



Leimberg's Think About It

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February 2008

#384

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KEY 2008 PENSION AND EMPLOYEE BENEFIT NUMBERS KEY 2008 INCOME TAX RATES AND OTHER ESSENTIAL DATA KEY 2008 ESTATE PLANNING INFLATION ADJUSTMENTS

A number of figures used in the estate, financial, employee benefit, and income tax planning fields are subject to change or indexed for inflation. The following list is an update of the latest figures available with a brief explanation of their applicability.

*The following figures presented in this issue of **Think About It** are current at the time of its publication. These figures (and discussions thereof) do not take into consideration any proposed or pending legislation.*

GOVERNMENTAL PLANS: The annual compensation limitation to be taken into account for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation (under Section 401(a)(17)) is increased from \$335,000 to **\$345,000**.

CONTROL EMPLOYEE: The compensation amounts concerning the definition of "control employee" for 1.61-21(f)(5)(i) fringe benefit valuation purposes remains at **\$90,000**.

The compensation amount under Section 1.61- 21(f)(5)(iii) is increased from \$180,000 to **\$185,000**.

CATCH-UP CONTRIBUTIONS: For individuals age 50 or over by the end of the year, the dollar limitation for catch-up contributions to an applicable employer plan other than a plan

described in Section 401(k)(11) or 408(p) is still **\$5,000** (over the traditional amount). Section 414(v)(2)(B)(i). The total amount of salary deferral is **\$20,500** (indexed in \$500 increments). The dollar limitation under Section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in Section 401(k)(11) or 408(p) for individuals 50 and over by the end of the year is still **\$2,500**. The total amount of salary deferral possible is **\$13,000** (indexed in \$500 increments).

PENSION BENEFIT GUARANTEE CORPORATION MAXIMUM MONTHLY

GUARANTEED BENEFIT: The maximum monthly guaranteed benefit for **2008** is increased from \$4,125 to **\$4,312.50**.

PENSION BENEFIT GUARANTEE CORPORATION FLAT PREMIUM RATE: The flat premium rate for **2008** is increased from \$31 to **\$33**.

IMPORTANT COLAs and SCHEDULED INCREASES

	2005	2006	2007	2008
<p>Sec. 415 Limit for Defined Benefit Plans: IRC Sec. 415(b)(1)(a). Maximum yearly benefit allowed is the lesser of 100 percent of the average highest 3 years' compensation or the indicated figure. Reductions apply for plans with pre-62 normal retirement ages and for participants with less than 10 years of service.</p>	\$170,000	\$175,000	\$180,000	\$185,000 (Indexed in \$5,000 Increments)
<p>Sec 415 Limit for Defined Contribution Plans: IRC Sec. 415 (c) (1)(A). Maximum annual addition is lesser of these numbers.</p>	\$42,000 or 100% of compensation	\$44,000 or 100% of compensation	\$45,000 or 100% of compensation	\$46,000 or 100% of compensation (Indexed in \$1,000 Increments)

	2005	2006	2007	2008
<p>Definition of Key Employee in Top Heavy Plan: IRC Sec. 416(i)(1)(A)(i). Key employee is one who, during the prior year, was (a) an officer with comp in excess of listed figure, (b) a 5% owner, or (c) a 1% owner with compensation over \$150,000. Family Attribution rules apply in determining if a person is a 5% owner.</p>	\$135,000	\$140,000	\$145,000	\$150,000 (Indexed in \$5,000 increments)
<p>Annual Limit on Includible Compensation: IRC Sec. 401(a)(17)), 404(1), 408(k)(3)(c), and 408(k)(6)(D)(ii). This is the maximum amount of compensation that can be taken into account when determining an individual contribution to or benefit under a qualified retirement plan.</p>	\$210,000	\$220,000	\$225,000	\$230,000 (Indexed in \$5,000 increments)
<p>Highly Compensated Employee: IRC Sec. 414(q)(1)(B). Highly compensated employees are those with compensation above this figure. Dollar limitation under Sec. 416(i)(1)(a)(i) concerning definition of Key Employee in top-heavy plan for 2008 is \$150,000.</p>	\$95,000	\$100,000	\$100,000	\$105,000 (Indexed in \$5,000 increments)
<p>Exclusion for Elective Deferrals Described in Sec. 402(g)(1) for a 401(k) Plan or 403(b) Plan or SARSEP and Thrift Savings Plan: The indicated figure is the maximum salary reduction that a participant can make under Sec. 402(g)(3).</p>	\$14,000	\$15,000	\$15,500	\$15,500 (Indexed in \$500 increments)

	2005	2006	2007	2008
Maximum Elective Deferrals for a SIMPLE: IRC Sec. 408(p)(2)(E). This is the maximum salary reduction a participant can take under a SIMPLE or 401(k) Simple.	\$10,000	\$10,000	\$10,500	\$10,500 (Indexed in \$500 increments)
Maximum 457 Salary Reduction: IRC Sec. 457(e)(15). Maximum deferral to nonqualified plans of state and local government and tax exempt organizations. The limit is twice the otherwise applicable dollar limit in the three years before retirement.	\$14,000	\$15,000	\$15,500	\$15,500 (Indexed in \$500 increments)
Part-time Employee Floor for a SEP: IRC Sec. 408(k)(2) (c). Employees who earn over the indicated limits must be included in a SEP if they are otherwise eligible.	\$450	\$450	\$500	\$500 (Indexed in \$50 increments)
ESOP Maximum Amount Under Sec. 409(o)(1)(C)(ii) for Determining Lengthening of Five-Year Distribution Period:	\$170,000/ \$850,000	\$175,000/ \$885,000	\$180,000/ \$915,000	\$185,000/ \$935,000
Deductible, NonDeductible, and Roth IRA Contribution Limits: IRC Sec. 219(b)(1)(A). This is the limit on how much can be contributed to an IRA.	\$4,000	\$4,000	\$4,000	\$5,000 (Indexed for post-2008 inflation in \$500 increments)
IRA Catch-Up Provision for Individuals 50 or Older by year-end: IRC Sec. 219(a)(5)(b). This is the amount that can be contributed in addition to regular contributions by those 50 and older by year-end.	\$500	\$1,000	\$1,000	\$1,000

	2005	2006	2007	2008
Traditional IRA Phase-out Modified Adjusted Gross Income Limits: IRC Sec. 219(g)(3)(b).				
Joint Return: Floor	\$70,000	\$75,000	\$83,000	\$85,000 (Indexed)
Joint Return: Ceiling	\$80,000	\$85,000	\$103,000	\$105,000 (Indexed)
Single & Head of Household: Floor	\$50,000	\$50,000	\$52,000	\$53,000 (Indexed)
Single & Head of Household: Ceiling	\$50,000	\$50,000	\$62,000	\$63,000 (Indexed)
Married Filing Separately: Floor	\$0	\$0	\$0	\$0
Married Filing Separately: Ceiling	\$10,000	\$10,000	\$10,000	\$10,000
Spouse (nonworking) Coverage: Floor	\$150,000	\$150,000	\$156,000	\$159,000 (Indexed)
Spouse (nonworking) Coverage: Ceiling	\$160,000	\$160,000	\$166,000	\$169,000 (Indexed)
Roth IRA Modified Adjusted Gross Income Limits: IRC Sec. 408A(c)(3)(C).				
Joint Return: Floor	\$150,000	\$150,000	\$156,000	\$159,000 (Indexed)
Joint Return: Ceiling	\$160,000	\$160,000	\$166,000	\$169,000 (Indexed)
Single & Head of Household: Floor	\$95,000	\$95,000	\$99,000	\$101,000 (Indexed)
Single & Head of Household: Ceiling	\$110,000	\$110,000	\$114,000	\$116,000 (Indexed)
Married Filing Separately: Floor	\$0	\$0	\$0	\$0
Married Filing Separately: Ceiling	\$10,000	\$10,000	\$10,000	\$10,000



	2005	2006	2007	2008
<p>Social Security Tax Rate: This is the percentage that the employer and employee are each taxed for Social Security purposes. 6.2% is for Social Security tax. 1.45% is for Medicare. This is anticipated to remain constant.</p>	7.65%	7.65%	7.65%	7.65%
<p>Social Security Tax Rate (Self-Employed): This is the percentage at which a self-employed individual is taxed for Social Security purposes. 12.4% is for Social Security while 2.9% is for Medicare. This is anticipated to remain constant.</p>	15.30%	15.30%	15.30%	15.30%
<p>Taxable Wage (Contribution and Benefit) Base (a/k/a FICA/SE Maximum Earnings Taxable): This “earned income ceiling” is the maximum amount of covered earnings on which Social Security OASD taxes is paid.</p>	\$90,000	\$94,200	\$97,500	\$102,000
<p>Medicare Special Wage Base: This is the maximum amount of covered earnings on which Social Security hospital insurance taxes are paid. Half this tax is deductible in computing AGI.</p>	No Limit	No Limit	No Limit	No Limit

	2005	2006	2007	2008
<p>Medicare Part B Monthly Premium: In 2007, Part B enrollees with higher incomes began to pay higher Part B premiums based on their incomes. The income-related Part B premiums for 2008 will be \$122.20, \$160.90, \$199.70, or \$238.40, depending on the extent to which an individual beneficiary's income exceeds \$82,000 (or a married couple's income exceeds \$164,000), with the highest premium rates only paid by less than 1 percent of beneficiaries whose incomes are over \$205,000 (or \$410,000 for a married couple). A beneficiary who pays the highest income-related premium in 2008 would pay \$2,860.80 per year in Part B premiums.</p> <p>Part B Deductible is \$135 for 2008.</p>	\$78.20	\$88.50	\$93.50	\$96.40
<p>Medicare Part A: The premium will be \$423 per month for 2008 but is paid only by individuals who are not otherwise eligible for premium-free hospital insurance and have less than 30 quarters of Medicare covered employment.</p> <p>The deductible paid by the beneficiary when admitted as a hospital inpatient in 2008 will be \$1,024. The Part A deductible is the beneficiary's only cost for up to 60 days of Medicare-covered inpatient hospital care in a benefit period. Beneficiaries must pay an additional \$256 per day for days 61 through 90 in 2008, and \$512 per day for hospital stays beyond the 90th day for lifetime reserve days. The daily coinsurance for the 21st through 100th day in a skilled nursing facility will be \$128 in 2008</p>	\$375	\$393	\$410	\$423

	2005	2006	2007	2008
Social Security Quarterly Earnings: Minimum amount that must be earned to receive Social Security Benefits: 40 quarters required.	\$920	\$970	\$1,000	\$1,050

2008 INCOME TAX RATE SCHEDULES CORPORATE INCOME TAX RATES

Taxable Income	Tax
Not over \$50,000	15% of the Taxable Income
Over \$50,000 but not over \$75,000	\$7,500 plus 25% of the excess over \$50,000
Over \$75,000 but not over \$10,000,000	\$13,750 plus 34% of the excess over \$75,000
Over \$10,000,000	\$3,388,250 plus 35% of the excess over \$10,000,000

Note: The lower brackets are phased out under two circumstances:

1. If taxable income exceeds \$100,000, the tax is increased by the lesser of (i) 5% of the excess of taxable income over \$100,000 or (ii) \$11,750.
2. If taxable income exceeds \$15,000,000, the tax is additionally increased by the lesser of 3% of the excess of taxable income over \$15,000,000 or (ii) \$100,000.

Unlike individual rate bracket amounts and other amounts adjusted annually for inflation, corporate rate bracket amounts are not adjusted for inflation.

QUALIFIED PERSONAL SERVICES CORPORATIONS

Taxable Income	Tax
Over \$0	35% of the taxable income

Unlike individual rate bracket amounts and other amounts adjusted annually for inflation, these corporate rate bracket amounts are not adjusted for inflation.

**MARRIED INDIVIDUALS FILING JOINT RETURNS
AND SURVIVING SPOUSES**

Taxable Income	Tax
Not over \$16,050	10% of the taxable income
Over \$16,050 but not over \$65,100	\$1,605 plus 15% of the excess over \$16,050
Over \$65,100 but not over \$131,450	\$8,962.50 plus 25% of the excess over \$65,100
Over \$131,450 but not over \$200,300	\$25,550 plus 28% of the excess over \$131,450
Over \$200,300 but not over \$357,700	\$44,828 plus 33% of the excess over \$200,300
Over \$357,700	\$96,770 plus 35% of the excess over \$357,700

HEADS OF HOUSEHOLDS

Taxable Income	Tax
Not over \$11,450	10% of the taxable income
Over \$11,450 but not over \$43,650	\$1,145 plus 15% of the excess over \$11,450
Over \$43,650 but not over \$112,650	\$5,975 plus 25% of the excess over \$43,650
Over \$112,650 but not over \$182,400	\$23,225 plus 28% of the excess over \$112,650
Over \$182,400 but not over \$357,700	\$42,755 plus 33% of the excess over \$182,400
Over \$357,700	\$100,604 plus 35% of the excess over \$357,700

**UNMARRIED INDIVIDUALS
(OTHER THAN SURVIVING SPOUSE AND HEADS OF HOUSEHOLDS)**

Taxable Income	Tax
Not over \$8,025	10% of the taxable income
Over \$8,025 but not over \$32,550	\$802.50 plus 15% of the excess over \$8,025
Over \$32,550 but not over \$78,850	\$4,481.25 plus 25% of the excess over \$32,550
Over \$78,850 but not over \$164,550	\$16,056.25 plus 28% of the excess over \$78,850
Over \$164,550 but not over \$357,700	\$40,052.25 plus 33% of the excess over \$164,550
Over \$357,700	\$103,791.75 plus 35% of the excess over \$357,700

MARRIED INDIVIDUALS FILING SEPARATE RETURNS

Taxable Income	Tax
Not over \$8,025	10% of the taxable income
Over \$8,025 but not over \$32,550	\$802.50 plus 15% of the excess over \$8,025
Over \$32,550 but not over \$65,725	\$4,481.25 plus 25% of the excess over \$32,550
Over \$65,725 but not over \$100,150	\$12,775 plus 28% of the excess over \$65,725
Over \$100,150 but not over \$178,850	\$22,414 plus 33% of the excess over \$100,150
Over \$178,850	\$48,385 plus 35% of the excess over \$178,850

ESTATES AND TRUSTS

Taxable Income	Tax
Not over \$2,200	15% of the taxable income
Over \$2,200 but not over \$5,150	\$330 plus 25% of the excess over \$2,200
Over \$5,150 but not over \$7,850	\$1,067.50 plus 28% of the excess over \$5,150
Over \$7,850 but not over \$10,700	\$1,823.50 plus 33% of the excess over \$7,850
Over \$10,700	\$2,764 plus 35% of the excess over \$10,700

2008 KIDDIE TAX

Net Unearned Income	2007	2008
Net unearned income subject to the “kiddie tax” equals unearned income minus the greater of this amount	\$1,700	\$1,800
or certain itemized deductions plus this amount	\$850	\$900
Eligibility for Parental Election		
For parents to elect to include the child’s income on their return, the child’s gross income from interest and dividends must exceed this amount	\$850	\$900
and be less than this amount	\$8,500	\$9,000
Impact of Parental Election		
Parents who elect to include the child’s income on their return must include in their gross income the child’s gross income minus this amount	\$1,700	\$1,800
and must add to their tax the lesser of this amount	\$85	\$90
or this percentage	10%	10%
of the excess of the child’s gross income over this amount	\$850	\$900
Alternative Minimum Tax Exemption Amount		
The AMT exemption amount for a child subject to the “kiddie tax” is limited to the sum of the child’s earned income plus the following amount.	\$6,300	\$6,400

2008 STANDARD DEDUCTION

Basic Standard Deduction:	2007	2008
Married individuals filing joint returns and surviving spouses	\$10,700	\$10,900
Heads of household	\$7,850	\$8,000
Unmarried individuals (other than surviving spouses and heads of households)	\$5,350	\$5,450
Married individuals filing separate returns	\$5,350	\$5,450
Additional standard deduction for the aged and the blind:		
Unmarried and not surviving spouses	\$1,300	\$1,350
All others	\$1,050	\$1,050
Dependent (of another taxpayer):		
Standard deduction for a person who can be claimed as a dependent by another is limited to greater of earned income plus this amount	\$300	\$300
or this amount	\$850	\$900



2008 PERSONAL EXEMPTION

	2007	2008
Exemption amount	\$3,400	\$3,500
Exemption Phase-outs:		
Married individuals filing joint returns and surviving spouses – threshold amount for beginning phase-out	\$234,600	\$239,950
- Exemption fully phased out	\$357,100	\$362,450
Heads of households – threshold amount for beginning phase-out	\$195,500	\$199,950
- Exemption fully phased out	\$318,000	\$322,450
Unmarried individuals (other than surviving spouses, heads of households) – threshold amount for beginning phase-out	\$156,400	\$159,950
- Exemption fully phased out	\$278,900	\$282,450
Married individuals filing separate returns – threshold amount for beginning phase-out	\$117,300	\$119,975
- Exemption fully phased out	\$178,550	\$181,225

2008 ITEMIZED DEDUCTION

Filing status	2007	2008
Married individuals filing separate returns	\$78,200	\$79,975
All others	\$156,400	\$159,950

EARNED INCOME CREDIT

	2005	2006	2007	2008
Credit denied if investment income exceeds	\$2,700	\$2,800	\$2,900	\$2,950
Taxpayers with two or more children				
Earned income amount	\$11,000	\$11,340	\$11,790	\$12,060
Maximum credit amount	\$4,000	\$4,536	\$4,716	\$4,824
Threshold phase-out amount: joint returns	\$16,370	\$16,810	\$17,390	\$18,740
Threshold phase-out amount: other returns	\$14,370	\$14,810	\$15,390	\$15,740
Completed phase-out amount: joint returns	\$37,263	\$38,848	\$39,783	\$41,646
Completed phase-out amount: other returns	\$35,263	\$36,348	\$37,783	\$38,646
Taxpayers with one child				
Earned income amount	\$7,830	\$8,080	\$8,390	\$8,580
Maximum credit amount	\$2,662	\$2,747	\$2,853	\$2,917
Threshold phase-out amount: joint returns	\$16,370	\$16,810	\$17,390	\$18,740
Threshold phase-out amount: other returns	\$14,370	\$14,810	\$15,390	\$15,740
Completed phase-out amount: joint returns	\$33,030	\$34,001	\$35,241	\$36,665
Completed phase-out amount: other returns	\$31,030	\$32,001	\$33,241	\$33,995
Taxpayers with no children				
Earned income amount	\$5,220	\$5,380	\$5,590	\$5,720
Maximum credit amount	\$399	\$412	\$428	\$438
Threshold phase-out amount: joint returns	\$8,530	\$8,740	\$9,000	\$10,160
Threshold phase-out amount: other returns	\$6,530	\$6,740	\$7,000	\$7,160
Completed phase-out amount: joint returns	\$13,750	\$14,120	\$14,590	\$15,880
Completed phase-out amount: other returns	\$11,750	\$12,120	\$12,590	\$12,880

2008 SAVINGS BOND EXCLUSION

Section 135 limitation on exclusion of income from United States savings bonds for taxpayers who pay qualified higher education expenses:	2007	2008
Married individuals filing joint returns and surviving spouses – threshold amount for beginning phase-out	\$98,400	\$100,650
- Exemption fully phased out	\$128,400	\$130,650
All others – threshold amount for beginning phase-out	\$65,600	\$67,100
- Exemption fully phased out	\$80,600	\$82,100

2008 CHILD CREDIT & ADOPTION

	2007	2008
The threshold amount used in computing the refundable portion of the child credit (this amount is subtracted from earned income and if there is an excess, a percentage of it is added to the overall credit limitation for purposes of computing a hypothetical credit which is used to compute the refundable portion of the child credit. See IRC Sec. 24(d)(1)(B)(i).	\$11,750	\$12,250
Adoption Credit – IRC Sec. 23(a)(3).		
Maximum adoption credit for child with special needs	\$11,390	\$11,650
Maximum adoption credit for qualified adoption expenses of other children	\$11,930	\$11,650
Phase-out of adoption credit begins with modified AGI of	\$170,820	\$174,730
Complete phase-out of adoption credit with modified AGI of	\$210,820	\$214,370
Adoption Assistance Programs – Sec. 137(a)(2).		
Maximum exclusion from income in connection with employer-provided assistance in the adoption of child with special needs	\$11,390	\$11,650
Maximum exclusion from income in connection with employer-provided assistance in the adoption of other children	\$11,390	\$11,650
Phase-out of exclusion begins with modified AGI of	\$170,820	\$174,730
Complete phase-out of exclusion with modified AGI of	\$210,820	\$214,370

2008 EDUCATION CREDITS & DEDUCTIONS

	2007	2008
Threshold amounts for expenses qualifying for the Hope Scholarship credit	\$1,100	\$1,200
Phase-out floor for Hope Scholarship and Lifetime Learning credits – Joint returns	\$94,000	\$96,000
All other returns	\$47,000	\$48,000
Maximum interest deduction for education loans (IRC Sec. 221).		
Married filing jointly:		
Reduction begins when adjusted gross income exceeds	\$110,000	\$115,000
Complete elimination of deduction when AGI exceeds	\$140,000	\$145,000
All other taxpayers:		
Reduction begins when adjusted gross income exceeds	\$55,000	\$55,000
Complete elimination of deduction when AGI exceeds	\$70,000	\$70,000

DEPRECIATION LIMITS

	2005	2006	2007	2008
Limitation on aggregate cost of Sec. 179 property that taxpayer may elect to expense	\$105,000	\$108,000	\$112,000	\$128,000
Reduction for Sec. 179 property in excess of	\$420,000	\$430,000	\$450,000	\$510,000

AUTOMOBILE MILEAGE RATES (CENTS PER MILE)

	2006	2007	2008
Standard business use rate	44.5	48.5	50.5
Charitable use rate	14	14	14
Medical use rate	18	20	19
Moving expense rate	18	20	19

2008 ESTATE PLANNING AMOUNTS

	2007	2008
Annual Gift Tax Exclusion - Present Interests Code Sec. 2503	\$12,000	\$12,000
GST EXEMPTION Code Sec. 2631	\$2,000,000	\$2,000,000
Dollar Amount Used to Compute "2 Percent" Portion of 6166 Estate Tax Payable in Installments Calculation Code Sec. 6601(j)	\$1,250,000	\$1,280,000
APPLICABLE ESTATE TAX EXEMPTION	\$2,000,000	\$2,000,000
APPLICABLE ESTATE TAX CREDIT	\$780,800	\$780,800
APPLICABLE GIFT TAX EXEMPTION (Does not Increase)	\$1,000,000	\$1,000,000
GIFT APPLICABLE TAX CREDIT	\$345,800	\$345,800
Section 2032A "Special Use" Qualified Real Property Value Reduction Limit	\$940,000	\$960,000
"Super Exclusion" for Present Interest Gifts from Citizen to Non-Citizen Spouses: Code Sec. 2503 and 2523(i)(2)	\$125,000	\$128,000
Notice of Large Gifts from Foreign Persons: A U.S. person must report all gifts and bequests received from foreign persons if the total is more than:	\$13,258	\$13,561

IMPUTED INTEREST

	2007	2008
Sec. 1274A(b) amount (qualified debt instrument)	\$4,800,800	4,913,400
Sec. 1274A(c)(2)(A) amount (cash method debt instrument)	\$3,429,100	\$3,509,600

Funeral Trusts

	2007	2008
Qualified funeral trusts may not accept contributions by or for the benefit of an individual in excess of:	\$8,800	\$9,000

IRA Contribution Limits

	2006	2007	2008
Traditional IRA (IRC Sec. 219)			
Deduction limit is the lesser of the individual's compensation or:	\$4,000	\$4,000	\$5,000
Catch-up contributions for individuals 50 or older:	\$1,000	\$1,000	\$1,000
Reduction for active participants in qualified plans if adjusted gross income exceeds:			
-For married filing jointly	\$75,000	\$83,000	\$85,000
-For married filing separately	\$0	\$0	\$0
-For all others	\$50,000	\$52,000	\$53,000
Roth IRA (IRC Sec. 408A)			
Contribution limit is the lesser of the individual's compensation or:	\$4,000	\$4,000	\$5,000
-			
Catch-up contributions for individuals 50 or older:	\$1,000	\$1,000	\$1,000
Reduction for active participants in qualified plans if adjusted gross income exceeds:			
-For married filing jointly	\$150,000	\$156,000	\$159,000
-For married filing separately	\$0	\$0	\$0
-For all others	\$95,000	\$99,000	\$101,000

2008 HEALTH INSURANCE COSTS FOR SELF EMPLOYEDS

Self-employed taxpayers who had a net profit for the year can deduct 100% of eligible costs.

2008 SOCIAL SECURITY AND MEDICARE

Social Security Tax Rate (This is the percentage that the employer and employee are each taxed for Social Security purposes. 6.2% is for Social Security tax. 1.45% is for Medicare.)	7.65%
Social Security Tax Rate (Self-Employed) (This is the percentage at which a self-employed individual is taxed for Social Security purposes. 12.4% is for Social Security while 2.9% is for Medicare.)	15.3%
Taxable Wage Base (a/k/a FICA/SE Maximum Earnings Taxable) (This “earned income ceiling” is the maximum amount of covered earnings on which Social Security OASD taxes are paid.)	\$102,000
Medicare Special Wage Base (This is the maximum amount of covered earnings on which Social Security hospital insurance taxes are paid. Half this tax is deductible in computing AGI.)	No Limit
Medicare Part B Monthly Premium:	\$96.40
Medicare Part B Deductible:	\$135
Medicare Part A Premium: (This premium is paid only by individuals who are not otherwise eligible for premium-free hospital insurance and have less than 30 quarters of Medicare covered employment.)	\$423
Medicare Part A Deductible (per benefit period)	\$1,024
Part A Co-Insurance from 61st to 90th day in each benefit period	\$265
Part A Co-Insurance for the 60 Lifetime Reserve Days	\$512
Part A Skilled Nursing Facility - per diem from 21st to 100th day	\$128
Social Security Quarterly Earnings: (Minimum amount that must be earned to receive Social Security Benefits: 40 quarters required.)	\$1,050
Maximum Monthly Social Security Benefit at Full Retirement Age: For retirees born in 1941, full retirement age is 65 and 8 months; for those born in 1942, it is 65 and 10 months. Full retirement age will gradually increase to age 67 for those born in 1960 and later.	\$2,185 Per Month (Age 65 and 10 mos.)



Retirement Earnings Test Exempt Amount (under full retirement age). One dollar in benefits will be withheld for every \$2 in earnings above the limit. Note: The annual earnings limit for Social Security recipients between 65-70 years old has been repealed. Persons in this age group who continue to work after reaching their normal (65 and 10 months in 2008) retirement age will not suffer a social security benefit reduction regardless of how much is earned. In 2008, recipients aged between 62-65 years and 10 months can earn no more than \$13,560 without reductions.	\$13,560 Per Year (\$1,130 per month)
Retirement Earnings Test Exempt Amount (full retirement age). 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 \$36,120 - but only for earnings before the month the taxpayer reaches full retirement age. After that, there is no limit on earnings.	\$36,120 Per Year (\$3,010 Per Month)
Substantial Gainful Activity: Threshold Limits for Non-Blind	\$940 Per Month
Substantial Gainful Activity: Threshold Limits for Blind	\$1,570 Per Month
Trial Work Period (TWP)	\$670 Per Month
SSI Federal Payment Standard - Individual	\$637 Per Month
SSI Federal Payment Standard - Couple	\$956 Per Month
SSI Resources Limits - Individual	\$2,000
SSI Resources Limits - Couple	\$3,000
SSI Student Exclusion Limit: Monthly	\$1,550
SSI Student Exclusion Limit: Annual	\$6,240

Estimated Average Monthly Social Security Benefits Payable in January 2008:	Before 2008 2.3% COLA	After 2.3% COLA
All Retired Workers	\$1,055	\$1,079
Aged Couple, Both Receiving Benefits	\$1,722	\$1,761
Widowed Mother - 2 Children	\$2,192	\$2,243
Aged Widow(er) Alone	\$1,017	\$1,041
Disabled Worker, Spouse and One or More Children	\$1,652	\$1,690
All Disabled Workers	\$981	\$1,004

2008 TRANSPORTATION BENEFITS

Qualified Transportation	
Monthly exclusion for the aggregate of commuter highway vehicle transportation and transit pass is limited to	\$115
Monthly exclusion for qualified parking is limited to	\$220
Passenger Air Transportation Excise Tax: IRC Sec. 4261(b) on amount paid for each domestic segment of taxable transportation by air (expires 2/29/2008)	\$3.50
Passenger Air Transportation Excise Tax: IRC Sec. 4261(c) on amount paid for air transportation that begins or ends within U.S. (other than Alaska or Hawaii) (expires 2/29/2008)	\$15.40
Passenger Air Transportation Excise Tax: IRC Sec. 4261(c)(3) on domestic segments departing from Alaska or Hawaii (expires 2/29/2008)	\$7.70

2008 FOREIGN EARNED INCOME

Limitation under Code Section 911(b)(2)(D)(i)	\$87,600
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2008 INSUBSTANTIAL BENEFITS - CHARITABLE CONTRIBUTIONS

Unrelated Trade or Business Exception for low-cost articles	\$9.10
Donor Benefit Reporting Not Required	
Condition One: Gift to charity worth at least	\$45.50
and benefit to donor from charity is item bearing charity's name or logo and costing charity no more than	\$9.10
Condition Two: Charity distributes free article not ordered by donor, which costs charity no more than	\$9.10
Condition Three: Benefit received by donor is no more than the lesser of 2% of donor's contribution, or this amount	\$91.00

Note: Rev. Proc. 90-12, 1990-1 CB 471 provides: "These guidelines describe a safe harbor; depending on the facts in each case, benefits received in connection with contributions may be "insubstantial" even if they do not meet these guidelines."

Note: A donor must have a written receipt - in hand - to claim a charitable deduction of **\$250** or more. That receipt must be in the donor's possession - BEFORE - the due date for filing his/her income tax return (plus any extensions). If the gift to charity is over **\$75**, and the donor received or become entitled to a tangible benefit, the charity must inform the donor that the deduction is limited to the excess of any money and value of other property received over the value of the goods and services the charity provides. The charity must also provide a good faith estimate of the value of such goods and/or services.



For 2008, an individual 70½ or older can no longer make direct charitable gifts from an IRA to public charities and not have to report the IRA distribution as taxable income because Congress did not extend the temporary provisions for qualified charitable distributions in IRC section 408(d).

2008 LOBBYING

Annual per person, family, or entity dues limitation to qualify for the reporting exception under Code Section 6033(e)(3) (and section 5.05 of Rev. Proc. 98-19, 1998-1 C.B. 547) for certain exempt organizations with nondeductible lobbying expenses	\$97
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2008 MEDICAL SAVINGS ACCOUNTS

Self-Only Coverage:	
Annual deductible is not less than	\$1,950
Annual deductible is not more than	\$2,900
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	\$3,850
Family Coverage:	
Annual deductible is not less than	\$3,850
Annual deductible is not more than	\$5,800
Annual out-of-pocket expenses (other than premiums) for covered benefits does not exceed	\$7,050

2008 HEALTH SAVINGS ACCOUNTS

Self-Only Coverage:	
Monthly contribution limitation is 1/12th of the lesser of the annual deductible or-	\$2,900
High deductible health plan deductible is not less than	\$1,100
High deductible health plan limit on annual out-of-pocket expenses (other than premiums)	\$5,600
Family Coverage:	
Monthly contribution limitation is 1/12th of the lesser of the annual deductible or-	\$5,800
High deductible health plan deductible is not less than	\$2,200
High deductible health plan limit on annual out-of-pocket expenses (other than premiums)	\$11,200
Additional Contributions for individuals 55 and older	\$900

2008 LONG-TERM CARE INSURANCE

Per diem limitation for periodic payments received under qualified long-term care insurance contract or life insurance contract periodic payments treated as paid by reason of death of chronically ill individual under Code Section 7702B(d)(4)	\$270
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2008 LONG-TERM CARE PREMIUMS

Attained Age Before the Close of the Taxable Year	
40 or less	\$310
More than 40 but not more than 50	\$580
More than 50 but not more than 60	\$1,150
More than 60 but not more than 70	\$3,080
More than 70	\$3,850

2008 EXPATRIATION

The individual's average annual net income tax for the five-year period preceding the citizenship loss exceeds	\$139,000
The individual's net worth on the date of the citizenship loss equals or exceeds	\$2,000,000

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IFS-A144172 ED 02/08 EXP 02/10

