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**2009 New Tax Highlights**

2009 Tax Rates		Single	MFJ	Head of Household	MFS	Estates & Trusts
10%	<\$	8,350	<\$ 16,700	<\$ 11,950	<\$ 8,350	
15%	<\$	33,950	<\$ 67,900	<\$ 45,500	<\$ 33,950	<\$ 2,300
25%	<\$	82,250	<\$ 137,050	<\$ 117,450	<\$ 68,525	<\$ 5,359
28%	<\$	171,550	<\$ 208,850	<\$ 190,200	<\$ 104,425	<\$ 8,200
33%	<\$	372,950	<\$ 372,950	<\$ 372,950	<\$ 186,475	<\$ 11,150
35%	>\$	>\$ 372,950	>\$ 372,950	>\$ 372,950	>\$ 186,475	>\$ 11,150

Standard Deductions	Year	2009				
Additional Over 65 (1)		\$	5,700	\$	11,400	\$
		\$	1,400	\$	1,100	\$

Personal Exemption		AGI	AGI
Medicare Part B Premiums	\$ 3,650	<\$ 85,000	<\$ 170,000
	\$ 96.40	<\$ 107,000	<\$ 214,000
	\$134.90	<\$ 160,000	<\$ 320,000
	\$250.50		

**Kiddie Tax Change** Under age 19 or age 24 if full time student <\$950 unearned income

**Social Security** **2009** Wage Limits – first **\$106,800** of compensation; **full retirement age** – born between 1943-1954 (66 yrs)

**First Time Homebuyer Credit** Purchase from **01/01/2009 - 12/01/2009** -Credit is lower of 10% of purchase price of \$8,000 MFJ; \$4,000 Single Do not have to repay the credit provided that you live in main home for at least 36 months after purchase; phase-out MFJ < \$150,000, Single < \$75,000

**Real Estate Property Taxes** For Non Itemize Taxpayers, allowable deduction of the lower of real estate taxes paid or MFJ \$1,000; Single \$500

**2009 Capital Gains** Long-term capital gains and qualified dividends are **Tax Free** for 10% or 15% Income Brackets  
*Phase out* MFJ <\$67,900; Single <\$33,950

**Debt Discharge** If the debtor is insolvent, the amount discharged is **not** included in gross income (up to the amount of insolvency)

**Retirement Plans** For self-employed; 25% of compensation (20% after calculation)  
*401(k)* Pre-tax contribution, \$16,500 maximum for year; \$22,000 if over 50 years old  
*Roth 401(k)* After-tax contribution; dollar amount same as 401(k) above  
*Simple IRA* \$11,500 maximum contribution for year; \$14,000 if over 50 years old  
*Traditional & Roth IRA* **2009** \$5,000 maximum contribution for year; plus \$1,000 catch-up contribution if over 50 years old

Phase Out:	Traditional – One Spouse in Plan	MFJ	2009	\$166,000-	\$ 176,000
		Single	2009	\$ 55,000-	\$ 65,000
	Two Spouses in Plan	2009	\$ 89,000-	\$ 109,000	

Minimum contribution of \$200 if phase-out lowers contribution to <\$200 but > greater than \$0  
No contribution for individual age > 70 ½

**Note** **For 2009 No required minimum distribution (if 70 ½ in 2008, must take distribution before 4/1/09)**

**For 2010 – Roth Conversion available regardless of income or tax filing status**  
**Spread tax impact over the next two years (filing years 2011 and 2012)**

**Education**  
**Hope Credit** First 4 years of post-secondary education – Max. credit \$2,500 per student (2009 & 2010); 40% of credit is refundable; includes **qualified tuition & related expenses for course materials** (books, supplies, equipment)  
**2009 phase out** MFJ \$160,000-\$180,000; Single \$80,000-\$90,000

**Lifetime Learning Credit** \$2,000 Maximum Credit; **2009 phase out** MFJ \$100,000-\$120,000; Single \$50,000-\$60,000

**Coverdell CESA** \$2,000 per beneficiary under age 18 – can be used for private elementary and high school education  
*Phase Out* MFJ \$190,000- \$220,000; Single \$95,000-\$110,000; corporate contribution added to employee’s wages

**Education Loan Interest** \$2,500 Limit (no time limit for student loan); **2009 phase out** MFJ \$120,000-\$150,000; Single \$60,000-\$75,000

**Energy Property Credit (Federal)** 2009 & 2010 - \$1,500 total credit – lower limits for insulation to walls and ceilings, storm doors, windows, air conditioners, water heaters, furnaces and boilers, biomass stoves, pigmented coating metal roofs

**MA Senior Circuit Breaker** If eligible, maximum credit for **2008** was \$930; no information yet on 2009

**Gift Tax Exclusion** **2009** \$13,000 per person

**Estate Tax Exclusion** **2009** Federal - \$3,500,000; MA - \$1,000,000

Automobile Mileage	Dates	Business	Medical / Moving	Charity
	As of 1/1/09	.550 cents	.24 cents	.14 cents

**COBRA – If You Lost Your Job, You May Get Help with Your Insurance Premium**

If you were involuntarily terminated (i.e. laid off) from your job from **September 1, 2008 – December 1, 2009** and you had health insurance coverage, then your former employer **must pay 65% of your premium for nine months, effective 3/1/09**. You are eligible to participate even if you initially waived your right for COBRA. **2009 phase out** MFJ \$250,000-\$290,000; Single \$125,000-\$145,000

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