

Estate & Gift Taxes 2009

Subtract applicable credit (below) from calculated tax
If Taxable Estate 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 | And Over | 555,800 + 45% | 1,500,000 |

Annual Gift Tax Exclusion:
Individual donor may gift \$13,000 per donee

Individual donor may gift to non-U.S. citizen spouse \$133,000

Generation-Skipping Transfer Tax Exemption: \$3,500,000

Scheduled Estate and Gift Tax Changes

| Year | Top Estate Tax Rate | Estate Tax Exemption | Applicable Credit | Gift Tax Lifetime Exemption | Gift Tax Applicable Credit Amount | Gift Tax Top Rate |
|------|---------------------|----------------------|-------------------|-----------------------------|-----------------------------------|-------------------|
| 2002 | 50% | \$ 1 million | \$ 345,800 | \$1 million | \$345,800 | 50% |
| 2003 | 49% | 1 million | 345,800 | 1 million | 345,800 | 49% |
| 2004 | 48% | 1.5 million | 555,800 | 1 million | 345,800 | 48% |
| 2005 | 47% | 1.5 million | 555,800 | 1 million | 345,800 | 47% |
| 2006 | 46% | 2 million | 780,800 | 1 million | 345,800 | 46% |
| 2007 | 45% | 2 million | 780,800 | 1 million | 345,800 | 45% |
| 2008 | 45% | 2 million | 780,800 | 1 million | 345,800 | 45% |
| 2009 | 45% | 3.5 million | 1,455,800 | 1 million | 345,800 | 45% |
| 2010 | Repealed | N/A | N/A | 1 million | 345,800 | 35% |
| 2011 | 55% | 1 million | 345,800 | 1 million | 345,800 | 35% |

| Social Security | 2008 | 2009 |
|---|----------|--------------------|
| Full Retirement Age | 66 years | 66 years, 2 months |
| Portion of Benefit Paid at Age 62 | 75% | 74.17% |
| Income subject to social security tax (OASDI) | 102,000 | 106,800 |

| Maximum Earnings Before Social Security Benefits Are Reduced | 2008 | 2009 |
|---|-----------|-----------|
| Before Full Retirement Age (lose \$1 for every \$2 of earnings) | \$ 13,560 | \$ 14,160 |
| Year of Full Retirement Age | 36,120 | 37,680 |
| After Full Retirement | no limit | no limit |

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| FICA Limits | 2008 | 2009 |
|---|-----------|-----------|
| Maximum Compensation Subject to FICA Taxes | | |
| 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

| Education Incentives | 2008 | 2009 |
|--|-----------------------|------------------------|
| Phase-Outs for HOPE & Lifetime Learning Credits | | |
| Married Filing Jointly | \$ 96,000 – \$116,000 | \$ 100,000 – \$120,000 |
| Others | \$ 48,000 – \$ 58,000 | \$ 50,000 – \$ 60,000 |
| Phase-Outs for Exclusion of U.S. Savings Bond Income | | |
| Married Filing Jointly | \$100,650 – \$130,650 | \$104,900 – \$134,900 |
| Others | \$ 67,100 – \$ 82,100 | \$ 69,950 – \$ 84,950 |
| Phase-Outs for Coverdell Education Savings Accounts (maximum contribution of \$2,000) | | |
| Married Filing Jointly | \$190,000 – \$220,000 | \$190,000 – \$220,000 |
| Single | \$ 95,000 – \$110,000 | \$ 95,000 – \$110,000 |

Decoupled States With Separate Estate Tax CT, DC, IL, KS, MA, MD, ME, MN, NC, NY, OH, OK, OR, RI, VT, WA, WI

States With Inheritance Tax IN, IA, KY, NE, NJ, OR, PA, TN

Community Property States AZ, CA, ID, LA, NV, NM, TX, WA, WI

Corporations (for all tax years since 1993)

If Taxable Income Is:

| Over | But Not Over | The Tax Is | Of The Amount Over |
|------------|--------------|-----------------|--------------------|
| \$ 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 | 10,000,000 | 113,900 + 34% | 335,000 |
| 10,000,000 | 15,000,000 | 3,400,000 + 35% | 10,000,000 |
| 15,000,000 | 18,333,333 | 5,150,000 + 38% | 15,000,000 |
| 18,333,333 | And Over | 6,416,667 + 35% | 18,333,333 |

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2009

Tax Facts At-A-Glance



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| Income Taxes | | | |
|--------------------------------|---------------------|-------------------|---------------------------|
| 2008 | | 2009 | |
| <i>If Taxable Income Is:</i> | | | |
| Over | But Not Over | The Tax Is | Of the Amount Over |
| Married Filing Jointly: | | | |
| \$ 0 | \$ 16,050 | \$ 0 + 10% | \$ 0 |
| 16,050 | 65,100 | 1,605 + 15% | 16,050 |
| 65,100 | 131,450 | 8,962.50 + 25% | 65,100 |
| 131,450 | 200,300 | 25,550 + 28% | 131,450 |
| 200,300 | 357,700 | 44,828 + 33% | 200,300 |
| 357,700 | And Over | 96,770 + 35% | 357,700 |
| Single: | | | |
| \$ 0 | \$ 8,025 | \$ 0 + 10% | \$ 0 |
| 8,025 | 32,550 | 802.50 + 15% | 8,025 |
| 32,550 | 78,850 | 4,481.25 + 25% | 32,550 |
| 78,850 | 164,550 | 16,056.25 + 28% | 78,850 |
| 164,550 | 357,700 | 40,052.25 + 33% | 164,550 |
| 357,700 | And Over | 103,791.75 + 35% | 357,700 |
| Estates and Trusts: | | | |
| \$ 0 | \$ 2,200 | \$ 0 + 15% | \$ 0 |
| 2,200 | 5,150 | 330 + 25% | 2,200 |
| 5,150 | 7,850 | 1,067.50 + 28% | 5,150 |
| 7,850 | 10,700 | 1,823.50 + 33% | 7,850 |
| 10,700 | And Over | 2,764 + 35% | 10,700 |

| Kiddie Tax (under age 18 with unearned income) | 2008 | 2009 | Tax Bracket |
|---|--------|--------|---------------|
| First | \$ 900 | \$ 950 | No Tax |
| Next | 900 | 950 | Child's Rate |
| Amounts Over | 1,800 | 1,900 | Parents' Rate |

| Standard Deductions | 2008 | 2009 | |
|-------------------------------------|-----------|-----------|--|
| Married Filing Jointly | \$ 10,900 | \$ 11,400 | 2009 AGI Itemized Deduction Phase-Out |
| Single | 5,450 | 5,700 | |
| Additional (Age 65/older or blind): | | | All Filings Other Than Married Filing Separately: \$166,800 Married Filing Separately: \$83,400 |
| Married | \$ 1,050 | \$ 1,100 | |
| Unmarried and not surviving spouse | 1,350 | 1,400 | |

| Personal Exemptions | 2008 | 2009 |
|------------------------------------|-------------------|-------------------|
| Personal Exemption Phase-Out Range | \$ 3,500 | \$ 3,650 |
| Single | 159,950 – 282,450 | 166,800 – 289,300 |
| Married Filing Jointly | 239,950 – 362,450 | 250,200 – 372,700 |

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| Qualified Plans | 2008 | 2009 |
|---|-----------|-----------|
| Maximum elective deferral to retirement plans (e.g., 401(k), 403(b) & 457) | \$ 15,500 | \$ 16,500 |
| 401(k) age 50+ catch-up contribution | 5,000 | 5,500 |
| Maximum IRA contribution limit | 5,000 | 5,000 |
| IRA age 50+ catch-up contribution | 1,000 | 1,000 |
| Maximum elective deferral to SIMPLE plan | 10,500 | 11,500 |
| SEP minimum compensation amount | 500 | 550 |
| Annual includable compensation limit | 230,000 | 245,000 |
| Defined contribution plan annual addition limit | 46,000 | 49,000 |
| Highly compensated employee compensation limit | 105,000 | 110,000 |
| Annual retirement benefit limit under defined benefit plan (not to exceed 100% of compensation) | 185,000 | 195,000 |
| Elective deferrals (applies to 401(k) plans) | 15,500 | 16,500 |
| Tax-sheltered annuity deferrals 403(b) plans | 15,500 | 16,500 |
| Definition of key employee in a top-heavy plan | 150,000 | 160,000 |
| Simple IRA age 50+ catch-up contribution limit | 2,500 | 2,500 |
| Deferred compensation plans of state and local government and tax-exempt organizations | 15,500 | 16,500 |

| IRAs | 2008 | 2009 |
|---|-------------------------|-------------------------|
| Phase-Out Range for Deductible Contributions to Traditional IRAs | | |
| Married Filing Jointly | | |
| Both spouses as participants in qualified plan | \$ 85,000 – \$ 105,000 | \$ 89,000 – \$ 109,000 |
| One spouse as participant in qualified plan | \$ 159,000 – \$ 169,000 | \$ 166,000 – \$ 176,000 |
| Single | \$ 53,000 – \$ 63,000 | \$ 55,000 – \$ 65,000 |

| Phase-Out Range for Contributions to Roth IRAs | | |
|---|-------------------------|-------------------------|
| Married Filing Jointly | | |
| | \$ 159,000 – \$ 169,000 | \$ 166,000 – \$ 176,000 |
| Single | | |
| | \$ 101,000 – \$ 116,000 | \$ 105,000 – \$ 120,000 |

| Capital Gains Tax | 2008 | 2009 |
|---------------------------------|---------------------|---------------------|
| Rate on gains for assets held: | More than 12 months | More than 12 months |
| 15% income tax bracket or below | 0% | 0% |
| 25% income tax bracket or above | 15% | 15% |

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