate the capital gains and estate taxes altogether.

Regarding capital gains, prior to the 2003 tax cuts, property, stocks, mutual funds and other investments were taxed at 20 percent when they were sold.

The 2003 cut brought the rate down to 15 percent. The Mitchell-Shayes bill would keep it at 15 percent.

Regarding estate taxes, the 2001 and 2003 tax measures set a scale for the value of estates allowed before taxes went into play.

The exemption was set at $1 million for 2003, $2 million in 2007, $3.75 million in 2009, and unlimited in 2010.

The Mitchell-Shayes bill would set the tax-free amount at $3.75 million in 2010, and $5 million in 2015. At that point, the exemption would be indexed to inflation.

The bill also would eliminate the flat 55 percent estate tax rate and create two lower tax-rate brackets: 15 percent for estates valued between $5 million and $25 million; and 30 percent for estates valued in excess of $30 million.

The experts' views reinforced Mitchell's assessment that the bill will benefit middle-class families, he said.

"What constitutes the middle class has changed, and we need to reflect that in our tax codes. Half the people in this country own stock. We're getting close to 70 percent owning homes. These are all important assets," he said.

Mitchell represents Arizona's 5th District, which takes in Tempe, Scottsdale, Fountain Hills, Ahwatukee Foothills and western Mesa.