

## Key Inflation Tax and Planning Figures - 2009

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 – prepared by **Daniel B. Evans** and **Stephan R. Leimberg**.

**Dan Evans** is Technical Advisor for [NumberCruncher](#) and author of the really terrific resource: **How To Build and Manage an Estates Practice** – 2<sup>nd</sup> Edition (American Bar Association). (See our [LISI Estate Planning Newsletter # 1260](#) for a review).

### EXECUTIVE SUMMARY:

For 2009, personal exemptions and standard deductions will increase and tax brackets will broaden because of recent IRS inflation adjustments.

Key changes affecting 2009 tax preparation and planning include the following:

- The value of each personal and dependency exemption, available to most taxpayers, will be **\$3,650**.
- The new standard deduction will be **\$11,400** for married couples filing a joint return, **\$5,700** for singles and married individuals filing separately and **\$8,350** for heads of household.
- Tax-bracket thresholds increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket will be **\$67,900**, up from \$65,100 in 2008.
- The annual gift exclusion rises to **\$13,000**.

## **FACTS:**

**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 **\$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 **\$95,000**.

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

**CATCH-UP CONTRIBUTIONS:** For individuals age 50 or over by the end of the year, the dollar limitation for catch-up contributions to an applicable employer plan other than a plan described in Section 401(k)(11) or 408(p) is increased to **\$5,500** (over the traditional amount). Section 414(v)(2)(B)(i).

The total amount of salary deferral is **\$22,000** (indexed in \$5,000 increments).

The dollar limitation under Section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in Section 401(k)(11) or 408(p) for individuals 50 and over by the end of the year is still **\$2,500**.

The total amount of salary deferral possible is **\$14,000** (indexed in \$500 increments) .

**PENSION BENEFIT GUARANTEE CORPORATION: MAXIMUM MONTHLY GUARANTEED BENEFIT:** The maximum monthly guaranteed benefit for **2009** is not yet available.

**PENSION BENEFIT GUARANTEE CORPORATION: FLAT PREMIUM RATE:** The flat premium rate for **2009** is not yet available.

### **IMPORTANT COLAs and SCHEDULED INCREASES**

	<b>2009</b>
<p><b>Sec. 415 Limit for Defined Benefit Plans</b> 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>	<p><b>\$195,000</b> (Indexed in <b>\$5,000</b> Increments)</p>
<p><b>Sec 415 Limit for Defined Contribution Plans</b> IRC Sec. 415 ( c ) (1)(A). Max. annual addition is lesser of these numbers.</p>	<p><b>\$49,000</b></p> <p><b>Percent of Comp.</b> (Indexed in <b>\$1,000</b> Increments)</p>
	<b>2009</b>
<p><b>Sec 416(i)(1)(A)(i) – Definition of Key Employee in Top Heavy Plan.</b> 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>	<p><b>\$160,000</b> (Indexed in <b>\$5,000</b> Increments)</p>
<p><b>Annual Limit on Includible Compensation</b> 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>	<p><b>\$245,000</b> (Indexed in <b>\$5,000</b> Increments)</p>

<p><b>Highly Compensated Employee</b> 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 <b>2009</b> is <b>\$160,000</b>.</p>	<p><b>\$110,000</b> (Indexed in <b>\$5,000</b> Increments)</p>
<p><b>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</b> The indicated figure is the maximum salary reduction that a participant can make under Sec. 402(g)(3).</p>	<p><b>\$16,500</b> (Indexed)</p>
	<p><b>2009</b></p>
<p><b>Maximum Elective Deferrals for a SIMPLE</b> IRC Sec. 408(p)(2)(E). This is the maximum salary reduction a participant can take under a SIMPLE or 401(k) Simple.</p>	<p><b>\$11,500</b> (Indexed in <b>\$500</b> increments)</p>
<p><b>Maximum 457 Salary Reduction</b> 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>	<p><b>\$16,500</b> (Indexed in <b>\$500</b> increments)</p>
<p><b>Part-time Employee Floor for a SEP</b> 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>	<p><b>\$550</b> (Indexed in <b>\$50</b> increments)</p>
<p><b>ESOP Maximum Amount Under Sec. 409(o)(1)(C)(ii)</b> for Determining Lengthening of 5-Year Distribution Period</p>	<p><b>\$195,000/ \$985,000</b></p>

<b>Deductible, NonDeductible, and Roth IRA Contribution Limits:</b> IRC Sec. 219(b)(1)(A) This is the limit on how much can be contributed to an IRA.	<b>\$5,000</b> <b>(Indexed for Post-2008 Inflation in \$500 increments)</b>
<b>IRA Catch-Up Provision for Individuals 50 or Older by year end:</b> IRC Sec. 219(a)(5)(b) This is the additional amount that can be contributed for those 50 and older by year end.	<b>\$1,000</b>
	<b>2009</b>
<b>Traditional IRA Phase-out Modified Adjusted Gross Income Limits: IRC Sec. 219(g)(3)(b):</b>	
<b>Joint Return: Floor</b>	<b>\$89,000</b> <b>(Indexed)</b>
<b>Joint Return: Ceiling</b>	<b>\$109,000</b> <b>(Indexed)</b>
<b>Single &amp; HOH: Floor</b>	<b>\$55,000</b> <b>(Indexed)</b>
<b>Single &amp; HOH: Ceiling</b>	<b>\$65,000</b> <b>(Indexed)</b>
<b>Married Filing Separately: Floor</b>	<b>\$0</b>
<b>Married Filing Separately: Ceiling</b>	<b>\$10,000</b>
<b>Spouse (nonworking) coverage: Floor</b>	<b>\$166,000</b> <b>(Indexed)</b>
<b>Spouse (nonworking) coverage: Ceiling</b>	<b>\$186,000</b> <b>(Indexed)</b>
<b>Roth IRA Modified Adjusted Gross Income Limits</b> IRC Sec. 408A(c)(3)(C) <b>Joint Return: Floor</b>	<b>\$166,000</b> <b>(Indexed)</b>
<b>Joint Return: Ceiling</b>	<b>\$176,000</b> <b>(Indexed)</b>
<b>Single &amp; HOH: Floor</b>	<b>\$105,000</b> <b>(Indexed)</b>
<b>Single &amp; HOH: Ceiling</b>	<b>\$120,000</b> <b>(Indexed)</b>

	<b>2009</b>
<p><b>Social Security Tax Rate</b> 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.</p>	<b>7.65%</b>
<p><b>Social Security Tax Rate (Self-Employed)</b> 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.</p>	<b>15.30%</b>
<p><b>Taxable Wage (Contribution and Benefit) Base (a/k/a FICA/SE Maximum Earnings Taxable)</b> This "earned income ceiling" is the maximum amount of covered earnings on which Social Security OASD taxes is paid.</p>	<b>\$106,800</b>
<p><b>Medicare Special Wage Base</b> 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.</p>	<b>No Limit</b>

	<b>2009</b>
<p><b>Medicare: Part B Monthly Premium:</b> In 2007, Part B enrollees with higher incomes began to pay higher Part B premiums based on their incomes. <b>The income-related Part B premiums for 2009 will be \$134.90, 192.70, 250.50, or 308.30</b>, 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 <b>2009</b> would pay <b>\$3,699.60</b> per year in Part B premiums.</p> <p><b>Part B Deductible is \$135 for 2009.</b></p>	<b>\$96.40</b>
<p><b>Medicare: Part A:</b> The premium will be <b>\$443</b> per month for <b>2009</b> 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 <b>deductible</b> paid by the beneficiary when admitted as a hospital inpatient in <b>2009</b> will be <b>\$1,068</b>. 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 <b>\$267</b> per day for days 61 through 90 in <b>2009</b>, and <b>\$534</b> per day for hospital stays beyond the 90<sup>th</sup> day for lifetime reserve days. The daily coinsurance for the 21<sup>st</sup> through 100<sup>th</sup> day in a skilled nursing facility will be <b>\$133.50</b> in <b>2009</b></p>	<b>\$443</b>

	<b>2009</b>
<b>Social Security Quarterly Earnings:</b> Minimum amount which must be earned to receive Social Security Benefits: <b>40</b> quarters required.	<b>\$1,090</b>

**2009 INCOME TAX RATE SCHEDULES  
CORPORATE INCOME TAX RATES**

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

**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**

<b>Taxable Income</b>	<b>Tax</b>
Over \$0	35% of the taxable income

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



**MARRIED INDIVIDUALS FILING JOINT RETURNS  
AND SURVIVING SPOUSES - 2009**

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

**HEADS OF HOUSEHOLDS**

<b>Taxable Income</b>	<b>Tax</b>
Not over <b>\$11,950</b>	10% of the taxable income
Over <b>\$11,950</b> but not over <b>\$45,500</b>	<b>\$1,195</b> plus 15% of the excess over <b>\$11,950</b>
Over <b>\$45,950</b> but not over <b>\$117,450</b>	<b>\$6,227.50</b> plus 25% of the excess over <b>\$45,500</b>
Over <b>\$117,450</b> but not over <b>\$190,200</b>	<b>\$24,215</b> plus 28% of the excess over <b>\$117,450</b>
Over <b>\$190,200</b> but not over <b>\$372,950</b>	<b>\$44,585</b> plus 33% of the excess over <b>\$190,200</b>
Over <b>\$372,950</b>	<b>\$104,892.50</b> plus 35% of the excess over <b>\$372,050</b>

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

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

**MARRIED INDIVIDUALS FILING SEPARATE RETURNS**

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

**ESTATES AND TRUSTS**

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

**2009 KIDDIE TAX**

<b>Net Unearned Income</b>	<b>2009</b>
Net unearned income subject to the "kiddie tax" equals unearned income minus the greater of this amount	<b>\$1,900</b>
or certain itemized deductions plus this amount	<b>\$950</b>
<b>Eligibility for Parental Election</b>	
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	<b>\$950</b>
and be <i>less</i> than this amount	<b>\$9,500</b>
<b>Impact of Parental Election</b>	
Parents who elect to include the child's income on their return must include in <i>their</i> gross income the child's gross income minus this amount	<b>\$1,800</b>
and must add to their tax the lesser of this amount	<b>\$90</b>
or this percentage	<b>10%</b>

of the excess of the child's gross income over this amount	<b>\$950</b>
The AMT exemption amount for a child subject to the "kiddie tax" is limited to the lesser of ...(plus the child's earned income), or <b>\$33,750</b> .	<b>\$6,700</b>

### 2009 STANDARD DEDUCTIONS

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

### 2009 PERSONAL EXEMPTIONS

		<b>2009</b>
Exemption amount		<b>\$3,650</b>
Exemption Phase-outs:		
<b>Married individuals filing joint returns and surviving spouses</b> – threshold amount for beginning phase-out		<b>\$250,200</b>
<b>Heads of households</b> – threshold amount for beginning phase-out		<b>\$208,500</b>
<b>Unmarried individuals</b> (other than surviving spouses, heads of households) – threshold amount for beginning phase-out		<b>\$166,800</b>
<b>Married individuals filing separate returns</b> – threshold amount for beginning phase-out		<b>\$125,100</b>

## 2009 REDUCTION OF ITEMIZED DEDUCTIONS

The allowable amount of itemized deductions will be reduced if adjusted gross income in 2009 exceeds:

Filing status	<b>2009</b>
Married individuals filing separate returns	<b>\$83,400</b>
All others	<b>\$166,800</b>

### Earned Income Credit

	<b>2009</b>
Credit denied if investment income exceeds	<b>\$3,100</b>
<b>Taxpayers with two or more children</b>	
Earned income amount	<b>\$12,570</b>
Maximum credit amount	<b>\$5,028</b>
Threshold phase-out amount: joint returns	<b>\$19,540</b>
Threshold phase-out amount: other returns	<b>\$16,420</b>
Completed phase-out amount: joint returns	<b>\$43,415</b>
Completed phase-out amount: other returns	<b>\$40,295</b>
<b>Taxpayers with one child</b>	
Earned income amount	<b>\$8,950</b>
Maximum credit amount	<b>\$3,043</b>
Threshold phase-out amount: joint returns	<b>\$19,420</b>
Threshold phase-out amount: other returns	<b>\$16,420</b>
Completed phase-out amount: joint returns	<b>\$38,583</b>
Completed phase-out amount: other returns	<b>\$35,463</b>
<b>Taxpayers with no children</b>	
Earned income amount	<b>\$5,970</b>
Maximum credit amount	<b>\$457</b>
Threshold phase-out amount: joint returns	<b>\$10,590</b>
Threshold phase-out amount: other returns	<b>\$7,470</b>
Completed phase-out amount: joint returns	<b>\$16,560</b>
Completed phase-out amount: other returns	<b>\$13,440</b>

### 2009 SAVINGS BOND EXCLUSION

Section 135 limitation on exclusion of income from United States savings bonds for taxpayers who pay qualified higher education expenses:	<b>2009</b>
Married individuals filing joint returns and surviving spouses –	<b>\$104,900</b>

threshold amount for beginning phase-out	
All others – threshold amount for beginning phase-out	<b>\$69,950</b>

### 2009 CHILD CREDIT & ADOPTION

	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)	<b>\$12,550</b>
Adoption Credit – Sec. 23(a)(3)	
Maximum adoption credit for child with <i>special needs</i>	<b>\$12,150</b>
Maximum adoption credit for qualified adoption expenses of other children	<b>\$12,150</b>
Phase-out of adoption credit begins with modified AGI of	<b>\$182,180</b>
Complete phase-out of adoption credit with modified AGI of	<b>\$222,180</b>
Maximum exclusion from income in connection with employer-provided assistance in the adoption of child with special needs	<b>\$12,150</b>
Maximum exclusion from income in connection with employer-provided assistance in the adoption of other children	<b>\$12,150</b>
Phase-out of exclusion begins with modified AGI of	<b>\$182,180</b>
Complete phase-out of exclusion with modified AGI of	<b>\$222,180</b>

### 2009 EDUCATION CREDITS & DEDUCTIONS

	2009
Threshold amounts for expenses qualifying for the Hope Scholarship credit (100% of up to ...of qualified higher education tuition and related expenses plus 50% of the next ... of such expenses.	<b>\$1,200</b>
Phase-out floor for Hope Scholarship and Lifetime learning credits – <b>Joint returns</b>	<b>\$100,000</b>
<b>All other returns</b>	<b>\$50,000</b>
<b>Maximum interest deduction</b> for education loans (Sec. 221)	
Married filing jointly:	

Reduction begins when adjusted gross income exceeds	<b>\$120,000</b>
Complete elimination of deduction when AGI exceeds	<b>\$150,000</b>
All other taxpayers:	
Reduction begins when adjusted gross income exceeds	<b>\$60,000</b>
Complete elimination of deduction when AGI exceeds	<b>\$75,000</b>

### DEPRECIATION LIMITS

	<b>2009</b>
Limitation on aggregate cost of Sec. 179 property that taxpayer may elect to expense	<b>\$133,000</b>
Reduction for Sec. 179 property in excess of	<b>\$530,000</b>

### AUTOMOBILE MILEAGE RATES (CENTS PER MILE)

	<b>2009</b>
Standard business use rate	<b>50.5</b>
Charitable use rate	<b>14</b>
Medical use rate	<b>19</b>
Moving expense rate	<b>19</b>

### 2009 ESTATE PLANNING AMOUNTS

	<b>2009</b>
Annual Gift Tax Exclusion - Present Interests Code Sec. 2503	<b>\$13,000</b>
GST EXEMPTION Code Sec. 2631	<b>\$3,500,000</b>
Dollar Amount Used to Compute "2 Percent" Portion of 6166 Estate Tax Payable in Installments Calculation Code Sec. 6601(j)	<b>\$1,330,000</b>
<b>APPLICABLE ESTATE TAX EXEMPTION</b>	<b>\$3,500,000</b>
<b>APPLICABLE ESTATE TAX CREDIT</b>	<b>\$1,455,800</b>
<b>APPLICABLE GIFT TAX EXEMPTION (Does not Increase)</b>	<b>\$1,000,000</b>
<b>GIFT APPLICABLE TAX CREDIT</b>	<b>\$345,800</b>
Section 2032A "Special Use" Qualified Real Property Value Reduction Limit	<b>\$1,000,000</b>
"Super Exclusion" for Present Interest Gifts from Citizen to Non-Citizen Spouses: Code Sec. 2503 and 2523(i)(2)	<b>\$133,000</b>
<b>Notice of Large Gifts from Foreign Persons:</b> A U.S. person must report all gifts and bequests received from foreign persons if the total is more than:	<b>\$14,139</b>

**IMPUTED INTEREST**

	<b>2009</b>
Sec. 1274A(b) amount (qualified debt instrument)	<b>5,133,400</b>
Sec. 1274A(c)(2)(A) amount (cash method debt instrument)	<b>\$3,666,700</b>

**Funeral Trusts**

	<b>2009</b>
For contracts entered into in 2008 in tax years starting prior to Aug. 30, 2008, contributions to Qualified Funeral Trusts may not accept contributions by or for the benefit of an individual in excess of: <b>(For contracts entered into in tax years starting after Aug. 29, 2008, there is no limit).</b>	<b>\$9,000</b>

**IRA Contribution Limits**

	2007	2008	<b>2009</b>
<b>Traditional IRA (IRC Sec. 219)</b>			
Deduction limit is the lesser of the individual's compensation or:	\$4,000	\$5,000	<b>\$5,000</b>
Catch-up contributions for individuals 50 or older:	\$1,000	\$1,000	<b>\$1,000</b>
<b>Reduction for active participants in qualified plans if adjusted gross income exceeds:</b>			
-For married filing jointly	\$83,000	\$85,000	<b>\$89,000</b>
-For married filing separately	\$0	\$0	<b>\$0</b>
-For all others	\$52,000	\$53,000	<b>\$55,000</b>
<b>Roth IRA (IRC Sec. 408A)</b>			
Contribution limit is the lesser of the individual's compensation or:	\$4,000	\$5,000	<b>\$5,000</b>
Catch-up contributions for individuals 50 or older:	\$1,000	\$1,000	<b>\$1,000</b>
Reduction for active participants in qualified plans if adjusted gross income exceeds:			
-For married filing jointly	\$156,000	\$159,000	<b>\$166,000</b>
-For married filing separately	\$0	\$0	<b>\$0</b>
-For all others	\$99,000	\$101,000	<b>\$105,000</b>

**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 SOCIAL SECURITY AND MEDICARE

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.)	<b>7.65%</b>
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.)	<b>15.3%</b>
Taxable Wage 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.)	<b>\$106,800</b>
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.)	<b>No Limit</b>
Medicare Part B Monthly Premium:	<b>\$96.40</b>
Medicare Part B Deductible:	<b>\$135</b>
Medicare Part A Premium: (This premium 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.)	<b>\$443</b>
Medicare Part A Deductible (per benefit period)	<b>\$1,068</b>
Part A Co-Insurance From 61st to 90th day in each benefit period	<b>\$267</b>
Part A Co-Insurance for the 60 Lifetime Reserve Days	<b>\$534</b>
Part A Skilled Nursing Facility - per diem from 21st to 100th day	<b>\$133.50</b>
Social Security Quarterly Earnings: (Minimum amount which must be earned to receive Social Security Benefits: 40 quarters required.)	<b>\$1,090</b>
Maximum Monthly Social Security Benefit at Full Retirement Age: For retirees born in 1941, full retirement age is 65 and 8 months; for those born in 1942, it is 65 and 10 months. Full retirement age will gradually increase to age 67 for those born in 1960 and later.	<b>\$2,323 Per Month (Age 65 and 10 mos.)</b>
Retirement Earnings Test Exempt Amount (under full retirement age) One dollar in benefits will be withheld for	<b>\$14,160 Per Year (\$1,180 per month)</b>

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 retirement age (66 for those born 1943-1954) will not suffer a social security benefit reduction regardless of how much is earned. In 2009, recipients aged between 62-66 can earn no more than \$14,160 without reductions.	
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 \$37,680 - but only for earnings before the month the taxpayer reaches full retirement age. After that, there is no limit on earnings.	<b>\$37,680 Per Year (\$3,140 Per Month)</b>
Substantial Gainful Activity: Threshold Limits for Non-Blind	<b>\$980 Per Month</b>
Substantial Gainful Activity: Threshold Limits for Blind	<b>\$1,640 Per Month</b>
Trial Work Period (TWP)	<b>\$700 Per Month</b>
SSI Federal Payment Standard - Individual	<b>\$674 Per Month</b>
SSI Federal Payment Standard - Couple	<b>\$1,011 Per Month</b>
SSI Resources Limits - Individual	<b>\$2,000</b>
SSI Resources Limits - Couple	<b>\$3,000</b>
SSI Student Exclusion Limit: Monthly	<b>\$1,640</b>
SSI Student Exclusion Limit: Annual	<b>\$6,600</b>

<b>Estimated Average Monthly Social Security Benefits Payable in January 2009:</b>	<b>Before 2009 5.8% COLA</b>	<b>After 2.3% COLA</b>
All Retired Workers	<b>\$1,090</b>	<b>\$1,153</b>
Aged Couple, Both Receiving Benefits	<b>\$1,773</b>	<b>\$1,876</b>
Widowed Mother - 2 Children	<b>\$2,268</b>	<b>\$2,399</b>
Aged Widow(er) Alone	<b>\$1,051</b>	<b>\$1,112</b>
Disabled Worker, Spouse and One or More Children	<b>\$1,695</b>	<b>\$1,793</b>
All Disabled Workers	<b>\$1,006</b>	<b>\$1,064</b>

### 2009 TRANSPORTATION BENEFITS

<b>Qualified Transportation</b>	
Monthly exclusion for the aggregate of commuter highway vehicle transportation and transit pass is limited to	<b>\$120</b>
Monthly exclusion for qualified parking is limited to	<b>\$230</b>
<b>Maximum Values for Employer-Provided Vehicles</b>	
Passenger Automobile (cents-per-mile valuation)	<b>Not available</b>
Passenger Automobile (fleet-average valuation)	<b>Not available</b>
Truck or Van (cents-per-mile valuation)	<b>Not available</b>
Truck or Van (fleet-average valuation)	<b>Not available</b>
Passenger Air Transportation Excise Tax: IRC Sec. 4261(b) on amount paid for each domestic segment of taxable transportation by air (expires 3/31/2009)	<b>\$3.60</b>
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 3/31/2009)	<b>\$16.10</b>
Passenger Air Transportation Excise Tax: IRC Sec. 4261(c)(3) on domestic segments departing from Alaska or Hawaii (expires 3/31/2009)	<b>\$8.00</b>

### 2009 FOREIGN EARNED INCOME

Limitation under Code Section 911(b)(2)(D)(i)	<b>\$91,400</b>
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**2009 INSUBSTANTIAL BENEFITS - CHARITABLE CONTRIBUTIONS**

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

**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 received or become 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.

**2009 LOBBYING**

Social welfare, agricultural, and horticultural orgs. Are exempt from the requirement that they report to members the portion of their dues allocable to lobbying – if 90% or more of their annual dues are received from persons, families, or entities who pay dues of .... or less.	<b>\$101</b>
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**2009 MEDICAL SAVINGS ACCOUNTS (MSAs)**

<b>Self-Only Coverage:</b>	
Annual deductible is not less than	<b>\$2,000</b>
Annual deductible is not more than	<b>\$3,000</b>
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	<b>\$4,000</b>
<b>Family Coverage:</b>	
Annual deductible is not less than	<b>\$4,000</b>
Annual deductible is not more than	<b>\$6,050</b>
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	<b>\$7,350</b>

**2009 HEALTH SAVINGS ACCOUNTS**

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

**2009 LONG TERM CARE INSURANCE**

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)	<b>\$280</b>
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**2009 LONG TERM CARE PREMIUMS**

<b>Attained Age Before the Close of the Taxable Year</b>	
40 or less	<b>\$320</b>
More than 40 but not more than 50	<b>\$600</b>
More than 50 but not more than 60	<b>\$1,190</b>
More than 60 but not more than 70	<b>\$3,180</b>
More than 70	<b>\$3,980</b>

**2009 Expatriation**

The individual's average annual net income tax for the 5-year period preceding the citizenship loss exceeds...	<b>\$145,000</b>
The individual's net worth on the date of the citizenship loss equals or exceeds...	<b>\$2,000,000</b>

**HOPE THIS HELPS YOU HELP OTHERS MAKE A POSITIVE DIFFERENCE!**

*Dan Evans*

*Steve Leimberg*

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