

TRADITIONAL AND ROTH IRAs

Contribution Limits

	2005	2006 - 2007	2008 - 2009
Regular	\$4,000	\$4,000	\$5,000
Catch-up*	\$500	\$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 2009

▶ Married filing jointly: \$166,000 – \$176,000 ▶ 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 (2008 & 2009).

Traditional IRA Deductibility Rules

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI 2008	Modified AGI 2009	Deductibility
SINGLE	No	Any amount	Any amount	Full deduction
		\$53,000 or less	\$55,000 or less	Full deduction
	Yes	\$53,001-\$62,999	\$55,001-\$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
		\$85,000 or less	\$89,000 or less	Full deduction
	Both Spouses Covered	\$85,001-\$104,999	\$89,001-\$108,999	Partial deduction
		\$105,000 or more	\$109,000 or more	No deduction
	One Spouse Covered — For Covered Spouse	\$85,000 or less	\$89,000 or less	Full deduction
		\$85,001-\$104,999	\$89,001-\$108,999	Partial deduction
		\$105,000 or more	\$109,000 or more	No deduction
		One Spouse Covered — For Non-covered Spouse	\$159,000 or less	\$166,000 or less
\$159,001-\$168,999	\$166,001-\$175,999		Partial deduction	
		\$169,000 or more	\$176,000 or more	No deduction

QUALIFIED PLANS

	2008	2009
Maximum elective deferral to retirement plans, (e.g., 401(k), 403(b) and 457 plans, and SARSEPs)	\$15,500	\$16,500
Maximum elective deferral to SIMPLE 401(k) plans	\$10,500	\$11,500
Limit on annual additions to SEP plans	\$46,000	\$49,000
Annual compensation threshold requiring SEP 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/officer in top-heavy plans	\$150,000	\$160,000

Catch-up Contribution Limits for Other Qualified Plan Types

	2005	2006	2007	2008	2009
401(k), 403(b)					
SAR-SEP and 457 Plans	\$4,000	\$5,000	\$5,000	\$5,000	\$5,500
SIMPLE Plans	\$2,000	\$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 EASY REFERENCE TAX GUIDE

courtesy of
**THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA**

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
2002-2003	1,000,000	345,800	1,000,000
2004-2005	1,500,000	555,800*	1,000,000
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

Other Estate and Gift Tax Planning Items

	2008	2009
Annual gift tax exclusion	\$12,000	\$13,000
Annual gift tax exclusion for non U.S. citizen spouses	\$128,000	\$133,000
Generation skipping tax (GST) exemption	\$2,000,000	\$3,500,000
IRC § 6166 2% limit for deferred estate tax payments	\$1,280,000	\$1,330,000
Special use valuation for qualified real property	\$960,000	\$1,000,000



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INCOME TAX COMPARISON

2008

If Taxable Income Is

Over	But Not Over	The Tax Is	Of The Amount Over
Married Filing Jointly and Surviving Spouses			
\$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
Married Filing Separately			
\$0	\$8,025	\$0 + 10%	\$0
8,025	32,550	\$803 + 15%	8,025
32,550	65,725	\$4,481 + 25%	32,550
65,725	100,150	\$12,775 + 28%	65,725
100,150	178,850	\$22,414 + 33%	100,150
178,850	—	\$48,385 + 35%	178,850
Head of Household			
\$0	\$11,450	\$0 + 10%	\$0
11,450	43,650	\$1,145 + 15%	11,450
43,650	112,650	\$5,975 + 25%	43,650
112,650	182,400	\$23,225 + 28%	112,650
182,400	357,700	\$42,755 + 33%	182,400
357,700	—	\$100,604 + 35%	357,700
Estates and 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

Personal Exemptions

		Exemption	Phase-out Range
Married Filing 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

The exemption is \$2,433 in 2009 (\$2,333 in 2008) for taxpayers with AGI in excess of 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	2008	\$10,900	\$1,050
	2009	\$11,400	\$1,100
Single	2008	\$5,450	\$1,350
	2009	\$5,700	\$1,400

Phase-out of Itemized Deductions

- ▶ Reduced by 3% of taxpayer's AGI in excess of \$166,800 (\$159,950 in 2008)
- ▶ Married filing separately \$83,400 (\$79,975 in 2008)
- ▶ 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.

Capital Gains Tax (2008 & 2009)

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

2009

If Taxable Income Is

Over	But Not Over	The Tax Is	Of The Amount Over
Married Filing Jointly and Surviving Spouses			
\$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	—	\$100,985 + 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
Married Filing Separately			
\$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
Head of Household			
\$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
Estates and 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

Alternative Minimum Tax

	2008	2009	Tax Rate
First	\$175,000	\$175,000	26%
Amounts Over	\$175,000	\$175,000	28%

	Exemption	Exemption
Married Filing Jointly	\$69,950	Unknown
Single	\$46,200	Unknown

Kiddie Tax

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

Corporations (2008 & 2009)

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

Hope and Lifetime Learning Credits

Hope Credit — Up to \$1,800 per student for first 2 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	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

MAGI 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 — Maximum Itemized Deduction \$2,500

AGI Phase-outs	2008	2009
Married Filing Jointly	\$115,000-\$145,000	\$120,000-\$150,000
Others	\$55,000-\$70,000	\$60,000-\$70,000
Deductibility Period	No Time Limit	No Time Limit

Itemized Deduction for Higher Education Expenses (2008 & 2009)

- 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

	2008	2009
If under full retirement age, lose \$1 for every \$2 earned	\$13,560	\$14,160
In the year of retirement, lose \$1 for every \$3 earned in months prior to full retirement	\$36,120	\$37,680
At full retirement age	No Limit	No Limit

Maximum Compensation Subject to FICA Taxes

	2008	2009
OASDI (Social Security) maximum	\$102,000	\$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
2008	\$310	\$580	\$1,150	\$3,080	\$3,850
2009	\$320	\$600	\$1,190	\$3,180	\$3,980

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