

2009 Tax Update

Roth IRAs

AGI Phase-Out Range for Contributions to Roth IRAs:

Married Filing Jointly: \$166,000 - \$176,000

Single: \$105,000 - \$120,000

Roth IRA conversion rules:

Before 2010: Modified AGI < \$100,000 Can't be "Married Filing Separately"

2010* and later: Unlimited Modified AGI Any tax filing status

*2010 only, conversion can spread income over 2011 and 2012

Traditional IRA Deductibility Rules

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI		Deductibility
		2008	2009	
Single	No	Any amount	Any amount	Full deduction
	Yes	\$52,999 or less	\$54,999 or less	Full deduction
		\$53,000 - \$62,999	\$55,000 - \$64,999	Partial deduction
	\$63,000 or more	\$65,000 or more	No deduction	
Married Filing Jointly	Neither Spouse Covered	Any amount	Any amount	Full deduction
	Both Spouses Covered	\$84,999 or less	\$88,999 or less	Full deduction
		\$85,000 - \$104,999	\$89,000 - \$108,999	Partial deduction
		\$105,000 or more	\$109,000 or more	No deduction
	One Spouse Covered - For Covered Spouse	\$84,999 or less	\$88,999 or less	Full deduction
\$85,000 - \$104,999		\$89,000 - \$108,999	Partial deduction	
One Spouse Covered - For Non-Covered Spouse	\$105,000 or more	\$109,000 or more	No deduction	
	\$158,999 or less	\$165,999 or less	Full deduction	
	\$159,000 - \$168,999	\$166,000 - \$175,999	Partial deduction	
	\$169,000 or more	\$176,000 or more	No deduction	

Catch-Up Contribution Limits for Other Qualified Plan Types

	2005	2006	2007	2008	2009
401(k), 403(b), SARSEP & 457 Plans	\$4,000	\$5,000	\$5,000	\$5,000	\$5,500
SIMPLE IRA & SIMPLE 401(k) Plans	\$2,000	\$2,500	\$2,500	\$2,500	\$2,500

Education Incentives

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

Modified AGI 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 for qualified higher education expense are income-tax free.

Hope and Lifetime Learning Credits

Hope Credit - Up to \$1,800 per student, for first two years of higher education tuition paid

Lifetime Learning Credit - Up to 20% of tuition paid (max. \$10,000); calculated per taxpayer

Modified AGI Phase-Outs:	2008	2009
Married Filing Jointly	\$96,000 - \$116,000	\$100,000 - \$120,000
Others	\$48,000 - \$58,000	\$50,000 - \$60,000

Exclusion of U.S. Savings Bond Income

Modified AGI Phase-Outs:	2008	2009
Married Filing Jointly	\$100,650 - \$130,650	\$104,900 - \$134,900
Others	\$67,100 - \$82,100	\$69,950 - \$84,950

Student Loan Interest Deduction - Maximum Deduction \$2,500

Modified AGI Phase-Outs:	2008	2009
Married Filing Jointly	\$115,000 - \$145,000	\$120,000 - \$150,000
Single	\$55,000 - \$70,000	\$60,000 - \$75,000
Deductibility Period	No time limit	No time limit

IRAs

Contribution Limits - Traditional and Roth

	2006-2007	2008	2009
Regular	\$4,000	\$5,000	\$5,000
Catch-Up*	\$1,000	\$1,000	\$1,000

*Only taxpayers age 50 and over are eligible

Uniform Lifetime Table

For calculating Required Minimum Distributions (RMDs) from Qualified Plans and Traditional IRAs - RMDs are suspended for 2009 per the "Worker, Retiree and Employer Recovery Act of 2008"

Current Age	Distrib. Period	Current Age	Distrib. Period
70	27.4	85	14.8
71	26.5	86	14.1
72	25.6	87	13.4
73	24.7	88	12.7
74	23.8	89	12.0
75	22.9	90	11.4
76	22.0	91	10.8
77	21.2	92	10.2
78	20.3	93	9.6
79	19.5	94	9.1
80	18.7	95	8.6
81	17.9	96	8.1
82	17.1	97	7.6
83	16.3	98	7.1
84	15.5	99	6.7

Saver's Tax Credit-

Contributions to Employer Plans & IRAs

Maximum Credit \$2,000 - AGI limits below

Married Filing Jointly	Single	Credit
\$0 - \$33,000	\$0 - \$16,500	50% of contribution
\$33,001 - \$36,000	\$16,501 - \$18,000	20% of contribution
\$36,001 - \$55,500	\$18,001 - \$27,750	10% of contribution
Over \$55,500	Over \$27,750	Not Available

Health Savings Accounts - HSAs

An "eligible individual" is defined as:

- (1) one covered by a high deductible health plan (HDHP), (an annual deductible of \$1,150 for single coverage and \$2,300 for family coverage where the maximum out of pocket cannot exceed \$5,800 for single coverage and \$11,600 for family coverage),
- (2) is not covered by any other health insurance except for some permitted coverages,
- (3) is not eligible for and enrolled in Medicare, and
- (4) cannot be claimed as a dependent on someone else's income tax return.

Contribution Limits:

	2008	2009
Single	\$2,900	\$3,000
Family	\$5,800	\$5,950

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Income Taxes

2008

If Taxable Income Is:

Over	But Not >	The Tax Is	Of The Amount >
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Married Filing Jointly:

\$0	\$16,050	\$0+10%	\$0
16,050	65,100	1,605+15%	16,050
65,100	131,450	8,963+25%	65,100
131,450	200,300	25,550+28%	131,450
200,300	357,700	44,828+33%	200,300
357,700	-----	96,770+35%	357,700

Single:

\$0	\$8,025	\$0+10%	\$0
8,025	32,550	803+15%	8,025
32,550	78,850	4,481+25%	32,550
78,850	164,550	16,056+28%	78,850
164,550	357,700	40,052+33%	164,550
357,700	-----	103,792+35%	357,700

Estates & Trusts:

\$0	\$2,200	\$0+15%	\$0
2,200	5,150	330+25%	2,200
5,150	7,850	1,068+28%	5,150
7,850	10,700	1,824+33%	7,850
10,700	-----	2,764+35%	10,700

Capital Gains (2003-2010)

	Taxpayer in Bracket:	
	10, 15%	Other
S-T < 12 mos	Ordinary rate	Ordinary rate
L-T > 12 mos (5/5/03)	0% (2008-2010)	15%
Dividends (2003-2010)	0% (2008-2010)	15%

Kiddie Tax Unearned income <18 (<24 & full time student in 08)

	2008	2009	
First	\$900	\$950	No Tax
Next	\$900	\$950	10% Tax Amounts
Over	\$1,800	\$1,900	Parents' Rate

Standard Deductions

	Annual	Additional Age 65 or Older, or Blind
Married Filing Jointly	2008	\$10,900
	2009	\$11,400
Single	2008	\$5,450
	2009	\$5,700

Limit on Itemized Deductions

Reduced by 3% of taxpayer's Adjusted Gross Income (AGI) in excess of \$166,800 (\$159,950 in 2008)

**Limit is phased out beginning in 2006. 2008-2009 multiply reduction by 33.3%.

2009

If Taxable Income Is:

Over	But Not >	The Tax Is	Of The Amount >
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Married Filing Jointly:

\$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

Single:

\$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

Estates & Trusts:

\$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

C-Corporations:

(for all tax years since 1993)			
\$0	\$50,000	\$0+15%	\$0
50,000	75,000	7,500+25%	50,000
75,000	100,000	13,750+34%	75,000
100,000	335,000	22,250+39%	100,000
335,000	10 million	113,900+34%	335,000
10 million	15 million	3,400,000+35%	10 million
15 million	18,333,333	5,150,000+38%	15 million
18,333,333	-----	6,416,667+35%	18,333,333

Professional Corporation: Flat 35%

Personal Exemptions**

	Married Filing Jointly	Exemption	AGI Threshold/Upper Limit
Jointly	2008	\$3,500	\$239,950/\$362,450
	2009	\$3,650	\$250,200/\$372,700
Single	2008	\$3,500	\$159,950/\$282,450
	2009	\$3,650	\$166,800/\$289,300

Personal exemptions are phased out by 2% for each \$2,500 by which AGI exceeds threshold.

Child Tax Credit

\$1,000 per child; phases out \$50 for each \$1,000 of AGI over \$110,000-married filing joint, or \$75,000-single.

Estate & Gift Taxes

For Deaths/Gifts Occurring in 2009

If Taxable Estate Is:

Over	But Not >	The Tax Is	Of The Amount >
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\$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 million	248,300+39%	750,000
1 million	1.25 million	345,800+41%	1 million
1.25 million	1.5 million	448,300+43%	1.25 million
1.5 million	-----	555,800+45%	1.5 million

Subtract applicable credit below from calculated tax

	Exclusion Amount	Applicable Credit
2002-2003	\$1 million	\$345,800
2004-2005	\$1.5 million	\$555,800
2006-2008	\$2 million	\$780,800
2009	\$3.5 million	\$1,455,800
2010	Estate tax repealed; gift tax remains	
2011	\$1 million	\$345,800

Annual Gift Tax Exclusion \$13,000 (\$12,000 in 2008)

Gift Tax Unified Credit Exemption \$1 million

GSTT Exemption \$3.5 million (\$2 million in 2008)

Social Security

Base Amount of Modified Adjusted Gross Income 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:

Assumes full retirement age is 65

	2008	2009
Under age 65 (lose \$1 for every \$2)	\$13,560	\$14,160
Age 65 and over	No limit	No limit

Maximum Compensation Subject to FICA Taxes:

	2008	2009
Social Security Maximum	\$102,000	\$106,800
Medicare Maximum	No limit	No limit

*Social Security tax rate: 12.4% self-employed, 6.2% employees
*Medicare tax rate: 2.9% self-employed, 1.45% employees

Long-Term Care Insurance

Maximum Qualified LTC Premiums Eligible for Deduction:

	Age 40 or less	41 - 50	51 - 60	61 - 70	Over 70
2008	\$310	\$580	\$1,150	\$3,080	\$3,850
2009	\$320	\$600	\$1,190	\$3,180	\$3,980

Qualified LTC contract per-diem limit (\$270 in 2008) \$280

Qualified Plans

	2008	2009
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)	\$15,500	\$16,500
Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k)	\$10,500	\$11,500
Maximum elective deferral to 457 plans of tax-exempt employers	\$15,500	\$16,500
Limit on annual additions to SEP IRA plans	\$46,000	\$49,000
Annual compensation threshold requiring SEP IRA contribution	\$500	\$550
Limit on annual additions to defined contribution plans	\$46,000	\$49,000
Maximum annual compensation taken into account for contributions	\$230,000	\$245,000
Annual benefit limit under defined benefit plans	\$185,000	\$195,000
Threshold amount for definition of highly compensated employee	\$105,000	\$110,000
Threshold amount for definition of key employee in top-heavy plans	\$150,000	\$160,000
Pension Benefit Guaranty Corp. monthly pension amt. (age 65, single life)	\$4,312.50	\$4,500.00

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