

2009 Retirement and Education Plan Contributions Limits and Tax Reference Guide



Tax-Advantaged Accounts

Traditional IRA

Under age 50	\$5,000
Age 50 and above	\$6,000*

Phase-out ranges for IRA contribution deductibility:

Married, filing jointly	\$89,000 - \$109,000 MAGI ¹
Married, filing separately	\$0 - \$10,000 MAGI
Single and Head of Household	\$55,000 - \$65,000 MAGI
Spousal IRA filing jointly, IRA of non-participant	\$166,000 - \$176,000 MAGI

- Taxpayers can now instruct the IRS to directly deposit their tax returns into their IRA. Current contribution limits apply.
- Non-spouses can now directly roll inherited assets from any eligible retirement plan into a traditional IRA. Current "inherited IRA" rules apply.

Full deduction is permitted below phase-out range, scaled partial deduction is permitted within range and deduction is permitted above range.

* Includes \$1,000 "catch-up."

Roth IRA

Under age 50	\$5,000
Age 50 and above	\$6,000*

Phase-out ranges for Roth contribution eligibility:

Married, filing jointly	\$166,000 - \$176,000 MAGI
Married, filing separately	\$0 - \$10,000 MAGI
Single	\$105,000 - \$120,000 MAGI

Roth conversions are not permitted if MAGI exceeds \$100,000 or if married, filing separately. Required Minimum Distributions (RMDs) are not included in MAGI. Full contribution is permitted below phase-out ranges, scaled partial contribution is permitted within range and no contribution is permitted above range.

* Includes \$1,000 "catch-up."

SEP IRA

- Up to the lesser of \$49,000 or 25% of eligible compensation with a \$245,000 compensation cap per employee.
- Minimum of \$550 in compensation required to participate in SEP.

SIMPLE

Under age 50	\$11,500
Age 50 and above	\$14,000 [†]

[†] Includes \$2,500 "catch-up."

401(k), 403(b), 457[‡], SARSEP

Under age 50	\$16,500
Age 50 and above	\$22,000 [§]

[‡] Contributions may be doubled in last three years before retirement, but "catch-up" cannot be used.

[§] Includes \$5,500 "catch-up."

Uni-k Plans (combination of a 401(k) with profit sharing)

Under age 50	\$16,500
Age 50 and above	\$22,000

Plus an additional 25% of income or approximately 20% of self-employment income for an absolute total dollar cap of \$49,000.

^{||} Includes \$5,500 "catch-up."

Defined Benefit Plan

Lesser of \$195,000 or 100% of the participant's average compensation for his/her high three years.

Highly Compensated Employee (Section 414)

An individual who was a 5% owner at any time during the determination year or the preceding year; or for the preceding year, received more than \$110,000 in compensation from the employer and, if the employer elects, also was in the "top paid group" (top 20%) of employees for that year.

Education Accounts

Section 529 College Savings Account

No age or income restrictions for contributions or beneficiaries.

	Annual Contribution# Per Beneficiary	Five-Year Contribution Made in a Single Year** Per Beneficiary
Single	\$13,000	\$65,000
Married, filing jointly	\$26,000	\$130,000

Contributions are completed gifts subject to the annual gift-tax exclusion and are removed from the contributor's federal estate.

** Under a special rule, contributions of \$65,000 (\$130,000 for married, filing jointly) can be made in one year and prorated over a five-year period without incurring gift taxes or reducing your unified estate and gift-tax credit. If the contributor dies before the five-year prorating period has expired, the contributions allocated to the remaining years move back into the contributor's taxable estate. Any appreciation on the entire original gift is not considered part of the estate.

Section 529 College Savings Account Disclosure

Tax-free treatment applies to withdrawals used to pay for qualified higher-education expenses. The Pension Protection Act of 2006 made this benefit permanent. The earnings portion of withdrawals used for nonqualified expenses continue to be subject to federal income taxes plus an additional 10% tax penalty, and may be subject to state income or other taxes.

Coverdell Education Savings Account

Beneficiaries under age 18 and special-need beneficiaries of any age: \$2,000

Phase-out ranges:

Single	\$95,000 - \$110,000 MAGI
Married, filing jointly	\$190,000 - \$220,000 MAGI

¹ Modified adjusted gross income (MAGI) is found by taking the adjusted gross income (AGI) and adding back certain items such as foreign income, foreign-housing deductions, student-loan deductions, IRA-contribution deductions and deductions for higher-education costs.

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Social Security (SS)

Maximum earnings subject to FICA	\$106,800
Cost-of-living increase	5.8%
Post-Retirement	
The taxpayer's provisional income (MAGI plus ½ of the SS benefits) determines the amount of the SS benefit that is taxable.	
Married, filing jointly	
50% taxable/85% taxable	\$32,000/\$44,000
Single and Head of Household	
50% taxable/85% taxable	\$25,000/\$34,000
Benefits Withholding	
Prior to FRA*	\$1/\$2 of earnings above \$14,160
Year of FRA	\$1/\$3 of earnings above \$37,680

Deductions

Standard Deductions

Married, filing jointly	\$11,400
Married, filing separately	\$5,700
Single	\$5,700
Head of Household	\$8,350

The additional standard deduction amount for the aged or the blind is \$1,100. These amounts are increased to \$1,400 if the individual is also unmarried and not a surviving spouse.

Itemized Deductions Begin Phase-Outs

Married, filing jointly	\$166,800 AGI
Married, filing separately	\$83,400 AGI
Single	\$166,800 AGI
Head of Household	\$166,800 AGI

Exemptions

Personal	\$3,650
Kiddie tax	\$950†

Personal Exemptions Phase-Outs

Married, filing jointly	\$250,200 - \$372,700 AGI
Married, filing separately	\$125,100 - \$186,350 AGI
Single	\$166,800 - \$289,300 AGI
Head of Household	\$208,500 - \$331,000 AGI

Federal Tax Brackets

Married, Filing Jointly

Taxable income is over	But is not over	Tax rate is
—	\$16,700	10%
\$16,700	\$67,900	\$1,670 plus 15% of the excess over \$16,700
\$67,900	\$137,050	\$9,350 plus 25% of the excess over \$67,900
\$137,050	\$208,850	\$26,637.50 plus 28% of the excess over \$137,050
\$208,850	\$372,950	\$46,741.50 plus 33% of the excess over \$208,850
\$372,950		\$100,894.50 plus 35% of the excess over \$372,950

Married, Filing Separately

Taxable income is over	But is not over	Tax rate is
—	\$8,350	10%
\$8,350	\$33,950	\$835 plus 15% of the excess over \$8,350
\$33,950	\$68,525	\$4,675 plus 25% of the excess over \$33,950
\$68,525	\$104,425	\$13,318.75 plus 28% of the excess over \$68,525
\$104,425	\$186,475	\$23,370.75 plus 33% of the excess over \$104,425
\$186,475		\$50,447.25 plus 35% of the excess over \$186,475

Single

Taxable income is over	But is not over	Tax rate is
—	\$8,350	10%
\$8,350	\$33,950	\$835 plus 15% of the excess over \$8,350
\$33,950	\$82,250	\$4,675 plus 25% of the excess over \$33,950
\$82,250	\$171,550	\$16,750 plus 28% of the excess over \$82,250
\$171,550	\$372,950	\$41,754 plus 33% of the excess over \$171,550
\$372,950		\$108,216 plus 35% of the excess over \$372,950

Head of Household

Taxable income is over	But is not over	Tax rate is
—	\$11,950	10%
\$11,950	\$45,500	\$1,195 plus 15% of the excess over \$11,950
\$45,500	\$117,450	\$6,227.50 plus 25% of the excess over \$45,500
\$117,450	\$190,200	\$24,215 plus 28% of the excess over \$117,450
\$190,200	\$372,950	\$44,585 plus 33% of the excess over \$190,200
\$372,950		\$104,892.50 plus 35% of the excess over \$372,950

Estates and Trusts

Taxable income is over	But is not over	Tax rate is
—	\$2,300	15%
\$2,300	\$5,350	\$345 plus 25% of the excess over \$2,300
\$5,350	\$8,200	\$1,107.50 plus 28% of the excess over \$5,350
\$8,200	\$11,150	\$1,905.50 plus 33% of the excess over \$8,200
\$11,150		\$2,879 plus 35% of the excess over \$11,150

Long-Term Capital Gains and Qualified Dividend Distributions

Long-term capital gains	15%
(0% for individuals in the 10% or 15% tax brackets)	
Qualified dividends	15%
(0% for individuals in the 10% or 15% tax brackets)	
Gains on collectibles	28%
Unrecaptured 1250 depreciation	25%

Gift and Estate Taxes

Gift tax annual exclusion	\$13,000
Gift tax credit equivalent	\$1,000,000
Estate tax credit equivalent	\$3,500,000
Generation-skipping transfer tax exclusion	\$3,500,000
Annual exclusion for gifts to non-citizen spouse	\$133,000
Maximum estate and gift tax rate	45%

Source: www.irs.gov. * FRA = Full Retirement Age † First \$950 of income is tax free. Next \$950 is taxed at child's tax rate. Amounts above \$1,900 are taxed at parents' tax rate.

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