

2011 Tax Digest

Prepared for: **Your Client**
Presented by: **Bill O'Quin, CLU, ChFC, RFC**
Financial Services Online

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)
Alternative Minimum Tax Exemption	\$48,450 single/\$74,450 married

Personal Exemption Deduction (\$3,700)

Standard Deduction

Joint Returns and Surviving Spouses	\$11,600
Heads of Household	\$8,500
Single Taxpayers	\$5,800
Married Filing Separately	\$5,800
Dependent	\$950 or \$300 plus earned income, if greater
Age 65 and Older or Blind - Single or Head of Household	Additional \$1,450 each
Age 65 and Older or Blind - All Others	Additional \$1,150 each

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

Amount	\$1,900
Alternative Minimum Tax Exemption	\$6,800 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
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Lifetime Learning Credit Phaseouts:

Joint Return	\$102,000 - \$122,000
All Others	\$51,000 - \$61,000

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/4.20% Employee
Maximum Tax	\$6,621.60 Employer/\$4,485.60 Employee
Self-Employed Rate/Maximum Tax	10.40%/ \$11,107.20
HI (Medicare) Rate	1.45%
Cost of Living Benefit Increase	0.0%
Quarter of Coverage Earnings	\$1,120
Normal Retirement Age (NRA): 1943 - 1954 year of birth	66
Earnings Test - Retired under NRA all of 2011	\$14,160
Reach NRA during 2011	\$37,680

Health Savings Accounts

Coverage	Minimum Deductible	Maximum Contribution	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 2011	Limitation on Deductible Premiums
40 or less	\$340
41 to 50	\$640
51 to 60	\$1,270
61 to 70	\$3,390
More than 70	\$4,240
Per Diem Tax-Free Benefit Limitation	\$300

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

Top Tax Rate	35%
Annual Gift and GST Exclusion	\$13,000
Annual Exclusion Non-U.S. Spouse	\$136,000
Estate and Gift Tax Unified Credit (exemption equivalent)	\$1,730,800 (\$5,000,000)
Estate Tax Deferral (Closely-Held Businesses)	\$320,200
Special Use Valuation Limitation	\$1,020,000
Qualified Conservation Easement Exclusion	\$500,000
GST Exemption	\$5,000,000