2010 Tax Digest

Presented by: **Matt Wichman**
MRW Financial, Inc.

Prepared for:

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)	
Standard Deduction	
Joint Returns and Surviving Spouses	$11,400
Heads of Household	$8,400
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
Maximum	$2,500
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
Lifetime Learning Credit Phaseouts:	
Joint Return	$100,000 - $120,000
All Others	$50,000 - $60,000
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	0.0%
Quarter of Coverage Earnings	$1120
Normal Retirement Age (NRA) – 1943 - 1954 year of birth	66
Earnings Test - Retired under NRA all of 2010	$14,160
Reach NRA during 2010	$37,680

Health Savings Accounts

Coverage	Minimum Deductible	Maximum Tax Deduction	Maximum Out-of-Pocket
Self-Only	$1,200	$3,050	$5,950
Family	$2,400	$6,150	$11,900

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 2010	Limitation on Deductible Premiums
40 or less	$330
41 to 50	$620
51 to 60	$1,230
61 to 70	$3,290
More than 70	$4,110
Per Diem Tax-Free Benefit Limitation	$290

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

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