



Leimberg's Think About It

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#396

KEY 2009 PENSION AND EMPLOYEE BENEFIT NUMBERS KEY 2009 INCOME TAX RATES AND OTHER ESSENTIAL DATA KEY 2009 ESTATE PLANNING INFLATION ADJUSTMENTS

A number of figures used in the estate, financial, employee benefit, and income tax planning fields are subject to change or indexed for inflation. The following list, courtesy *TOOLS AND TECHNIQUES OF EMPLOYEE BENEFIT AND RETIREMENT PLANNING, TOOLS AND TECHNIQUES OF ESTATE PLANNING, and TOOLS AND TECHNIQUES OF CHARITABLE PLANNING* (800-543-0874) is an update of the latest figures available with a brief explanation of their applicability.

*The numbers presented in this issue of **Think About It** are current at the time of its publication. These figures (and discussions thereof) do not take into consideration any proposed or pending legislation. To stay up-to-date with the latest cases, rulings, legislation, and figures, and for commentary and the actual text of cases and rulings, go to <http://www.leimbergservices.com>. Once you've logged in, you'll find the latest numbers by clicking the maroon "Useful Numbers" tab at the top.*

GOVERNMENTAL PLANS: The annual compensation limitation to be taken into account for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation (under Section 401(a)(17)) is increased from \$345,000 to **\$360,000**.

CONTROL EMPLOYEE: The compensation amounts concerning the definition of "control employee" for 1.61-21(f)(5)(i) fringe benefit valuation purposes is increased from \$90,000 to **\$95,000**.

The compensation amount under Section 1.61- 21(f)(5)(iii) is increased from \$185,000 to **\$195,000**.

IMPORTANT COLAs and SCHEDULED INCREASES

	2006	2007	2008	2009
<p>Sec. 415 Limit for Defined Benefit Plans IRC Sec. 415(b)(1)(a)</p> <p>Maximum yearly benefit allowed is the lesser of 100 percent of the average highest 3 years' compensation or the indicated figure. Reductions apply for plans with pre-62 normal retirement ages and for participants with less than 10 years of service.</p>	\$175,000	\$180,000	\$185,000	\$195,000 (Indexed in \$5,000 increments)
<p>Sec 415 Limit for Defined Contribution Plans IRC Sec. 415 (c) (1)(A). Max. annual addition is lesser of these numbers.</p>	\$44,000/ 100 Percent of comp.	\$45,000/ 100 Percent of comp.	\$46,000/ 100 Percent of comp.	\$49,000/ 100 Percent of comp. (Indexed in \$1,000 increments)
<p>Sec 416(i)(1)(A)(i) – Definition of Key Employee in Top Heavy Plan. Key employee is one who, during the prior year, was (a) an officer with comp in excess of listed figure, (b) a 5% owner, or (c) a 1% owner with comp over \$150,000. Family Attribution rules apply in determining if a person is a 5% owner.</p>	\$140,000	\$145,000	\$150,000	\$160,000 (Indexed in \$5,000 increments)
<p>Annual Limit on Includible Compensation IRC Sec. 401(a)(17)), 404(1), 408(k)(3)(c), and 408(k)(6)(D)(ii) (This is the maximum amount of compensation that can be taken into account when determining an individual contribution to or benefit under a qualified retirement plan.)</p>	\$220,000	\$225,000	\$230,000	\$245,000 (Indexed in \$5,000 increments)

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	2006	2007	2008	2009
<p>Highly Compensated Employee IRC Sec. 414(q)(1)(B) Highly compensated employees are those with compensation above this figure. Dollar limitation under Sec. 416(i)(1)(a)(i) concerning definition of Key Employee in top-heavy plan for 2009 is \$160,000.</p>	\$100,000	\$100,000	\$105,000	\$110,000 (Indexed in \$5,000 increments)
<p>Exclusion for Elective Deferrals Described in Sec. 402(g)(1) for a 401(k) Plan or 403(b) Plan or SARSEP and Thrift Savings Plan The indicated figure is the maximum salary reduction that a participant can make under Sec. 402(g)(3).</p>	\$15,000	\$15,500	\$15,500	\$16,500 (Indexed in \$500 increments)
<p>Maximum Elective Deferrals for a SIMPLE IRC Sec. 408(p)(2)(E). This is the maximum salary reduction a participant can take under a SIMPLE or 401(k) Simple.</p>	\$10,000	\$10,500	\$10,500	\$11,500 (Indexed in \$500 increments)
<p>Maximum 457 Salary Reduction IRC Sec. 457(e)(15) Maximum deferral to non-qualified plans of state and local government and tax exempt orgs.) The limit is twice the otherwise applicable dollar limit in the three years before retirement.</p>	\$15,000	\$15,500	\$15,500	\$16,500 (Indexed in \$500 increments)
<p>Part-time Employee Floor for a SEP IRC Sec. 408(k)(2)(c) Employees who earn over the indicated limits must be included in a SEP if they are otherwise eligible.</p>	\$450	\$500	\$500	\$550 (Indexed in \$50 increments)
<p>ESOP Maximum Amount Under Sec. 409(o)(1) (c)(ii) for Determining Lengthening of 5-Year Distribution Period</p>	\$175,000/\$ 885,000	\$180,000/ \$915,000	\$185,000/ \$935,000	\$195,000/ \$985,000

	2006	2007	2008	2009
Deductible, Non-Deductible, and Roth IRA Contribution Limits: IRC Sec. 219(b)(1)(A) This is the limit on how much can be contributed to an IRA.	\$4,000	\$4,000	\$5,000	\$5,000 (Indexed for post-2008 inflation in \$500 increments)
IRA Catch-Up Provision for Individuals 50 or Older by year end: IRC Sec. 219(a)(5)(b) This is the amount that can be contributed for those 50 and older by year end. The catch up is \$1,000 in 2009. The listed number is the total amount that can be contributed.	\$5,000	\$5,000	\$6,000	\$6,000

	2006	2007	2008	2009
Traditional IRA Deduction Phaseout Modified Adjusted Gross Income Limits: IRC Sec. 219(g)(3)(b):				
<i>Joint Return: Floor</i>	\$75,000	\$83,000	\$85,000	\$89,000
<i>Joint Return: Ceiling</i>	\$85,000	\$103,000	\$105,000	\$109,000
<i>Single & HOH: Floor</i>	\$50,000	\$52,000	\$53,000	\$55,000
<i>Single & HOH: Ceiling</i>	\$50,000	\$62,000	\$63,000	\$65,000
<i>Married Filing Separately: Floor</i>	\$0	\$0	\$0	\$0
<i>Married Filing Separately: Ceiling</i>	\$10,000	\$10,000	\$10,000	\$10,000
<i>Spouse (nonworking) coverage: Floor</i>	\$150,000	\$156,000	\$159,000	\$166,000
<i>Spouse (nonworking) coverage: Ceiling</i>	\$160,000	\$166,000	\$169,000	\$176,000
Roth IRA Modified Adjusted Gross Income Limits: IRC Sec. 408A(c)(3)(C)				
<i>Joint Return: Floor</i>	\$150,000	\$156,000	\$159,000	\$166,000
<i>Joint Return: Ceiling</i>	\$160,000	\$166,000	\$169,000	\$176,000
<i>Single & HOH: Floor</i>	\$95,000	\$99,000	\$101,000	\$105,000
<i>Single & HOH: Ceiling</i>	\$110,000	\$114,000	\$116,000	\$120,000
<i>Married Filing Separately: Floor</i>	\$0	\$0	\$0	\$0
<i>Married Filing Separately: Ceiling</i>	\$10,000	\$10,000	\$10,000	\$10,000

2009 SOCIAL SECURITY TAX RATES

	2006	2007	2008	2009
Social Security Tax Rate This is the percentage that the employer and employee are each taxed for social security purposes. 6.2% is for Social Security tax. 1.45% is for Medicare. This is anticipated to remain constant.	7.65%	7.65%	7.65%	7.65%
Social Security Tax Rate (Self-Employed) This is the percentage at which a self-employed individual is taxed for social security purposes. 12.4% is for Social Security while 2.9% is for Medicare. This is anticipated to remain constant.	15.30%	15.30%	15.30%	15.30%
Taxable Wage (Contribution and Benefit) Base (a/k/a FICA/SE Maximum Earnings Taxable) This "earned income ceiling" is the maximum amount of covered earnings on which Social Security OASD taxes is paid.	\$94,200	\$97,500	\$102,000	\$106,800
Medicare Special Wage Base This is the maximum amount of covered earnings on which Social Security hospital insurance taxes are paid. Half this tax is deductible in computing AGI.	No Limit	No Limit	No Limit	No Limit

2009 AVERAGE MONTHLY SOCIAL SECURITY BENEFIT

Estimated Average Monthly Social Security Benefits Payable in January 2009:	Before 2009 5.8% COLA	After 5.8% COLA
All Retired Workers	\$1,090	\$1,153
Aged Couple, Both Receiving Benefits	\$1,773	\$1,876
Widowed Mother - 2 Children	\$2,268	\$2,399
Aged Widow(er) Alone	\$1,051	\$1,112
Disabled Worker, Spouse and One or More Children	\$1,695	\$1,793
All Disabled Workers	\$1,006	\$1,064

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2009 MEDICARE PREMIUMS

	2006	2007	2008	2009
<p>Medicare: Part B Monthly Premium: In 2007, Part B enrollees with higher incomes began to pay higher Part B premiums based on their incomes. The income-related Part B premiums for 2009 will be \$134.90, \$192.70, \$250.50, or \$308.30, depending on the extent to which an individual beneficiary's income exceeds \$85,000 (or a married couple's income exceeds \$170,000), with the highest premium rates only paid by less than 1 percent of beneficiaries whose incomes are over \$213,000 (or \$426,000 for a married couple). A beneficiary who pays the highest income-related premium in 2009 would pay \$3,699.60 per year in Part B premiums.</p> <p>Part B Deductible remains \$135 for 2009.</p>	\$88.50	\$93.50	\$96.40	\$96.40
<p>Medicare: Part A: The premium will be \$443 per month for 2009 but is paid only by individuals who are not otherwise eligible for premium-free hospital insurance and have less than 30 quarters of Medicare covered employment.</p> <p>The deductible paid by the beneficiary when admitted as a hospital inpatient in 2009 will be \$1,068. The Part A deductible is the beneficiary's only cost for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay an additional \$267 per day for days 61 through 90 in 2009, and \$534 per day for hospital stays beyond the 90th day for lifetime reserve days. The daily coinsurance for the 21st through 100th day in a skilled nursing facility will be \$133.50 in 2009.</p>	\$393	\$410	\$423	\$443

2009 SOCIAL SECURITY QUALIFICATION

	2006	2007	2008	2009
Social Security Quarterly	\$970	\$1,000	\$1,050	\$1,090
<p>Earnings: Minimum amount which must be earned to receive Social Security Benefits: 40 quarters required.</p>				

2009 SOCIAL SECURITY BENEFITS

Maximum Monthly Social Security Benefit at Full Retirement Age: For retirees born in 1942, full retirement age is 65 and 10 months; for those born in 1943, it is 66. Full retirement age will gradually increase to age 67 for those born in 1960 and later.	\$2,323 Per Month (Age 66)
Retirement Earnings Test Exempt Amount (under full retirement age) One dollar in benefits will be withheld for every \$2 in earnings above the limit. Note: The annual earnings limit for Social Security Recipients between 65-70 years old has been repealed. Persons in this age group who continue to work after reaching their normal (65 and 10 months in 2008) retirement age will not suffer a social security benefit reduction regardless of how much is earned. In 2008, recipients aged between 62-65 years and 10 months can earn no more than \$13,560 without reductions.	\$14,160 Per Year (\$1,180 per month)
Retirement Earnings Test Exempt Amount (full retirement age) Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the \$34,440 - but only for earnings before the month the taxpayer reaches full retirement age. After that, there is no limit on earnings.	\$37,680 Per Year (\$3,140 Per Month)
Substantial Gainful Activity: Threshold Limits for Non-Blind	\$980 Per Month
Substantial Gainful Activity: Threshold Limits for Blind	\$1,640 Per Month
Trial Work Period (TWP)	\$700 Per Month
SSI Federal Payment Standard - Individual	\$674 Per Month
SSI Federal Payment Standard - Couple	\$1,011 Per Month
SSI Resources Limits - Individual	\$2,000
SSI Resources Limits - Couple	\$3,000
SSI Student Exclusion Limit: Monthly	\$1,640
SSI Student Exclusion Limit: Annual	\$6,600

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2009 INCOME TAX RATE SCHEDULES

CORPORATE INCOME TAX RATES

Taxable Income	Tax
Not over \$50,000	15% of the Taxable Income
Over \$50,000 but not over \$75,000	\$7,500 plus 25% of the excess over \$50,000
Over \$75,000 but not over \$10,000,000	\$13,750 plus 34% of the excess over \$75,000
Over \$10,000,000	\$3,388,250 plus 35% of the excess over \$10,000,000

Note: The lower brackets are phased out under two circumstances:

1. If taxable income exceeds \$100,000, the tax is increased by the lesser of (i) 5% of the excess of taxable income over \$100,000 or (ii) \$11,750.
2. If taxable income exceeds \$15,000,000, the tax is additionally increased by the lesser of 3% of the excess of taxable income over \$15,000,000 or (ii) \$100,000.

Unlike individual rate bracket amounts and other amounts adjusted annually for inflation, corporate rate bracket amounts are not adjusted for inflation.

QUALIFIED PERSONAL SERVICES CORPORATIONS

Taxable Income	Tax
Over \$0	35% of the taxable income

2009 HEALTH INSURANCE COSTS FOR SELF EMPLOYEDS

Self-employed taxpayers who had a net profit for the year can deduct 100% of eligible costs.

2009 PERSONAL INCOME TAX RATE SCHEDULES

MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES

Taxable Income	Tax
Not over \$16,700	10% of the taxable income
Over \$16,700 but not over \$67,900	\$1,670 plus 15% of the excess over \$16,700
Over \$67,900 but not over \$137,050	\$9,350 plus 25% of the excess over \$67,900
Over \$137,050 but not over \$208,850	\$26,637.50 plus 28% of the excess over \$137,050
Over \$208,850 but not over \$372,950	\$46,741.50 plus 33% of the excess over \$208,850
Over \$372,950	\$100,894.50 plus 35% of the excess over \$372,950

HEADS OF HOUSEHOLDS

Taxable Income	Tax
Not over \$11,950	10% of the taxable income
Over \$11,950 but not over \$45,500	\$1,195 plus 15% of the excess over \$11,950
Over \$45,500 but not over \$117,450	\$6,227.50 plus 25% of the excess over \$45,500
Over \$117,450 but not over \$190,200	\$24,215 plus 28% of the excess over \$117,450
Over \$190,200 but not over \$372,950	\$44,585 plus 33% of the excess over \$190,200
Over \$372,950	\$104,892.50 plus 35% of the excess over \$372,950

**UNMARRIED INDIVIDUALS
(OTHER THAN SURVIVING SPOUSE AND HEADS OF HOUSEHOLDS)**

Taxable Income	Tax
Not over \$8,350	10% of the taxable income
Over \$8,350 but not over \$33,950	\$835 plus 15% of the excess over \$8,350
Over \$33,950 but not over \$82,250	\$4,675 plus 25% of the excess over \$33,950
Over \$82,250 but not over \$171,550	\$16,750 plus 28% of the excess over \$82,250
Over \$171,550 but not over \$372,950	\$41,754 plus 33% of the excess over \$171,550
Over \$372,950	\$108,216 plus 35% of the excess over \$372,950

MARRIED INDIVIDUALS FILING SEPARATE RETURNS

Taxable Income	Tax
Not over \$8,350	10% of the taxable income
Over \$8,350 but not over \$33,950	\$835 plus 15% of the excess over \$8,350
Over \$33,950 but not over \$68,525	\$4,675 plus 25% of the excess over \$33,950
Over \$68,525 but not over \$104,425	\$13,318.75 plus 28% of the excess over \$68,525
Over \$104,425 but not over \$186,475	\$23,370.75 plus 33% of the excess over \$104,425
Over \$186,475	\$50,447.25 plus 35% of the excess over \$186,475

**2009 INCOME TAX RATE SCHEDULES
ESTATES AND TRUSTS**

Taxable Income	Tax
Not over \$2,300	15% of the taxable income
Over \$2,300 but not over \$5,350	\$345 plus 25% of the excess over \$2,300
Over \$5,350 but not over \$8,200	\$1,107.50 plus 28% of the excess over \$5,350
Over \$8,200 but not over \$11,150	\$1,905.50 plus 33% of the excess over \$8,200
Over \$11,150	\$2,879 plus 35% of the excess over \$11,150

2009 KIDDIE TAX

Net Unearned Income	2008	2009
Net unearned income subject to the "kiddie tax" equals unearned income minus the greater of this amount	\$1,800	\$1,900
or certain itemized deductions plus this amount	\$900	\$950
Eligibility for Parental Election		
For parents to elect to include the child's income on their return, the child's gross income from interest and dividends must exceed this amount	\$900	\$950
and be less than this amount	\$9,000	\$9,500
Impact of Parental Election		
Parents who elect to include the child's income on their return must include in their gross income the child's gross income minus this amount	\$1,800	\$1,900
and must add to their tax the lesser of this amount	\$90	\$95
or this percentage	10%	10%
of the excess of the child's gross income over this amount	\$900	\$950
Alternative Minimum Tax Exemption Amount		
The AMT exemption amount for a child subject to the "kiddie tax" is limited to the sum of the child's earned income plus the following amount.	\$6,400	\$6,700

2009 STANDARD DEDUCTION

Basic Standard Deduction:	2008	2009
Married individuals filing joint returns and surviving spouses	\$10,900	\$11,400
Heads of household	\$8,000	\$8,350
Unmarried individuals (other than surviving spouses and heads of households)	\$5,450	\$5,700
Married individuals filing separate returns	\$5,450	\$5,700
<i>Additional standard deduction for the aged and the blind:</i>		
Unmarried and not surviving spouses	\$1,350	\$1,400
All others	\$1,050	\$1,100
<i>Dependent (of another taxpayer):</i>		
Standard deduction for a person who can be claimed as a dependent by another is limited to greater of earned income plus this amount	\$300	\$300
or this amount	\$900	\$950

2009 PERSONAL EXEMPTION AND PHASE-OUTS

	2008	2009
Exemption amount	\$3,500	\$3,650
<i>Exemption Phase-outs:</i>		
Married individuals filing joint returns and surviving spouses – threshold amount for beginning phase-out	\$239,950	\$250,200
- Exemption fully phased out	\$362,450	\$372,700
Heads of households – threshold amount for beginning phase-out	\$199,950	\$208,500
- Exemption fully phased out	\$322,450	\$331,000
Unmarried individuals (other than surviving spouses, heads of households) – threshold amount for beginning phase-out	\$159,950	\$166,800
- Exemption fully phased out	\$282,450	\$289,300
Married individuals filing separate returns – threshold amount for beginning phase-out	\$119,975	\$125,100
- Exemption fully phased out	\$181,225	\$186,350

2009 ITEMIZED DEDUCTION PHASE-OUTS

Filing status	2008	2009
Married individuals filing separate returns	\$79,975	\$83,400
All others	\$159,950	\$166,800

2009 EARNED INCOME CREDIT

	2006	2007	2008	2009
Credit denied if investment income exceeds	\$2,800	\$2,900	\$2,950	\$3,100
Taxpayers with two or more children				
Earned income amount	\$11,340	\$11,790	\$12,060	\$12,570
Maximum credit amount	\$4,536	\$4,716	\$4,824	\$5,028
Threshold phase-out amount: joint returns	\$16,810	\$17,390	\$18,740	\$19,540
Threshold phase-out amount: other returns	\$14,810	\$15,390	\$15,740	\$16,420
Completed phase-out amount: joint returns	\$38,848	\$39,783	\$41,646	\$43,415
Completed phase-out amount: other returns	\$36,348	\$37,783	\$38,646	\$40,295
Taxpayers with one child				
Earned income amount	\$8,080	\$8,390	\$8,580	\$8,950
Maximum credit amount	\$2,747	\$2,853	\$2,917	\$3,043
Threshold phase-out amount: joint returns	\$16,810	\$17,390	\$18,740	\$19,540
Threshold phase-out amount: other returns	\$14,810	\$15,390	\$15,740	\$16,420
Completed phase-out amount: joint returns	\$34,001	\$35,241	\$36,665	\$38,583
Completed phase-out amount: other returns	\$32,001	\$33,241	\$33,995	\$35,463
Taxpayers with no children				
Earned income amount	\$5,380	\$5,590	\$5,720	\$5,970

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2009 EARNED INCOME CREDIT (Continued)

	2006	2007	2008	2009
Maximum credit amount	\$412	\$428	\$438	\$457
Threshold phase-out amount: joint returns	\$8,740	\$9,000	\$10,160	\$10,590
Threshold phase-out amount: other returns	\$6,740	\$7,000	\$7,160	\$7,470
Completed phase-out amount: joint returns	\$14,120	\$14,590	\$15,880	\$16,560
Completed phase-out amount: other returns	\$12,120	\$12,590	\$12,880	\$13,440

2009 SAVINGS BOND EXCLUSION

Section 135 limitation on exclusion of income from United States savings bonds for taxpayers who pay qualified higher education expenses:	2008	2009
Married individuals filing joint returns and surviving spouses – threshold amount for beginning phase-out	\$100,650	\$104,900
- Exemption fully phased out	\$130,650	\$134,900
All others – threshold amount for beginning phase-out	\$67,100	\$69,950
- Exemption fully phased out	\$82,100	\$84,950

2009 CHILD CREDIT AND ADOPTION

	2008	2009
The threshold amount used in computing the refundable portion of the child credit (this amount is subtracted from earned income and if there is an excess, a percentage of it is added to the overall credit limitation for purposes of computing a hypothetical credit which is used to compute the refundable portion of the child credit. See section 24(d)(1)(B)(i)	\$12,250	\$12,550
Adoption Credit – Sec. 23(a)(3)		
Maximum adoption credit for child with special needs	\$11,650	\$12,150
Maximum adoption credit for qualified adoption expenses of other children	\$11,650	\$12,150
Phase-out of adoption credit begins with modified AGI of	\$174,730	\$182,180
Complete phase-out of adoption credit with modified AGI of Adoption Assistance Programs – Sec. 137(a)(2)	\$214,730	\$222,180
Maximum exclusion from income in connection with employer-provided assistance in the adoption of child with special needs	\$11,650	\$12,150
Maximum exclusion from income in connection with employer-provided assistance in the adoption of other children	\$11,650	\$12,150
Phase-out of exclusion begins with modified AGI of	\$174,730	\$182,180
Complete phase-out of exclusion with modified AGI of	\$214,730	\$222,180

2009 EDUCATION CREDITS & DEDUCTIONS

	2008	2009
Threshold amounts for expenses qualifying for the Hope Scholarship credit	\$1,200	\$1,200
Phase-out floor for Hope Scholarship and Lifetime learning credits – Joint returns	\$96,000	\$100,000
All other returns	\$48,000	\$50,000
Maximum interest deduction for education loans (Sec. 221)		
<i>Married filing jointly:</i>	\$2,500	\$2,500
Reduction begins when adjusted gross income exceeds	\$115,000	\$120,000
Complete elimination of deduction when AGI exceeds	\$145,000	\$150,000
<i>All other taxpayers:</i>	\$2,500	\$2,500
Reduction begins when adjusted gross income exceeds	\$55,000	\$60,000
Complete elimination of deduction when AGI exceeds	\$70,000	\$75,000

2009 DEPRECIATION LIMITS

	2006	2007	2008	2009
Limitation on aggregate cost of Sec. 179 property that taxpayer may elect to expense	\$108,000	\$112,000	\$250,000	\$125,000
Reduction for Sec. 179 property in excess of	\$430,000	\$450,000	\$800,000	\$500,000

2009 AUTOMOBILE MILEAGE RATES (CENTS PER MILE)

	2007	First Half 2008	Second Half 2008	2009
Standard business use rate	48.5	50.5	58.5	55
Charitable use rate	14	14	14	14
Medical use rate	20	19	27	24
Moving expense rate	20	19	27	24

2009 ESTATE PLANNING AMOUNTS

	2008	2009
Annual Gift Tax Exclusion - Present Interests Code Sec. 2503	\$12,000	\$13,000
GST EXEMPTION Code Sec. 2631	\$2,000,000	\$3,500,000
Dollar Amount Used to Compute "2 Percent" Portion of 6166 Estate Tax Payable in Installments Calculation Code Sec. 6601(j)	\$1,280,000	\$1,330,000
APPLICABLE ESTATE TAX EXEMPTION	\$2,000,000	\$3,500,000
APPLICABLE ESTATE TAX CREDIT	\$780,800	\$1,455,800
APPLICABLE GIFT TAX EXEMPTION (Does not Increase)	\$1,000,000	\$1,000,000
GIFT APPLICABLE TAX CREDIT	\$345,800	\$345,800

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2009 ESTATE PLANNING AMOUNTS (Continued)

	2008	2009
Section 2032A "Special Use" Qualified Real Property Value Reduction Limit	\$960,000	\$1,000,000
"Super Exclusion" for Present Interest Gifts from Citizen to Non-Citizen Spouses: Code Sec. 2503 and 2523(i)(2)	\$128,000	\$133,000
Notice of Large Gifts from Foreign Persons: A U.S. person must report all gifts and bequests received from foreign persons if the total is more than:	\$13,561	\$14,139

2009 IMPUTED INTEREST

	2008	2009
Sec. 1274A(b) amount (qualified debt instrument)	\$4,913,400	\$5,131,700
Sec. 1274A(c)(2)(A) amount (cash method debt instrument)	\$3,509,600	\$3,665,500

2009 FUNERAL TRUSTS

	2008	2009
Qualified funeral trusts may not accept contributions by or for the benefit of an individual in excess of:	\$9,000	NO LIMIT

2009 TRANSPORTATION BENEFITS

Qualified Transportation	2008	2009
Monthly exclusion for the aggregate of commuter highway vehicle transportation and transit pass is limited to	\$115	\$120
Monthly exclusion for qualified parking is limited to	\$220	\$230
Passenger Air Transportation Excise Tax: IRC Sec. 4261(b) on amount paid for each domestic segment of taxable transportation by air (expires 2/29/2008)	\$3.50	\$3.60
Passenger Air Transportation Excise Tax: IRC Sec. 4261(c) on amount paid for air transportation that begins or ends within U.S. (other than Alaska or Hawaii) (expires 2/29/2008)	\$15.40	\$16.10
Passenger Air Transportation Excise Tax: IRC Sec. 4261(c)(3) on domestic segments departing from Alaska or Hawaii (expires 2/29/2008)	\$7.70	\$8.00

2009 FOREIGN EARNED INCOME

	2008	2009
Limitation under Code Section 911(b)(2)(D)(i)	\$87,600	\$91,400

2009 INSUBSTANTIAL BENEFITS – CHARITABLE CONTRIBUTIONS

	2008	2009
Unrelated Trade or Business Exception for low-cost articles	\$9.10	\$9.50
Donor Benefit Reporting Not Required		
<i>Condition One:</i>		
Gift to charity worth at least	\$45.50	\$47.50
and benefit to donor from charity is item bearing charity's name or logo and costing charity no more than	\$9.10	\$9.50
<i>Condition Two: Charity distributes free article not ordered by donor which costs charity no more than</i>	\$9.10	\$9.50
<i>Condition Three: Benefit received by donor is no more than the lesser of 2% of donor's contribution, or this amount</i>	\$91.00	\$95.00

Note: Rev. Proc. 90-12, 1990-1 CB 471 provides: "These guidelines describe a safe harbor; depending on the facts in each case, benefits received in connection with contributions may be "insubstantial" even if they do not meet these guidelines."

Note: A donor must have a written receipt - in hand - to claim a charitable deduction of **\$250** or more. That receipt must be in the donor's possession - BEFORE - the due date for filing his/her income tax return (plus any extensions). If the gift to charity is over **\$75**, and the donor receives or becomes entitled to a tangible benefit, the charity must inform the donor that the deduction is limited to the excess of any money and value of other property received over the value of the goods and services the charity provides. The charity must also provide a good faith estimate of the value of such goods and/or services.

For 2008 and 2009, an individual 70½ or older may make direct charitable gifts from an IRA to public charities and not have to report the IRA distribution as taxable income. Congress extended the temporary provisions for qualified charitable distributions in IRC section 408(d).

2009 LOBBYING

	2008	2009
Annual per person, family, or entity dues limitation to qualify for the reporting exception under Code Section 6033(e)(3) (and section 5.05 of Rev. Proc. 98-19, 1998-1 C.B. 547) for certain exempt organizations with nondeductible lobbying expenses	\$97	\$101

2009 MEDICAL SAVINGS ACCOUNTS

	2008	2009
Self-Only Coverage:		
Annual deductible is not less than	\$1,950	\$2,000
Annual deductible is not more than	\$2,900	\$3,000
	2008	2009
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	\$3,850	\$4,000
Family Coverage:		
Annual deductible is not less than	\$3,850	\$4,000
Annual deductible is not more than	\$5,800	\$6,050
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	\$7,050	\$7,350

2009 HEALTH SAVINGS ACCOUNTS

	2008	2009
Monthly contribution limitation is 1/12th of the lesser of the annual deductible or-	\$2,900	\$3,000
High deductible health plan deductible is not less than	\$1,100	\$1,150
High deductible health plan limit on annual out-of-pocket expenses (other than premiums)	\$5,600	\$5,800
Family Coverage:		
Monthly contribution limitation is 1/12th of the lesser of the annual deductible or-	\$5,800	\$5,950
High deductible health plan deductible is not less than	\$2,200	\$2,300
High deductible health plan limit on annual out-of-pocket expenses (other than premiums)	\$11,200	\$11,600
Additional Contributions for individuals 55 and older	\$900	\$1,000

2009 LONG TERM CARE INSURANCE

	2008	2009
Per diem limitation for periodic payments received under qualified long-term care insurance contract or life insurance contract periodic payments treated as paid by reason of death of chronically ill individual under Code Section 7702B(d)(4)	\$270	\$280

2009 LONG TERM CARE PREMIUMS

	2008	2009
Attained Age Before the Close of the Taxable Year		
40 or less	\$310	\$320
More than 40 but not more than 50	\$580	\$600
More than 50 but not more than 60	\$1,150	\$1,190
More than 60 but not more than 70	\$3,080	\$3,180
More than 70	\$3,850	\$3,980

2009 EXPATRIATION

	2008	2009
Code Section 877A: A covered expatriate is subject to US federal income tax on the net unrealized gain in his or her property as if the property had been sold for its fair market value on the day before the expatriation or termination of US residency.		
The individual's average annual net income tax for the 5-year period preceding the citizenship loss exceeds...	\$139,000	\$145,000
The individual's net worth on the date of the citizenship loss equals or exceeds...	\$2,000,000	\$2,000,000

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