

## 2009 Tax Digest

Prepared for: **Client Distribution**  
Presented by: **The Virtual Assistant**  
<http://thevirtualassistant.com>

### 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 \$12,550

#### Education Deductions/Credits

##### Hope Scholarship Credit:

100% Amount \$1,200  
50% Amount \$1,200

##### Lifetime Learning Credit:

Amount 20% of the first \$10,000 of qualified tuition and fees

##### Hope and Lifetime Learning Credits 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

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### 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