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# 2012 Key Numbers

These "key numbers" will help your 2012 planning. The 2011 "key numbers" will help in 2011 tax preparation.





## Individual Income Tax Planning

### Adoption credit

	2011	2012
Maximum credit	\$13,360	\$12,650
Phaseout threshold amount	\$185,210	\$189,710
Completed phaseout amount after	\$225,210	\$229,710

### Alternative Minimum Tax (AMT)

Maximum AMT exemption amount	2011	2012
Married filing jointly or surviving spouse	\$74,450	\$45,000
Single or head of household	\$48,450	\$33,750
Married filing separately	\$37,225	\$22,500

AMT income exemption phaseout threshold	2011	2012
Married filing jointly or surviving spouse	\$150,000	\$150,000
Single or head of household	\$112,500	\$112,500
Married filing separately	\$75,000	\$75,000

### Charitable deductions

Use of auto	2011	2012
Deductible standard mileage rate	\$0.14	\$0.14

Charitable fundraising "insubstantial benefit" limitation	2011	2012
Low-cost article (re: unrelated business income)	\$9.70	\$9.90

Gifts to donor in return for contribution	2011	2012
Token gift maximum cost <sup>1</sup>	\$9.70	\$9.90
Minimum contribution amount <sup>1</sup>	\$48.50	\$49.50
2% threshold amount <sup>2</sup>	\$97	\$99

<sup>1</sup> Contribution is fully deductible if minimum contribution amount is met and cost of token gift does not exceed maximum

<sup>2</sup> Charitable contribution is fully deductible if the benefit received by the donor doesn't exceed the lesser of the threshold amount or 2% of the amount of the contribution

### Child tax credit

	2011	2012
Maximum credit per qualifying child	\$1,000	\$1,000

<b>Phaseout -- credit reduced by \$50 for each \$1,000 or fraction thereof of MAGI over:</b>	2011	2012
Single	\$75,000	\$75,000
Married Filing Jointly	\$110,000	\$110,000
Married Filing Separately	\$55,000	\$55,000

<b>Refundability -- up to specified percentage of earned income in excess of specified amount</b>	2011	2012
Percentage	15%	15%
Amount	\$3,000	\$3,000

### Classroom expenses of elementary and secondary school teachers

	2011	2012
Maximum above-the-line deduction	\$250	N/A

### Earned income tax credit (EITC)

	2011	2012
Excessive investment income limit ("disqualified income limit")	\$3,150	\$3,200

<b>Maximum amount of EITC per number of children</b>	2011	2012
0 children	\$464	\$475
1 child	\$3,094	\$3,169
2 children	\$5,112	\$5,236
3 or more children	\$5,751	\$5,891

<b>Maximum amount of earned income on which EITC is based (earned income over this amount but under the threshold phaseout amount will not change the amount of the credit received)</b>	<b>2011</b>	<b>2012</b>
0 children	\$6,070	\$6,210
1 child	\$9,100	\$9,320
2 or more children	\$12,780	\$13,090

<b>Threshold phaseout amount for joint filers per number of children</b>	<b>2011</b>	<b>2012</b>
0 children	\$12,670	\$12,980
1 child	\$21,770	\$22,300
2 children	\$21,770	\$22,300
3 or more children	\$21,770	\$22,300

<b>Threshold phaseout amount for other filers per number of children</b>	<b>2011</b>	<b>2012</b>
0 children	\$7,590	\$7,770
1 child	\$16,690	\$17,090
2 children	\$16,690	\$17,090
3 or more children	\$16,690	\$17,090

<b>Completed phaseout amount for joint filers per number of children</b>	<b>2011</b>	<b>2012</b>
0 children	\$18,740	\$19,190
1 child	\$41,132	\$42,130
2 children	\$46,044	\$47,162
3 or more children	\$49,078	\$50,270

<b>Completed phaseout amount for other filers per number of children</b>	<b>2011</b>	<b>2012</b>
0 children	\$13,660	\$13,980
1 child	\$36,052	\$36,920
2 children	\$40,964	\$41,952
3 or more children	\$43,998	\$45,060

## Expatriation

	2011	2012
An individual with "average annual net income tax" of more than this amount for the five taxable years ending before his or her loss of citizenship is a covered expatriate for the purposes of IRC §877A(g)(1)	\$147,000	\$151,000
*IRC §877A(3) exclusion amount	\$636,000	\$651,000

## Foreign earned income

	2011	2012
Exclusion amount	\$92,900	\$95,100

## Itemized deductions

	2011	2012
Itemized deductions threshold phaseout amount for MFS:	N/A	N/A
Itemized deductions threshold phaseout amount for all others:	N/A	N/A

## Kiddie tax

<b>Unearned income limit</b>	2011	2012
Amount exempt from tax	\$950	\$950
Additional amount taxed at child's rate	\$950	\$950
Unearned income over this amount taxed at parent's rate	\$1,900	\$1,900

	2011	2012
Election to include child's income on parent's return -- child's gross income requirement	\$950 - \$9,500	\$950 - \$9,500

	2011	2012
AMT exemption for child subject to kiddie tax:	Lesser of \$6,800 + child's earned income or \$48,450	Lesser of \$6,950 + child's earned income or \$33,750

## Making Work Pay tax credit

Maximum credit	2011	2012
Filing status other than married filing jointly	N/A <sup>1</sup>	N/A <sup>2</sup>
Married filing jointly	N/A <sup>1</sup>	N/A <sup>2</sup>

<sup>1</sup> Credit not extended, but related benefit provided by one-year 2% reduction in employee Social Security payroll taxes (also applies to self-employment tax of self-employed individuals)

<sup>2</sup> The temporary 2% reduction in employee Social Security payroll taxes and self-employment tax was extended through February of 2012 by the Temporary Payroll Tax Cut Continuation Act of 2011

Income phaseout: Other than married filing jointly	2011	2012
Phaseout threshold amount	N/A	N/A
Completed phaseout amount after	N/A	N/A

Income phaseout: Married filing jointly	2011	2012
Phaseout threshold amount	N/A	N/A
Completed phaseout amount after	N/A	N/A

## Nanny tax

	2011	2012
Domestic employee coverage threshold	\$1,700	\$1,800

## Personal exemption amount

	2011	2012
Personal exemption amount	\$3,700	\$3,800
Personal exemption amount for taxpayers with AGI exceeding maximum phaseout threshold	N/A	N/A

Married filing jointly	2011	2012
Phaseout threshold amount	N/A	N/A
Completed phaseout amount after	N/A	N/A

<b>Head of household</b>	<b>2011</b>	<b>2012</b>
Phaseout threshold amount	N/A	N/A
Completed phaseout amount after	N/A	N/A

<b>Single</b>	<b>2011</b>	<b>2012</b>
Phaseout threshold amount	N/A	N/A
Completed phaseout amount after	N/A	N/A

<b>Married filing separately</b>	<b>2011</b>	<b>2012</b>
Phaseout threshold amount	N/A	N/A
Completed phaseout amount after	N/A	N/A

### "Saver's Credit"

<b>Elective Deferrals and IRA Contributions by Certain Individuals</b>	<b>2011</b>	<b>2012</b>
Maximum credit amount	\$1,000	\$1,000

<b>Applicable percentage of 50% applies to AGI</b>	<b>2011</b>	<b>2012</b>
Joint Return	\$0 - \$34,000	\$0 - \$34,500
Head of Household	\$0 - \$25,500	\$0 - \$25,875
Other	\$0 - \$17,000	\$0 - \$17,250

<b>Applicable percentage of 20% applies to AGI</b>	<b>2011</b>	<b>2012</b>
Joint Return	\$34,001 - \$36,500	\$34,501 - \$37,500
Head of Household	\$25,501 - \$27,375	\$25,876 - \$28,125
Other	\$17,001 - \$18,250	\$17,251 - \$18,750

<b>Applicable percentage of 10% applies to AGI</b>	<b>2011</b>	<b>2012</b>
Joint Return	\$36,501 - \$56,500	\$37,501 - \$57,500
Head of Household	\$27,376 - \$42,375	\$28,126 - \$43,125
Other	\$18,251 - \$28,250	\$18,751 - \$28,750

<b>Applicable percentage of 0% applies to AGI</b>	<b>2011</b>	<b>2012</b>
Joint Return	Over \$56,500	Over \$57,500
Head of Household	Over \$42,375	Over \$43,125
Other	Over \$28,250	Over \$28,750

## Standard deductions

	2011	2012
Married filing jointly or surviving spouse	\$11,600	\$11,900
Head of household	\$8,500	\$8,700
Single	\$5,800	\$5,950
Married filing separately	\$5,800	\$5,950
Dependent	Greater of \$950, or \$300 + earned income	Greater of \$950, or \$300 + earned income
Additional deduction for aged or blind (single or head of household)	\$1,450	\$1,450
Additional deduction for aged or blind (all other filing statuses)	\$1,150	\$1,150

## Standard mileage rates

	2011	2012
Use of auto for business purposes (cents per mile)	\$0.51 for first half of 2011; \$0.555 for second half	\$0.555
Use of auto for medical purposes (cents per mile)	\$0.19 for first half of 2011; \$0.235 for second half	\$0.23
Use of auto for moving purposes (cents per mile)	\$0.19 for first half of 2011; \$0.235 for second half	\$0.23



## 2012 Federal Income Tax Rate Schedules (Individuals, Trusts, and Estates)

### Unmarried taxpayers

If taxable income is:	Your tax is:
Not over \$8,700	10% of taxable income
Over \$8,700 to \$35,350	\$870 + 15% of the excess over \$8,700
Over \$35,350 to \$85,650	\$4,867.50 + 25% of the excess over \$35,350
Over \$85,650 to \$178,650	\$17,442.50 + 28% of the excess over \$85,650
Over \$178,650 to \$388,350	\$43,482.50 + 33% of the excess over \$178,650
Over \$388,350	\$112,683.50 + 35% of the excess over \$388,350

### Married filing jointly and surviving spouses

If taxable income is:	Your tax is:
Not over \$17,400	10% of taxable income
Over \$17,400 to \$70,700	\$1,740 + 15% of the excess over \$17,400
Over \$70,700 to \$142,700	\$9,735 + 25% of the excess over \$70,700

Over \$142,700 to \$217,450	\$27,735 + 28% of the excess over \$142,700
Over to \$217,450 to \$388,350	\$48,665 + 33% of the excess over \$217,450
Over \$388,350	\$105,062 + 35% of the excess over \$388,350

### Married individuals filing separately

If taxable income is:	Your tax is:
Not over \$8,700	10% of taxable income
Over \$8,700 to \$35,350	\$870 + 15% of the excess over \$8,700
Over \$35,350 to \$71,350	\$4,867.50 + 25% of the excess over \$35,350
Over \$71,350 to \$108,725	\$13,867.50 + 28% of the excess over \$71,350
Over \$108,725 to \$194,175	\$24,332.50 + 33% of the excess over \$108,725
Over \$194,175	\$52,531 + 35% of the excess over \$194,175

### Heads of household

If taxable income is:	Your tax is:
Not over \$12,400	10% of taxable income
Over \$12,400 to \$47,350	\$1,240 + 15% of the excess over \$12,400
Over \$47,350 to \$122,300	\$6,482.50 + 25% of the excess over \$47,350
Over \$122,300 to \$198,050	\$25,220 + 28% of the excess over \$122,300
Over \$198,050 to \$388,350	\$46,430 + 33% of the excess over \$198,050
Over \$388,350	\$109,229 + 35% of the excess over \$388,350

### Trusts and estates

If taxable income is:	Your tax is:
Not over \$2,400	15% of taxable income
Over \$2,400 to \$5,600	\$360 + 25% of the excess over \$2,400
Over \$5,600 to \$8,500	\$1,160 + 28% of the excess over \$5,600
Over \$8,500 to \$11,650	\$1,972 + 33% of the excess over \$8,500
Over \$11,650	\$3,011.50 + 35% of the excess over \$11,650



## 2011 Federal Income Tax Rate Schedules (Individuals, Trusts, and Estates)

### Unmarried taxpayers

If taxable income is:	Your tax is:
Not over \$8,500	10% of taxable income
Over \$8,500 to \$34,500	\$850 + 15% of the excess over \$8,500
Over \$34,500 to \$83,600	\$4,750 + 25% of the excess over \$34,500
Over \$83,600 to \$174,400	\$17,025 + 28% of the excess over \$83,600
Over \$174,400 to \$379,150	\$42,449 + 33% of the excess over \$174,400

Over \$379,150	\$110,016.50 + 35% of the excess over \$379,150
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### Married filing jointly and surviving spouses

If taxable income is:	Your tax is:
Not over \$17,000	10% of taxable income
Over \$17,000 to \$69,000	\$1,700 + 15% of the excess over \$17,000
Over \$69,000 to \$139,350	\$9,500 + 25% of the excess over \$69,000
Over \$139,350 to \$212,300	\$27,087.50 + 28% of the excess over \$139,350
Over \$212,300 to \$379,150	\$47,513.50 + 33% of the excess over \$212,300
Over \$379,150	\$102,574 + 35% of the excess over \$379,150

### Married individuals filing separately

If taxable income is:	Your tax is:
Not over \$8,500	10% of taxable income
Over \$8,500 to \$34,500	\$850 + 15% of the excess over \$8,500
Over \$34,500 to \$69,675	\$4,750 + 25% of the excess over \$34,500
Over \$69,675 to \$106,150	\$13,543.75 + 28% of the excess over \$69,675
Over \$106,150 to \$189,575	\$23,756.75 + 33% of the excess over \$106,150
Over \$189,575	\$51,287 + 35% of the excess over \$189,575

### Heads of household

If taxable income is:	Your tax is:
Not over \$12,150	10% of taxable income
Over \$12,150 to \$46,250	\$1,215 + 15% of the excess over \$12,150
Over \$46,250 to \$119,400	\$6,330 + 25% of the excess over \$46,250
Over \$119,400 to \$193,350	\$24,617.50 + 28% of the excess over \$119,400
Over \$193,350 to \$379,150	\$45,323.50 + 33% of the excess over \$193,350
Over \$379,150	\$106,637.50 + 35% of the excess over \$379,150

### Trusts and estates

If taxable income is:	Your tax is:
Not over \$2,300	15% of taxable income
Over \$2,300 to \$5,450	\$345 + 25% of the excess over \$2,300
Over \$5,450 to \$8,300	\$1,132.50 + 28% of the excess over \$5,450
Over \$8,300 to \$11,350	\$1,930.50 + 33% of the excess over \$8,300
Over \$11,350	\$2,937 + 35% of the excess over \$11,350



## Business Planning

### Adoption Assistance Programs

	2011	2012
Maximum amount that can be excluded from employee's gross income	\$13,360	\$12,650
Phaseout threshold amount	\$185,210	\$189,710
Completed phaseout amount after	\$225,210	\$229,710

### Earnings subject to FICA taxes (taxable wage base)

	2011	2012
Maximum annual earnings subject to Social Security taxes	\$106,800	\$110,100
Social Security and Medicare combined tax rate	13.30% <sup>1</sup>	13.30% / 15.30% <sup>2</sup>
OASDI portion (Social Security)	10.40% <sup>1</sup>	10.40% / 12.40% <sup>2</sup>
Hospital Insurance portion (Medicare)	2.90%	2.90%

<sup>1</sup> The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 included a 2% reduction in the Social Security (OASDI) portion of FICA tax for 2011.

<sup>2</sup> The Temporary Payroll Tax Cut Continuation Act of 2011 extended the 2% reduction in the Social Security (OASDI) portion of FICA tax through February of 2012.

### Health insurance deduction for self-employed

	2011	2012
Deduction for health insurance premiums paid by self-employed persons	100%	100%

### Qualified transportation fringe benefits

	2011	2012
Commuter vehicles and transit pass monthly exclusion amount	\$230	\$125
Qualified parking monthly exclusion amount	\$230	\$240
Qualified bicycle commuting reimbursement fringe benefit (monthly amount)	\$20	\$20

## Section 179 expensing

	2011	2012
Maximum amount that may be deducted under section 179	\$500,000	\$139,000
Deduction reduced by the amount by which the cost of §179 property placed in service during the year exceeds this amount	\$2,000,000	\$560,000

## Small business tax credit for providing health-care coverage

	2011	2012
Maximum credit percentage	35%	35%

<b>Partial credit</b>	2011	2012
Number of full-time equivalent employees (FTEs) fewer than:	25	25
Maximum average annual wages less than:	\$50,000	\$50,000

<b>Full credit</b>	2011	2012
Number of full-time equivalent employees (FTEs) no more than:	10	10
Maximum average annual wages less than or equal to:	\$25,000	\$25,000

## Special additional first-year depreciation allowance

	2011	2012
"Bonus" depreciation for qualified property acquired and placed in service during specified time periods	100% <sup>2</sup>	50%

<sup>2</sup> 100% "bonus" depreciation applies to qualifying property purchased and placed in service after 9/8/10.

## Standard mileage rate (per mile)

	2011	2012
Use of auto for business purposes	\$0.51 for first half of 2011; \$0.555 for second half	\$0.555

## Tax on accumulated earnings and personal holding company income

	2011	2012
Maximum tax on these items (prior to the 2003 Tax Act, these items were taxed at the highest marginal personal income tax rate)	15%	15%



## Education Planning

### Coverdell education savings accounts (formerly known as education IRAs)

	2011	2012
Annual contribution limit	\$2,000	\$2,000

<b>MAGI phaseout range for Coverdell education savings accounts</b>	2011	2012
Single--phaseout threshold amount	\$95,000	\$95,000
Single--completed phaseout amount after	\$110,000	\$110,000
Married filing jointly--phaseout threshold amount	\$190,000	\$190,000
Married filing jointly--completed phaseout threshold amount	\$220,000	\$220,000

### Deduction for qualified higher education expenses

	2011	2012
Maximum deduction	\$4,000	N/A

<b>MAGI maximum for full \$4,000 deduction</b>	2011	2012
Single	\$65,000	N/A
Married filing jointly	\$130,000	N/A

	2011	2012
Reduced deduction available	\$2,000	N/A

<b>MAGI range for \$2,000 deduction</b>	2011	2012
Single--MAGI greater than this amount:	\$65,000	N/A

Single--MAGI does not exceed this amount:	\$80,000	N/A
Married filing jointly--MAGI greater than this amount:	\$130,000	N/A
Married filing jointly--MAGI does not exceed this amount:	\$160,000	N/A

### Education loans--interest deduction

	2011	2012
Maximum deduction for interest paid on qualified education loans	\$2,500	\$2,500

MAGI phaseout range	2011	2012
Single--phaseout threshold amount	\$60,000	\$60,000
Single--completed phaseout amount after	\$75,000	\$75,000
Married filing jointly--phaseout threshold amount	\$120,000	\$125,000
Married filing jointly--completed phaseout amount after	\$150,000	\$155,000

### Gift tax exclusion

	2011	2012
Annual gift tax exclusion-- <i>single individual</i>	\$13,000	\$13,000
Annual gift tax exclusion-- <i>joint gift</i>	\$26,000	\$26,000
Lump-sum gift to 529 plan-- <i>single individual</i>	\$65,000	\$65,000
Lump-sum gift to 529 plan-- <i>joint gift</i>	\$130,000	\$130,000

### Hope<sup>1</sup> and Lifetime Learning Credits

	2011	2012
Maximum Lifetime Learning credit	\$2,000	\$2,000
Maximum Hope credit	\$2,500	\$2,500

<sup>1</sup> For 2010 through 2012, the Hope credit is renamed the American Opportunity tax credit

<b>MAGI phaseout range for Lifetime Learning Credit</b>	<b>2011</b>	<b>2012</b>
Single--phaseout threshold amount	\$51,000	\$52,000
Single--completed phaseout amount after	\$61,000	\$62,000
Married filing jointly--phaseout threshold amount	\$102,000	\$104,000
Married filing jointly--completed phaseout amount after	\$122,000	\$124,000

<b>MAGI phaseout range for Hope Credit</b>	<b>2011</b>	<b>2012</b>
Single--phaseout threshold amount	\$80,000	\$80,000
Single--completed phaseout amount after	\$90,000	\$90,000
Married filing jointly--phaseout threshold amount	\$160,000	\$160,000
Married filing jointly--completed phaseout amount after	\$180,000	\$180,000

### Kiddie tax

	<b>2011</b>	<b>2012</b>
Generally, children pay federal income tax at their parents' rate on any investment income over ...	\$1,900	\$1,900

### U.S. savings bonds--interest exclusion for higher education expenses:

<b>Joint returns</b>	<b>2011</b>	<b>2012</b>
Phaseout threshold for joint returns	\$106,650	\$109,250
Completed phaseout amount after	\$136,650	\$139,250

<b>Other returns</b>	<b>2011</b>	<b>2012</b>
Phaseout threshold for other returns	\$71,100	\$72,850
Completed phaseout amount after	\$86,100	\$87,850



## Protection Planning

### Eligible long-term care premium deduction limits:

	2011	2012
Age 40 or under	\$340	\$350
Age 41-50	\$640	\$660
Age 51-60	\$1,270	\$1,310
Age 61-70	\$3,390	\$3,500
Over age 70	\$4,240	\$4,370

### Per diem limit:

	2011	2012
Periodic payments for qualified long-term care insurance/certain life insurance:	\$300	\$310

### Archer Medical Savings Accounts

High deductible health plan--self-only coverage	2011	2012
Annual deductible--minimum	\$2,050	\$2,100
Annual deductible--maximum	\$3,050	\$3,150
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$4,100	\$4,200

High deductible health plan--family coverage	2011	2012
Annual deductible--minimum	\$4,100	\$4,200
Annual deductible--maximum	\$6,150	\$6,300
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$7,500	\$7,650

### Health Savings Accounts (HSAs)

Annual contribution limit	2011	2012
Self-only coverage	\$3,050	\$3,100
Family coverage	\$6,150	\$6,250

High deductible health plan--self-only coverage	2011	2012
Annual deductible--minimum	\$1,200	\$1,200

Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$5,950	\$6,050
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High deductible health plan--family coverage	2011	2012
Annual deductible--minimum	\$2,400	\$2,400
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$11,900	\$12,100

	2011	2012
Annual catch up contribution limit for individuals age 55 or older	\$1,000	\$1,000



## Estate Planning

	2011	2012
<b>Annual gift exclusion:</b>	\$13,000	\$13,000
<b>Estate tax applicable exclusion amount:</b>	\$5,000,000 + DSUEA <sup>1</sup>	\$5,120,000 + DSUEA <sup>1</sup>
<b>Gift tax applicable exclusion amount:</b>		
<b>Noncitizen spouse annual gift exclusion:</b>	\$136,000	\$139,000
<b>Generation-skipping transfer (GST) tax exemption:</b>	\$5,000,000 <sup>2</sup>	\$5,120,000 <sup>2</sup>
<b>Special use valuation limit (qualified real property in decedent's gross estate):</b>	\$1,020,000	\$1,040,000

<sup>1</sup> Basic exclusion amount plus deceased spousal unused exclusion amount (exclusion is portable for 2011 and 2012)

<sup>2</sup> The GST tax exemption is not portable

## 2011 through 2012 gift and estate tax rate schedule

Taxable Estate	Tentative Tax Equals	Plus	Of Amount Over
0 - \$10,000	\$0	18%	\$0
\$10,000 - \$20,000	\$1,800	20%	\$10,000
\$20,000 - \$40,000	\$3,800	22%	\$20,000
\$40,000 - \$60,000	\$8,200	24%	\$40,000
\$60,000 - \$80,000	\$13,000	26%	\$60,000
\$80,000 - \$100,000	\$18,200	28%	\$80,000
\$100,000 - \$150,000	\$23,800	30%	\$100,000
\$150,000 - \$250,000	\$38,800	32%	\$150,000

\$250,000 - \$500,000	\$70,800	34%	\$250,000
\$500,000+	\$155,800	35%	\$500,000
<b>Credit shelter amount \$5,000,000 in 2011, \$5,120,000 in 2012</b>	<b>Credit amount \$1,730,800 in 2011, \$1,772,800 in 2012</b>		

Under the sunset provision of The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, the gift and estate and GST tax exemptions referenced above will revert to \$1 million in 2013, and the maximum tax rate will revert to 55%.



## Government Benefits

### Social Security

<b>Social Security Cost-of-living adjustment (COLA)</b>	<b>2011</b>	<b>2012</b>
For Social Security and Supplemental Security Income (SSI) beneficiaries	0.00%	3.60%

<b>Tax rate--employee</b>	<b>2011</b>	<b>2012</b>
FICA tax -- Employee	5.65% <sup>1</sup>	5.65% / 7.65% <sup>2</sup>
Social Security (OASDI) portion of tax )	4.20% <sup>1</sup>	4.20% / 6.20% <sup>2</sup>
Medicare (HI) portion of tax	1.45%	1.45%

<b>Tax rate--self-employed</b>	<b>2011</b>	<b>2012</b>
Self-Employed	13.30% <sup>1</sup>	13.30% / 15.30% <sup>2</sup>
Social Security (OASDI) portion of tax	10.40% <sup>1</sup>	10.40% / 12.40% <sup>2</sup>
Medicare (HI) portion of tax	2.90%	2.90%

<sup>1</sup> The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 included a 2% reduction in the Social Security (OASDI) portion of FICA tax for 2011.

<sup>2</sup> The Temporary Payroll Tax Cut Continuation Act of 2011 extended the 2% reduction through February of 2012.

<b>Maximum taxable earnings</b>	<b>2011</b>	<b>2012</b>
Social Security (OASDI only)	\$106,800	\$110,100
Medicare (HI only)	No limit	No limit

<b>Quarter of coverage</b>	<b>2011</b>	<b>2012</b>
Earnings required	\$1,120	\$1,130

<b>Retirement earnings test--exempt amounts--Under full retirement age--Benefits reduced by \$1 for each \$2 earned above:</b>	<b>2011</b>	<b>2012</b>
Yearly figure	\$14,160	\$14,640
Monthly figure	\$1,180	\$1,220

<b>Retirement earnings test--exempt amounts--Year individual reaches full retirement age--Benefits reduced by \$1 for each \$3 earned above (applies only to earnings for months prior to attaining full retirement age):</b>	<b>2011</b>	<b>2012</b>
Yearly figure	\$37,680	\$38,880
Monthly figure	\$3,140	\$3,240

<b>Retirement earnings test--exempt amounts--Beginning the month individual attains full retirement age</b>	<b>2011</b>	<b>2012</b>
	No limit on earnings	No limit on earnings

<b>Social Security disability thresholds</b>	<b>2011</b>	<b>2012</b>
Substantial gainful activity (SGA): for the sighted (monthly figure)	\$1,000	\$1,010
Substantial gainful activity: for the blind (monthly figure)	\$1,640	\$1,690
Trial work period (TWP) (monthly figure)	\$720	\$720

<b>SSI federal payment standard</b>	<b>2011</b>	<b>2012</b>
Individual (monthly figure)	\$674	\$698
Couple (monthly figure)	\$1,011	\$1,048

<b>SSI resource limits</b>	<b>2011</b>	<b>2012</b>
Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000

<b>SSI student exclusion limits</b>	<b>2011</b>	<b>2012</b>
Monthly limit	\$1,640	\$1,700
Annual limit	\$6,600	\$6,840

<b>Maximum Social Security benefit</b>	<b>2011</b>	<b>2012</b>
Worker retiring at full retirement age (monthly figure)	\$2,366	\$2,513

<b>Formula for Monthly Primary Insurance Amount (PIA)</b>	<b>2011</b>	<b>2012</b>
(90% of first X of AIME + 32% of the AIME over X and through Y + 15% of AIME over Y)	X=\$749 Y=\$4,517	X=\$767 Y=\$4,624

## Medicare

<b>Medicare monthly premium amounts--Part A (hospital insurance) premium</b>	<b>2011</b>	<b>2012</b>
Individuals with 40 or more quarters of Medicare-covered employment	\$0	\$0
Individuals with 30 to 39 quarters of Medicare-covered employment who are not otherwise eligible for premium-free hospital insurance	\$248	\$248
Individuals with less than 30 quarters of Medicare-covered employment who are not otherwise eligible for premium-free hospital insurance	\$450	\$451

<b>Medicare monthly premium amounts--Part B (medical insurance) monthly premium--For beneficiaries who file an individual income tax return with income that is:</b>	<b>2011</b>	<b>2012</b>
Less than or equal to \$85,000	\$96.40 \$110.50 or \$115.40 <sup>2</sup>	\$99.90
\$85,001 - \$107,000	\$161.50	\$139.90
\$107,001 - \$160,000	\$230.70	\$199.80
\$160,001 - \$214,000	\$299.90	\$259.70
Greater than \$214,000	\$369.10	\$319.70

<b>Medicare monthly premium amounts--Part B (medical insurance) monthly premium--For beneficiaries who file a joint income tax return with income that is:</b>	<b>2011</b>	<b>2012</b>
Less than or equal to \$170,000	\$96.40 \$110.50 or \$115.40 <sup>2</sup>	\$99.90
\$170,001 - \$214,000	\$161.50	\$139.90
\$214,001 - \$320,000	\$230.70	\$199.80
\$320,001 - \$428,000	\$299.90	\$259.70
Greater than \$428,000	\$369.10	\$319.70

<b>Medicare monthly premium amounts--Part B (medical insurance) monthly premium--For beneficiaries who are married, but file a separate tax return from their spouse and lived with spouse at some time during the taxable year with income that is:</b>	<b>2011</b>	<b>2012</b>
Less than or equal to \$85,000	\$96.40 \$110.50 or \$115.40 <sup>2</sup>	\$99.90
\$85,001 - \$129,000	\$299.90	\$259.70
Greater than \$129,000	\$369.10	\$369.10

<sup>2</sup> Most beneficiaries paid the same \$96.40 or \$110.50 premium in 2011 as they did in 2010. However, new enrollees or beneficiaries who did not have their premium withheld paid \$115.40.

<b>Original Medicare plan deductible and coinsurance amounts--Part A (hospital insurance)</b>	<b>2011</b>	<b>2012</b>
Deductible per benefit period	\$1,132	\$1,156
Coinsurance per day for 61st to 90th day of each benefit period	\$283	\$289
Coinsurance per day for 91st to 150th day for each lifetime reserve day (total of 60 lifetime reserve days--nonrenewable)	\$566	\$578

<b>Original Medicare plan deductible and coinsurance amounts</b>	<b>2011</b>	<b>2012</b>
Skilled nursing facility coinsurance per day for 21st to 100th day of each benefit period	\$141.50	\$144.50

<b>Original Medicare plan deductible and coinsurance amounts--Part B (medical insurance) annual deductible</b>	<b>2011</b>	<b>2012</b>
Individual pays 20 percent of the Medicare-approved amount for services after deductible is met	\$162	\$140

## Medicaid

	<b>2011</b>	<b>2012</b>
Monthly income threshold for income-cap states ("300 percent cap limit")	\$2,022	\$2,094

<b>Monthly maintenance needs allowance for at-home spouse</b>	<b>2011</b>	<b>2012</b>
Minimum <sup>3</sup>	\$1,822	\$1,838.75
Maximum	\$2,739	\$2,841

<b>Spousal resource allowance</b>	<b>2011</b>	<b>2012</b>
Minimum	\$21,912	\$22,278
Maximum	\$109,560	\$113,640

<sup>3</sup> Amounts listed actually effective as of July of prior year; different amounts apply to Alaska and Hawaii.



## Retirement Planning

### Employee/individual contribution limits

<b>Elective deferral limits</b>	<b>2011</b>	<b>2012</b>
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs <sup>1</sup> (Includes Roth 401(k) and Roth 403(b) contributions)	Lesser of \$16,500 or 100% of participant's compensation	Lesser of \$17,000 or 100% of participant's compensation
SIMPLE 401(k) plans and SIMPLE IRA plans <sup>1</sup>	Lesser of \$11,500 or 100% of participant's compensation	Lesser of \$11,500 or 100% of participant's compensation

<sup>1</sup> Must aggregate employee contributions to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers. 457(b) plan contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively, a 20% maximum contribution).

<b>IRA contribution limits</b>	<b>2011</b>	<b>2012</b>
Traditional IRAs	Lesser of \$5,000 or 100% of earned income	Lesser of \$5,000 or 100% of earned income
Roth IRAs	Lesser of \$5,000 or 100% of earned income	Lesser of \$5,000 or 100% of earned income

<b>Additional "catch-up" limits (individuals age 50 or older)</b>	<b>2011</b>	<b>2012</b>
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs <sup>2</sup>	\$5,500	\$5,500
SIMPLE 401(k) plans and SIMPLE IRA plans	\$2,500	\$2,500
IRAs (traditional and Roth)	\$1,000	\$1,000

<sup>2</sup> Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

### Employer contribution/benefit<sup>3</sup> limits

<b>Defined benefit plan limits</b>	<b>2011</b>	<b>2012</b>
Annual contribution limit per participant	No predetermined limit. Contributions based on amount needed to fund promised benefits	No predetermined limit. Contributions based on amount needed to fund promised benefits
Annual benefit limit per participant	Lesser of \$195,000 or 100% of average compensation for highest three consecutive years	Lesser of \$200,000 or 100% of average compensation for highest three consecutive years

<b>Defined contribution plan limits (qualified plans, 403(b) plans, SEP, and SIMPLE plans)</b>	<b>2011</b>	<b>2012</b>
Annual addition limit per participant ( <i>employer contributions; employee pretax, after-tax, and Roth contributions; and forfeitures</i> ) ( <i>does not apply to SIMPLE IRA plans</i> )	Lesser of \$49,000 or 100% (25% for SEP) of participant's compensation	Lesser of \$50,000 or 100% (25% for SEP) of participant's compensation
Maximum tax-deductible employer contribution ( <i>not applicable to 403(b) plans</i> )	25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans	25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans

<sup>3</sup> For self-employed individuals, compensation generally means earned income. This means that, for qualified plans, deductible contributions for a self-employed individual are limited to 20% of net earnings from self-employment (net profits minus self-employment tax deduction), and special rules apply in calculating the annual additions limit.

### Compensation limits/thresholds

<b>Retirement plan compensation limits</b>	<b>2011</b>	<b>2012</b>
Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs)	\$245,000	\$250,000

Compensation threshold used to determine a highly-compensated employee	\$110,000 (When 2011 is the look-back year)	\$115,000 (When 2012 is the look-back year)
Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners \$160,000 for officers \$150,000 for more-than-1% owners	\$1 for more-than-5% owners \$165,000 for officers \$150,000 for more-than-1% owners
Compensation threshold used to determine a qualifying employee under a SIMPLE plan	\$5,000	\$5,000
Compensation threshold used to determine a qualifying employee under a SEP plan	\$550	\$550

<b>Traditional deductible IRA income limits--Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers covered by an employer-sponsored plan and filing as:</b>	<b>2011</b>	<b>2012</b>
Single	\$56,000-\$66,000	\$58,000-\$68,000
Married filing jointly	\$90,000-\$110,000	\$92,000-\$112,000
Married filing separately	\$0-\$10,000	\$0-\$10,000

<b>Traditional deductible IRA income limits--Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers not covered by an employer-sponsored retirement plan but filing a:</b>	<b>2011</b>	<b>2012</b>
Joint return with a spouse who is covered by an employer-sponsored retirement plan	\$169,000-\$179,000	\$173,000-\$183,000

<b>Roth IRA compensation limits--Income phase-out range for determining ability to fund Roth IRA for taxpayers filing as:</b>	<b>2011</b>	<b>2012</b>
Single	\$107,000-\$122,000	\$110,000-\$125,000
Married filing jointly	\$169,000-\$179,000	\$173,000-\$183,000
Married filing separately	\$0-\$10,000	\$0-\$10,000



## Investment Planning

### Tax on long-term capital gains

	2011	2012
Taxpayers in tax rate brackets greater than 15%	15%	15%
Taxpayers in tax rate brackets 15% or less	0%	0%

### Tax on dividends

<b>Maximum tax rate on dividends received by an individual shareholder from domestic and qualified foreign corporations</b>	2011	2012
Taxpayers in tax rate brackets greater than 15%	15%	15%
Taxpayers in tax rate brackets 15% or less	0%	0%

## Disclosure Information -- Important -- Please Review

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