

**Personal Exemption** is \$3,650 in 2009 & 2010

In 2010, the exemption amount is not subject to phase out.

### **Standard Deduction**

<b>Standard Deduction</b>	<b>2009</b>	<b>2010</b>
MFJ/QW	\$11,400	\$11,400
HH	\$8,350	\$8,400
Single	\$5,700	\$5,700
MFS	\$5,700	\$5,700
<b>Additional for Age or Blindness</b>		
Married or Surviving Spouse	\$1,100	\$1,100
Single/HH	\$1,400	\$1,400

For 2010, the standard deduction for dependents who only have unearned income is \$950. If a dependent has both earned and unearned income, the standard deduction is the greater of:

- \$950, or
- The dependent's earned income plus \$300, but not more than the basic standard deduction for his or her filing status.

### **Itemized Deductions**

<b>Phase-out begins when AGI exceeds</b>	<b>2009</b>	<b>2010</b>
All filing status except MFS	\$166,800	N/A
MFS	\$83,400	N/A

## Tax Brackets

The beginning taxable income for each tax bracket in 2010 is as follows.

	10%	15%	25%	28%	33%	35%
<b>S</b>	\$0	\$8,376	\$34,001	\$82,401	\$171,851	\$373,651
<b>MFJ,QW</b>	\$0	\$16,751	\$68,001	\$137,301	\$209,251	\$373,651
<b>MFS</b>	\$0	\$8,376	\$34,001	\$68,651	\$104,626	\$186,826
<b>HH</b>	\$0	\$11,951	\$45,551	\$117,651	\$190,551	\$373,651

## Foreign Earned income Exclusion

The foreign earned income exclusion is \$91,500 in 2010.

## Section 179

	2009	2010
Maximum §179 deduction	\$250,000	\$134,000
Phase-out begins when §179 property exceeds	\$800,000	\$530,000

## Per Diem Rates

The following chart summarizes the per diem rates for October 1, 2009 – September 30, 2010. (Rev. Proc. 2009-47)

	M&IE	Lodging	Total
Locations not specifically listed.	\$46	\$70	\$116
Locations specifically listed in Table 4 of Publication 1542.	\$46, 51, 56, 61, 66, 71	\$70 - 340	Varies

The following chart lists the special M&IE rate for transportation workers from October 1, 2009 through September 30, 2010.

	<b>M&amp;IE</b>
Travel inside the United States.	\$59
Travel outside the United States	\$65

The chart below lists the per diem rates for high- and low-cost localities for October 1, 2009 – September 30, 2010.

	<b>M&amp;IE</b>	<b>Lodging</b>	<b>Total</b>
High-Cost Location	\$65	\$193	\$258
Low-Cost Location	\$52	\$111	\$163

### **Qualified Transportation Fringe Benefit**

<b>Maximum amount excluded per month</b>	<b>2009 Jan–Feb</b>	<b>2009 Mar–Dec</b>	<b>2010</b>
Qualified parking	\$230	\$230	\$230
Transit passes and commuter highway vehicle	\$120	\$230	\$230
Bicycle Commuting Reimbursement	\$20	\$20	\$20

### **2010 Long-Term Care Premiums**

<b>In the case of an individual with an attained age before the close of the tax year of:</b>	<b>The annual limitation on deductible premiums is:</b>
40 or less	\$ 330
More than 40 but not more than 50	\$ 620
More than 50 but not more than 60	\$1,230
More than 60 but not more than 70	\$3,290
More than 70	\$4,110

### Long-Term Care Benefits

The per diem limit for any period is figured by subtracting any reimbursements received (through insurance or otherwise) for qualified long-term care services during the period from the greater of:

- The dollar amount for the period (\$290 per day in 2010), or
- The costs incurred for qualified long-term care services provided during the period.

### Archer MSA (2010)

Health Plan	Annual Deductible	Maximum Out-of-Pocket Expenses	Annual Maximum Deduction
Self only coverage	\$ 2,000 – 3,000	\$4,050	65% of deductible
Family coverage	\$ 4,050 – 6,050	\$7,400	75% of deductible

### U.S. Savings Bond Interest Exclusion (2010)

Filing Status	Phase-out begins when MAGI exceeds	Completely phased-out when MAGI is
MFJ/QW	\$105,100	\$135,100
S/HH	\$70,100	\$85,100
MFS	\$0	\$0

### Student Loan Interest Deduction Phase-Out (2010)

Filing Status	Modified AGI
MFJ	\$120,000 - \$150,000
All others	\$ 60,000 - \$ 75,000

### Hope Credit (American Opportunity Tax Credit)

In 2010, the Hope credit (American Opportunity Tax Credit) is based on 100% of the first \$2,000 of qualified higher-education tuition and related expenses, plus 25% of the next \$2,000 of such expenses paid during the tax year, so the maximum credit is \$2,500 per eligible student.

### Hope (American Opportunity Tax Credit) Phase Out 2010

Filing Status	Modified AGI
MFJ	\$160,000 - \$180,000
S, HH, QW	\$80,000 - \$90,000
MFS	No credit allowed

### Lifetime Learning Credit Phase Out 2010

Filing Status	Modified AGI
MFJ	\$100,000 - \$120,000
S, HH, QW	\$50,000 - \$60,000
MFS	No credit allowed

### EITC

In 2010, if AGI (or earned income, if greater) equals or exceeds the following amounts, the EITC will be zero.

	MFJ	Other than MFJ
Taxpayers with one child.	\$40,545	\$35,535
Taxpayers with two children	\$45,373	\$40,363
Taxpayers with three or more children	\$48,362	\$43,352
Taxpayers with no children.	\$18,470	\$13,460

For taxable years beginning in 2010, the earned income range which results in the maximum credit is as follows.

	Max EITC	Earned Income Range	
		MFJ	S, HH, QW
Taxpayers with one child	\$3,050	\$ 8,970 – 21,460	\$ 8,970 – 16,450
Taxpayers with two children	\$5,036	\$12,590 – 21,460	\$12,590 – 16,450
Taxpayers with three or more children	\$5,666	\$12,590 – 21,460	\$12,590 – 16,450
Taxpayers with no children	\$457	\$ 5,980 – 12,490	\$ 5,980 – 7,480

Investment income limit in 2010 for EITC purposes is \$3,100.

### **Additional Child Tax Credit**

For 2010, if a taxpayer only has one or two qualifying children, the taxpayer's earned income must exceed \$3,000 to claim the additional child tax credit in Part 1 of Form 8812, *Additional Child Tax Credit*.

### **Adoption Credit**

In 2010, the maximum adoption credit allowed for a domestic child with special needs is \$12,170, regardless of the amount of qualified adoption expenses. For other adoptions, the maximum credit allowed is the amount of qualified adoption expenses up to \$12,170 per child.

The adoption credit begins to phase-out when MAGI exceeds \$182,520 and is completely phased-out when MAGI is \$222,520.

### **Retirement Savings Contributions Credit**

In 2010, the saver's credit is available for certain taxpayers with adjusted gross income (AGI) that does not exceed:

- \$55,500 if married filing jointly.
- \$41,625 if head of household.
- \$27,750 if single, married filing separately, or qualifying widow(er).

### **Kiddie Tax (Form 8814)**

In 2010, parents may elect to include their minor child's gross income on their tax return if the child's gross income is more than \$950 but less than \$9,500.

### **Annual Gift Tax Exclusion**

The annual gift tax exclusion is \$13,000 in 2010.

### **Traditional and Roth IRAs**

Age	2008	2009	2010
Under 50	\$5,000	\$5,000	\$5,000
50 & over	\$6,000	\$6,000	\$6,000

## IRA Deduction (2010)

MAGI limits for Traditional IRA deductions			
Taxpayer Covered by Employer Plan		Spouse of Covered Employee	
S, HH	\$56,000-66,000	MFJ	\$167,000-177,000
MFJ, QW	\$89,000-109,000	MFS	\$0-10,000
MFS*	\$0-10,000		

\*If filing MFS and did not live with spouse at any time during the year, the taxpayer is considered Single for IRA deduction purposes.

## Roth IRA (2010)

Filing Status	Phase-out Begins When MAGI Exceeds	Phased-out When MAGI Reaches
MFJ	\$167,000	\$177,000
MFS (lived with spouse)	\$0	\$10,000
S, HH, QW, or MFS if did not live with spouse at any time during the year.	\$105,000	\$120,000

## Qualified Plans

Provision	2008	2009	2010
<i>Contribution Limits</i>			
Defined contribution plan	\$ 46,000	\$49,000	\$49,000
Defined benefit plan	\$185,000	\$195,000	\$195,000
<i>Salary Deferral Limits</i>			
§401(k), §403(b), SARSEP, §501(c)(18)(D)	\$ 15,500	\$16,500	\$16,500
SIMPLE plans	\$ 10,500	\$11,500	\$11,500
State and local government plans	\$ 15,500	\$16,500	\$16,500
<i>Catch-up Contributions</i>			
§401(k), SARSEP, §403(b), §457	\$ 5,000	\$5,500	\$5,500
SIMPLE IRA, SIMPLE §401(k)	\$ 2,500	\$2,500	\$2,500
<i>Compensation Limits</i>			
Qualified plans	\$230,000	\$245,000	\$245,000
SEP mandatory participation	\$ 500	\$ 550	\$ 550
Key employee in a top heavy plan	\$150,000	\$160,000	\$160,000
Highly compensated employee	\$105,000	\$110,000	\$110,000

## Social Security

Social Security and Supplemental Security Income (SSI) beneficiaries will receive NO cost of living adjustment (COLA) for 2010.

<b>Tax Rate</b>	<b>2009</b>	<b>2010</b>
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%
Note: The 7.65% tax rate is the combined rate for social security and Medicare. The social security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings.		

<b>Maximum Taxable Earnings</b>	<b>2009</b>	<b>2010</b>
Social Security (OASDI only)	\$106,800	\$106,800
Medicare (HI only)	No Limit	

<b>Quarter of Coverage</b>	<b>2009</b>	<b>2010</b>
Earnings Required	\$1,090	\$1,120

<b>Retirement Earnings Test Exempt Amounts</b>	<b>2009</b>	<b>2010</b>
Under full retirement age. Note: One dollar in benefits will be withheld for every \$2 in earnings above the limit.	\$14,160/yr. (\$1,180/mo.)	\$14,160/yr. (\$1,180/mo.)
Year individual reaches full retirement age. Note: 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 limit.	\$37,680/yr. (\$3,140/mo.)	\$37,680/yr. (\$3,140/mo.)
There is no limit on earnings beginning the month an individual attains full retirement age. See chart on next page.		

<b>Maximum Social Security Benefit for Worker Retiring at Full Retirement Age in:</b>	<b>2009 (Age 66)</b>	<b>2010 (Age 66)</b>
Note: For retirees born in 1941, full retirement age is 65 plus 8 months; for those born in 1942, it is 65 plus 10 months. Full retirement age will gradually increase to age 67 for those born in 1960 or later.	\$2,323/mo	\$2,323/mo

<b>Estimated Average Monthly Social Security Benefits Payable in January 2010</b>	<b>Before COLA No COLA 2010</b>	<b>After COLA</b>
All retired workers	\$1,153	\$1,153
Aged couple, both receiving benefits	\$1,876	\$1,876
Widowed mother and two children	\$2,399	\$2,399
Aged widow(er) alone	\$1,112	\$1,112
Disabled worker, spouse and one or more children	\$1,793	\$1,793
All disabled workers	\$1,064	\$1,064