

# 2009 Tax Digest

Prepared for: **Client Distribution**  
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## Income Tax Rates and Deductions

### Tax Rates

Ordinary Income Tax Rates 10%, 15%, 25%, 28%, 33%, 35%  
 Capital Gains and Dividend Tax Rates 0% (10%/15% tax brackets), 15% (other tax brackets)

### Personal Exemption Deduction (\$3,650; \$2,433 in excess of maximum phaseout): Phaseouts

Joint Returns and Surviving Spouses	\$250,200 - \$372,700
Heads of Household	\$208,500 - \$331,000
Single Taxpayers	\$166,800 - \$289,300
Married Filing Separately	\$125,100 - \$186,350

### Standard Deduction

Joint Returns and Surviving Spouses	\$11,400
Heads of Household	\$8,350
Single Taxpayers	\$5,700
Married Filing Separately	\$5,700
Dependent	\$950 or \$300 plus earned income, if greater
Age 65 and Older or Blind - Single or Head of Household	Additional \$1,400 each
Age 65 and Older or Blind - All Others	Additional \$1,100 each

### "Kiddie" Tax (children under age 19 and dependent full-time students under age 24)

Amount	\$1,900
Alternative Minimum Tax Exemption	\$6,700 plus earned income

### Child Tax Credit

Amount	\$1,000
Refundable Limit	\$3,000

### Education Deductions/Credits

#### Hope Scholarship Credit (American Opportunity Tax Credit):

100% of First \$2,000 of tuition and related college expenses	\$2,000
25% of Next \$2,000	\$500

#### Hope Scholarship Credit Phaseouts:

Joint Return	\$160,000 - \$180,000
All Others	\$80,000 - \$90,000

#### Lifetime Learning Credit:

Amount	20% of the first \$10,000 of qualified tuition and fees
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#### Lifetime Learning Credit Phaseouts:

Joint Return	\$100,000 - \$120,000
All Others	\$50,000 - \$60,000

#### Qualified Tuition Deduction/Phaseouts:

Amount	\$4,000
Phaseout Joint Filers	\$130,000 - \$160,000
Phaseout All Others	\$65,000 - \$80,000

#### Student Loan Interest Deduction/Phaseouts:

Amount	\$2,500
Phaseout Joint Filers	\$120,000 - \$150,000
Phaseout All Others	\$60,000 - \$75,000

#### Education Savings Account Deduction/Phaseouts:

Amount	\$2,000 per beneficiary
Phaseout Joint Filers	Reduces to zero for AGIs between \$190,000 - \$220,000
Phaseout All Others	Reduces to zero for AGIs between \$95,000 - \$110,000

## 2009 Tax Digest

Prepared for:    **«Prospect»**  
 Presented by:    **«Name»**  
                           **«Company»**

«License»

### Social Security

OASDI - Earnings Base	\$106,800
Rate	6.20%
Employer/Employee Maximum Tax Each	\$6,621.60
Self-Employed Maximum Tax	\$13,243.20
HI (Medicare) Rate	1.45%
Cost of Living Benefit Increase	5.8%
Quarter of Coverage Earnings	\$1,090
Normal Retirement Age (NRA): 1943 - 1954 year of birth	66
Earnings Test - Retired under NRA all of 2009	\$14,160
Reach NRA during 2009	\$37,680

### Health Savings Accounts

Coverage	Minimum Deductible	Maximum Contribution	Maximum Out-of-Pocket
Self-Only	\$1,150	\$3,000	\$5,800
Family	\$2,300	\$5,950	\$11,600

### Retirement Plan Contribution/Benefit Limits

Defined Benefit Plans	\$195,000 maximum benefit
Defined Contribution Plans	\$49,000 or 100% of compensation maximum contribution
Elective Deferral Limit for 401(k) Plans, SAR-SEPs and TSAs	\$16,500
Catch-up for 401(k) Plans, SAR-SEPs and TSAs (age 50 or older)	\$5,500
Elective Deferral Limit for SIMPLE IRAs and SIMPLE 401(k) Plans	\$11,500
Catch-up for SIMPLE IRAs and SIMPLE 401(k) Plans (age 50 or older)	\$2,500
Elective Deferral Limit for 457 Plans	\$16,500
Minimum Compensation Amount for SEPs	\$550
Maximum Compensation for Qualified Plans, SEPs, TSAs, VEBAs	\$245,000
Highly Compensated Employee Definition Limit	\$110,000
ESOP Payout Limits	\$195,000/\$985,000
Contribution Limit for IRAs (Traditional and Roth)	\$5,000
Catch-up for IRAs (Traditional and Roth) (age 50 or older)	\$1,000

### Eligible Long-Term Care Insurance Amounts

Attained Age in 2009	Limitation on Deductible Premiums
40 or less	\$320
41 to 50	\$600
51 to 60	\$1,190
61 to 70	\$3,180
More than 70	\$3,980
Per Diem Tax-Free Benefit Limitation	\$280

### Estate, Gift and Generation-Skipping Transfer (GST) Taxes

Top Tax Rate	45%
Annual Gift and GST Exclusion	\$13,000
Annual Exclusion Non-U.S. Spouse	\$133,000
Gift Tax Unified Credit (exemption equivalent)	\$345,800 (\$1,000,000)
Estate Tax Unified Credit (exemption equivalent)	\$1,455,800 (\$3,500,000)
Estate Tax Deferral (Closely-Held Businesses)	\$598,500
Special Use Valuation Limitation	\$1,000,000
Qualified Conservation Easement Exclusion	\$500,000
GST Exemption	\$3,500,000