

## TRADITIONAL AND ROTH IRAs

### Contribution Limits

	2006 - 2007	2008 - 2010
Regular	\$4,000	\$5,000
Catch-up*	\$1,000	\$1,000

\* Only taxpayers age 50 and over are eligible to make catch-up contributions

### Roth Contribution Phase-out

MAGI phase-out range for contributions to Roth IRAs in 2010

▶ Married filing jointly: \$167,000 – \$177,000 ▶ Single: \$105,000 – \$120,000

▶ Married filing separately: \$0 – \$10,000

Annual income limit for determining ability to convert traditional IRA to Roth IRA is \$100,000 in 2009; no limit in 2010 and subsequent years.

### Traditional IRA Deductibility Rules

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI 2009	Modified AGI 2010	Deductibility	
SINGLE	No	Any amount	Any amount	Full deduction	
		\$55,000 or less	\$56,000 or less	Full deduction	
	Yes	\$55,001-\$64,999	\$56,001-\$65,999	Partial deduction	
		\$65,000 or more	\$66,000 or more	No deduction	
MARRIED FILING JOINTLY	Neither Spouse Covered	Any amount	Any amount	Full deduction	
		\$89,000 or less	\$89,000 or less	Full deduction	
		\$89,001-\$108,999	\$89,001-\$108,999	Partial deduction	
	Both Spouses Covered	\$109,000 or more	\$109,000 or more	No deduction	
		One Spouse Covered —	\$89,000 or less	\$89,000 or less	Full deduction
		For Covered Spouse	\$89,001-\$108,999	\$89,001-\$108,999	Partial deduction
	One Spouse Covered — For Non-covered Spouse	\$109,000 or more	\$109,000 or more	No deduction	
		\$166,000 or less	\$167,000 or less	Full deduction	
For Non-covered Spouse	\$166,001-\$175,999	\$167,001-\$176,999	Partial deduction		
	\$176,000 or more	\$177,000 or more	No deduction		

## QUALIFIED PLANS

	2009	2010
Maximum elective deferral to retirement plans, (e.g., 401(k), 403(b) and 457 plans, and SARSEPs)	\$16,500	\$16,500
Maximum elective deferral to SIMPLE 401(k) plans	\$11,500	\$11,500
Limit on annual additions to SEP plans	\$49,000	\$49,000
Annual compensation threshold requiring SEP contribution	\$550	\$550
Limit on annual additions to defined contribution plans	\$49,000	\$49,000
Maximum annual compensation taken into account for contributions	\$245,000	\$245,000
Annual benefit limit under defined benefit plans	\$195,000	\$195,000
Threshold amount for definition of highly compensated employee	\$110,000	\$110,000
Threshold amount for definition of key employee/officer in top-heavy plans	\$160,000	\$160,000

### Catch-up Contribution Limits for Other Qualified Plan Types

	2007	2008	2009	2010
401(k), 403(b)				
SAR-SEP and 457 Plans	\$5,000	\$5,000	\$5,500	\$5,500
SIMPLE Plans	\$2,500	\$2,500	\$2,500	\$2,500

## REQUIRED MINIMUM DISTRIBUTIONS

### Uniform Lifetime Table

Current Age	Distribution Period	Current Age	Distribution Period
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115 and older	1.9

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## 2009 ESTATE AND GIFT TAX RATES\*

### If Taxable Estate/Gift Is

Over	But Not Over	The Tax Is:	Of The Amount Over
\$0	10,000	\$0 + 18%	\$0
10,000	20,000	\$1,800 + 20%	10,000
20,000	40,000	\$3,800 + 22%	20,000
40,000	60,000	\$8,200 + 24%	40,000
60,000	80,000	\$13,000 + 26%	60,000
80,000	100,000	\$18,200 + 28%	80,000
100,000	150,000	\$23,800 + 30%	100,000
150,000	250,000	\$38,800 + 32%	150,000
250,000	500,000	\$70,800 + 34%	250,000
500,000	750,000	\$155,800 + 37%	500,000
750,000	1,000,000	\$248,300 + 39%	750,000
1,000,000	1,250,000	\$345,800 + 41%	1,000,000
1,250,000	1,500,000	\$448,300 + 43%	1,250,000
1,500,000	—	\$555,800 + 45%	1,500,000

### Subtract Applicable Credit Below from Calculated Tax

Estate Tax	Exclusion Amount	Federal Credit	Gift Tax Exclusion
2006-2008	2,000,000	780,800*	1,000,000
2009	3,500,000	1,455,800*	1,000,000
2010	Estate tax repealed, gift tax remains**		1,000,000
2011	1,000,000	345,800	1,000,000

\*Federal credit for gift taxes limited to \$345,800 ^ Gift tax rate is 35% for 2010

### Other Estate and Gift Tax Planning Items

	2009	2010
Annual gift tax exclusion	\$13,000	\$13,000
Annual gift tax exclusion for non U.S. citizen spouses	\$133,000	\$134,000
Generation skipping tax (GST) exemption	\$3,500,000	Repealed <sup>‡</sup>
IRC B 6166 2% limit for deferred estate tax payments	\$1,330,000	\$1,340,000
Special use valuation for qualified real property	\$1,000,000	\$1,000,000

<sup>‡</sup>There is current proposed legislation, that if passed, would affect estate, gift, GST, and income taxes for property transfers in 2010. One proposal is to freeze tax rates at 2009 levels.

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**INCOME TAX COMPARISON**

**2009**

**If Taxable Income Is**

Over	But Not Over	The Tax Is	Of The Amount Over
<b>Married Filing Jointly and Surviving Spouses</b>			
\$0	\$16,700	\$0 + 10%	\$0
16,700	67,900	\$1,670 + 15%	16,700
67,900	137,050	\$9,350 + 25%	67,900
137,050	208,850	\$26,638 + 28%	137,050
208,850	372,950	\$46,742 + 33%	208,850
372,950	—	\$100,895 + 35%	372,950
<b>Single</b>			
\$0	8,350	\$0 + 10%	\$0
8,350	33,950	\$835 + 15%	8,350
33,950	82,250	\$4,675 + 25%	33,950
82,250	171,550	\$16,750 + 28%	82,250
171,550	372,950	\$41,754 + 33%	171,550
372,950	—	\$108,216 + 35%	372,950
<b>Married Filing Separately</b>			
\$0	8,350	\$0 + 10%	\$0
8,350	33,950	\$835 + 15%	8,350
33,950	68,525	\$4,675 + 25%	33,950
68,525	104,425	\$13,319 + 28%	68,525
104,425	186,475	\$23,371 + 33%	104,425
186,475	—	\$50,447 + 35%	186,475
<b>Head of Household</b>			
\$0	11,950	\$0 + 10%	\$0
11,950	45,500	\$1,195 + 15%	11,950
45,500	117,450	\$6,228 + 25%	45,500
117,450	190,200	\$24,215 + 28%	117,450
190,200	372,950	\$44,585 + 33%	190,200
372,950	—	\$104,893 + 35%	372,950
<b>Estates and Trusts</b>			
\$0	2,300	0 + 15%	\$0
2,300	5,350	\$345 + 25%	2,300
5,350	8,200	\$1,108 + 28%	5,350
8,200	11,150	\$1,906 + 33%	8,200
11,150	—	\$2,879 + 35%	11,150

**Personal Exemptions**

	Exemption	Phase-out Range
Married	2009	\$3,650
Filing Jointly	2010	\$3,650
Single	2009	\$3,650
	2010	\$3,650

Exemption is \$2,433 in 2009 for taxpayers with AGI exceeding maximum phase-out.

**Child Tax Credit**

\$1,000 per child phases out \$50 for each \$1,000 of modified AGI over \$110,000 (married filing jointly) or \$75,000 (single)

**Standard Deductions**

	Annual	Add'l Age 65 or Older, or Blind
Married Filing Jointly	2009 & 2010	\$11,400
Head of Household	2010	\$8,400
Single or Married Filing Separately	2009 & 2010	\$5,700

**Phase-out of Itemized Deductions**

- ▶ Reduced by 3% of taxpayer's AGI in excess of \$166,800 (2009)
- ▶ Married filing separately \$83,400 (2009)
- ▶ Reduction is equal to 1/3 of the lesser of (1) 3% of AGI over the threshold amount or (2) 80% of the itemized deductions otherwise allowable.
- ▶ 2010: Not applicable

**Capital Gains Tax (2009 & 2010)**

Taxpayer in:	Short Term <12 Months	Long Term >12 Months
10, 15% Brackets	Ordinary Rate	0%
Other Brackets	Ordinary Rate	15%

**2010**

**If Taxable Income Is**

Over	But Not Over	The Tax Is	Of The Amount Over
<b>Married Filing Jointly and Surviving Spouses</b>			
\$0	16,750	\$0 + 10%	\$0
16,750	68,000	\$1,675 + 15%	16,750
68,000	137,300	\$9,363 + 25%	68,000
137,300	209,250	\$26,688 + 28%	137,300
209,250	373,650	\$46,834 + 33%	209,250
373,650	—	\$101,086 + 35%	373,650
<b>Single</b>			
\$0	8,375	\$0 + 10%	\$0
8,375	34,000	\$838 + 15%	8,375
34,000	82,400	\$4,681 + 25%	34,000
82,400	171,850	\$16,781 + 28%	82,400
171,850	373,650	\$41,827 + 33%	171,850
373,650	—	\$108,421 + 35%	373,650
<b>Married Filing Separately</b>			
\$0	8,375	\$0 + 10%	\$0
8,375	34,000	\$838 + 15%	8,375
34,000	68,650	\$4,681 + 25%	34,000
68,650	104,625	\$13,344 + 28%	68,650
104,625	186,825	\$23,417 + 33%	104,625
186,825	—	\$50,543 + 35%	186,825
<b>Head of Household</b>			
\$0	11,950	\$0 + 10%	\$0
11,950	45,550	\$1,195 + 15%	11,950
45,550	117,650	\$6,235 + 25%	45,550
117,650	190,550	\$24,260 + 28%	117,650
190,550	373,650	\$44,672 + 33%	190,550
373,650	—	\$105,095 + 35%	373,650
<b>Estates and Trusts</b>			
\$0	2,300	\$0 + 15%	\$0
2,300	5,350	\$345 + 25%	2,300
5,350	8,200	\$1,108 + 28%	5,350
8,200	11,200	\$1,906 + 33%	8,200
11,200	—	\$2,896 + 35%	11,200

**Alternative Minimum Tax**

	2009	2010	Tax Rate
First	\$175,000	\$175,000	26%
Amounts Over	\$175,000	\$175,000	28%

	Exemption	Exemption
Married Filing Jointly	\$70,950	unknown
Single	\$46,700	unknown

**Kiddie Tax**

	2009	2010	Tax Rate
First	\$950	\$950	No Tax
Next	\$950	\$950	10%
Amounts Over	\$1,950	\$1,950	Parent's Rate

**Corporations (2009 & 2010)**

Taxable Income Over	Not Over	Tax Rate
\$0	\$50,000	15%
\$50,000	\$75,000	25%
\$75,000	\$100,000	34%
\$100,000	\$335,000	39%
\$335,000	\$10,000,000	34%
\$10,000,000	\$15,000,000	35%
\$15,000,000	\$18,333,333	38%
\$18,333,333	—	35%

Qualified personal service corporations are taxed at a flat 35% of taxable income.

**EDUCATION INCENTIVES**

**Coverdell Education Savings Accounts (Education IRAs — Contribution Limit \$2,000)**

Modified Adjusted Gross Income (MAGI) phase-out range for contributions to Coverdell Education Savings Accounts

- ▶ Married Filing Jointly \$190,000 – \$220,000
- ▶ Single \$95,000 – \$110,000

**Qualified Tuition Programs — Section 529 Plans**

Distributions after 12/31/2001 used for qualified higher education expenses are income tax-free

**American Opportunity Tax Credit and Lifetime Learning Credit**

American Opportunity Tax Credit – Up to \$2,500 per student for 4 years of higher education tuition paid

Lifetime Learning Credit – Up to 20% of up to \$10,000 tuition paid, calculated per taxpayer

MAGI Phase-outs	American Opportunity Tax Credit 2009 & 2010	Lifetime Learning Credit 2009 & 2010
Married Filing Jointly	\$160,000-\$180,000	\$100,000-\$120,000
Others	\$80,000-\$90,000	\$50,000-\$60,000

**Exclusion of U.S. Savings Bond Income**

MAGI Phase-outs	2009	2010
Married Filing Jointly	\$104,900-\$134,900	\$105,100-\$135,100
Others	\$69,950-\$84,950	\$70,100-\$85,100

**Student Loan Interest — Maximum Itemized Deduction \$2,500**

AGI Phase-outs	2009	2010
Married Filing Jointly	\$120,000-\$150,000	\$120,000-\$150,000
Others	\$60,000-\$75,000	\$60,000-\$75,000

Deductibility Period: No Time Limit

**Itemized Deduction for Higher Education Expenses (2009 & 2010)**

Maximum Deduction: \$4,000 if Modified AGI is less than the following range:  
 Maximum Deduction: \$2,000 if Modified AGI is within the following range:  
 Maximum Deduction: \$0 if Modified AGI is above the following range:

- ▶ Married Filing Jointly: \$130,000-\$160,000
- ▶ Single: \$65,000-\$80,000
- ▶ All Others: \$0

**SOCIAL SECURITY**

**Base Amount of Modified AGI Causing Social Security Benefits to Be Taxable**

	50% Taxable	85% Taxable
Married Filing Jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000

**Maximum Earnings Before Social Security Benefits Are Reduced**

	2009	2010
If under full retirement age, lose \$1 for every \$2 earned	\$14,160	\$14,160
In the year of retirement, lose \$1 for every \$3 earned in months prior to full retirement	\$37,680	\$37,680
At full retirement age	No Limit	No Limit

**Maximum Compensation Subject to FICA Taxes**

	2009	2010
OASDI (Social Security) maximum	\$106,800	\$106,800
HI (Medicare) maximum	No Limit	No Limit

OASDI tax rate: 12.4% self-employed, 6.2% employees  
 HI tax rate: 2.9% self-employed, 1.45% employees

**LONG-TERM CARE INSURANCE**

**Maximum Qualified LTC Premium Eligible for Deduction**

Age	40 or Less	41 - 50	51 - 60	61 - 70	Over 70
2009	\$320	\$600	\$1,190	\$3,180	\$3,980
2010	\$330	\$620	\$1,230	\$3,290	\$4,110

Qualified LTC contract per diem limit: \$290 (\$280 in 2009)