

## Scheduled Estate and Gift Tax Changes

Year	Top Estate Tax Rate	Estate Tax Exemption	Applicable Credit	Gift Tax Lifetime Exemption	Gift Tax Applicable Credit Amount	Gift Tax Top Rate
2003	49%	\$ 1 million	\$ 345,800	\$ 1 million	\$ 345,800	49%
2004	48%	1.5 million	555,800	1 million	345,800	48%
2005	47%	1.5 million	555,800	1 million	345,800	47%
2006	46%	2 million	780,800	1 million	345,800	46%
2007	45%	2 million	780,800	1 million	345,800	45%
2008	45%	2 million	780,800	1 million	345,800	45%
2009	45%	3.5 million	1,455,800	1 million	345,800	45%
2010 <sup>1</sup>	35%	5 million	1,730,800	1 million	345,800	35%
2011	35%	5 million	1,730,800	5 million	1,730,800	35%
<b>2012</b>	<b>35%</b>	<b>5,120,000</b>	<b>1,772,800</b>	<b>5,120,000</b>	<b>1,772,800</b>	<b>35%</b>

<sup>1</sup>The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 is retroactive. 2010 decedents are subject to estate taxes and get the benefit of a \$5 million exemption. However, executors of the estates of 2010 decedents get the option of electing back into the estate tax repeal. In other words, executors may choose: (1) application of the new law; or (2) no estate tax but application of the modified carried over basis regime (carryover basis with \$1.3 million and \$3 million basis adjustments).

## Gift Taxes 2012

### Annual Gift Tax Exclusion:

- Individual donor may gift \$13,000 per donee
- Individual donor may gift to non-U.S. citizen spouse \$139,000

**Generation-Skipping Transfer Tax Exemption:** \$5,120,000

Social Security	2011	2012
Full Retirement Age*	66 years, 6 months	66 years, 6 months
Portion of Benefit Paid at Age 62*	72.5%	72.5%
Income subject to social security tax (OASDI)	\$106,800	\$110,100

\*Assumes born in 1957

Maximum Earnings Before Social Security Benefits Are Reduced	2011	2012
Before Full Retirement Age (lose \$1 for every \$2 of earnings)	\$14,160	\$14,640
Year of Full Retirement Age	37,680	38,880
After Full Retirement	no limit	no limit

FICA Limits	2011	2012
<b>Maximum Compensation Subject to FICA Taxes</b>		
OASDI (Social Security) maximum	\$106,800	\$110,100
HI (Medicare) maximum	no limit	no limit

- OASDI tax rate: 10.4% self-employed, 4.2% employees\*
- HI tax rate: 2.9% self-employed, 1.45% employees

\*The OASDI payroll tax rate shown is a temporary figure that applies only to wages and salaries paid in January and February of calendar year 2012. Without further legislative action, the current OASDI tax rate will sunset on February 29, 2012, and increase to 12.4% for the self-employed and 6.2% for employees beginning March 1, 2012.

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Education Incentives	2011	2012
<b>Phase-Outs for American Opportunity Credit/Hope Scholarship Credit</b>		
Married Filing Jointly	\$160,000 – \$180,000	\$160,000 – \$180,000
Others	\$ 80,000 – \$ 90,000	\$ 80,000 – \$ 90,000
<b>Phase-Outs for Lifetime Learning Credits</b>		
Married Filing Jointly	\$102,000 – \$122,000	\$104,000 – \$124,000
Others	\$ 51,000 – \$ 61,000	\$ 52,000 – \$ 62,000
<b>Phase-Outs for Exclusion of U.S. Savings Bond Income</b>		
Married Filing Jointly	\$106,650 – \$136,650	\$109,250 – \$139,250
Others	\$ 71,100 – \$ 86,100	\$ 72,850 – \$ 87,850
<b>Phase-Outs for Coverdell Education Savings Accounts (maximum contribution of \$2,000)</b>		
Married Filing Jointly	\$190,000 – \$220,000	\$190,000 – \$220,000
Single	\$ 95,000 – \$110,000 <sup>2</sup>	\$ 95,000 – \$110,000 <sup>2</sup>

<sup>2</sup>Subject to the sunset provisions of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

States With Separate Estate Tax	CT, DC, DE, HI, IL, MA, MD, ME, MN, NC, NJ, NY, OH, OR, RI, VT, WA
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States With Inheritance Tax	IA, IN, KY, MD, NE, NJ, PA, TN
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Community Property States	AK*, AZ, CA, ID, LA, NM, NV, TX, WA, WI
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\*Opt-in community property state

Corporations (for all tax years since 1993)			
If Taxable Income is:			
Over	But Not Over	The Tax Is	Of The Amount Over
\$ 0	\$ 50,000	\$ 0 + 15%	\$ 0
50,000	75,000	7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	And Over	6,416,667 + 35%	18,333,333



# 2012

## Tax Facts At-A-Glance



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Income Taxes			
2011		2012	
<i>If Taxable Income is:</i>			
Over	But Not Over	The Tax is	Of the Amount Over
<b>Married Filing Jointly:</b>			
\$ 0	\$ 17,000	\$ 0 + 10%	\$ 0
17,000	69,000	1,700 + 15%	17,000
69,000	139,350	9,500 + 25%	69,000
139,350	212,300	27,088 + 28%	139,350
212,300	379,150	47,514 + 33%	212,300
379,150	And Over	102,574 + 35%	379,150
<b>Single:</b>			
\$ 0	\$ 8,500	\$ 0 + 10%	\$ 0
8,500	34,500	850 + 15%	8,500
34,500	83,600	4,750 + 25%	34,500
83,600	174,400	17,025 + 28%	83,600
174,400	379,150	42,449 + 33%	174,400
379,150	And Over	110,017 + 35%	379,150
<b>Estates and Trusts:</b>			
\$ 0	\$ 2,300	\$ 0 + 15%	\$ 0
2,300	5,450	345 + 25%	2,300
5,450	8,300	1,133 + 28%	5,450
8,300	11,350	1,931 + 33%	8,300
11,350	And Over	2,937 + 35%	11,350

Kiddie Tax (under age 18 with unearned income)	2011	2012	Tax Bracket
First	\$ 950	\$ 950	No Tax
Next	950	950	Child's Rate
Amounts Over	1,900	1,900	Parents' Rate

Standard Deductions	2011	2012
Married Filing Jointly	\$ 11,600	\$ 11,900
Single	5,800	5,950
Additional (Age 65/older or blind):		
Married	\$ 1,150	\$ 1,150
Unmarried and not surviving spouse	1,450	1,450

Personal Exemptions	2011	2012
Personal Exemption	\$ 3,700	\$ 3,800

Qualified Plans	2011	2012
Maximum elective deferral to retirement plans (e.g., 401(k), 403(b) & 457)	\$ 16,500	\$ 17,000
401(k) age 50+ catch-up contribution	5,500	5,500
Maximum IRA contribution limit	5,000	5,000
IRA age 50+ catch-up contribution	1,000	1,000
Maximum elective deferral to SIMPLE plan	11,500	11,500
SEP minimum compensation amount	550	550
Annual includable compensation limit	245,000	250,000
Defined contribution plan annual addition limit	49,000	50,000
Highly compensated employee compensation limit	110,000	115,000
Annual retirement benefit limit under defined benefit plan (not to exceed 100% of compensation)	195,000	200,000
Elective deferrals (applies to 401(k) plans)	16,500	17,000
Tax-sheltered annuity deferrals 403(b) plans	16,500	17,000
Definition of key employee in a top-heavy plan	160,000	165,000
Simple IRA age 50+ catch-up contribution limit	2,500	2,500
Deferred compensation plans of state and local government and tax-exempt organizations	16,500	17,000

IRAs	2011	2012
<b>Phase-Out Range for Deductible Contributions to Traditional IRAs</b>		
Married Filing Jointly		
Both spouses as participants in qualified plan	\$ 90,000 – \$ 110,000	\$ 92,000 – \$ 112,000
One spouse as participant in qualified plan	\$ 169,000 – \$ 179,000	\$ 173,000 – \$ 183,000
Single	\$ 56,000 – \$ 66,000	\$ 58,000 – \$ 68,000
<b>Phase-Out Range for Contributions to Roth IRAs</b>		
Married Filing Jointly	\$ 169,000 – \$ 179,000	\$ 173,000 – \$ 183,000
Single	\$ 107,000 – \$ 122,000	\$ 110,000 – \$ 125,000

Capital Gains Tax	2011	2012
Rate on gains for assets held:	More than 12 months	More than 12 months
15% income tax bracket or below	0%	0%
25% income tax bracket or above	15%	15%

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