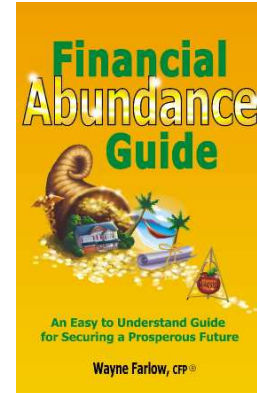


# **Financial Abundance Guide**

## **2008 Tax Changes**

Most of the changes in *Financial Abundance Guide* for 2008 are due to the natural, inflation-adjusted changes to various tax brackets and phase out adjustments. This document will provide the 2008 changes to these numbers as well as note any provisions that do not apply in 2008.



**Chapter 1**- No changes.

**Chapter 2** - [Page 37](#) - Series EE bond income is partially taxed when your AGI exceeds \$100,650 and is 100 percent taxable when your AGI exceeds \$130,650.

Hope Credit maximum is now \$1,800. You may use the Hope Credit of 100 percent of the first \$1,200 and 50 percent of the next \$1,200, a total of \$1,800.

[Page 38](#) - The Hope Credit MAGI “phase-out” is between \$48,000 and \$58,000 for single taxpayers and \$96,000 and \$116,000 for joint tax filers.

**Chapter 3**- [Page 44](#) - The maximum annual IRA contribution is \$5,000 or \$6,000 if you are between 50 and 70½ years of age.

When you have a company retirement plan, the MAGI phase out for contributions to an IRA is between \$85,000 and \$105,000 for joint tax filers and \$53,000 and \$63,000 for single taxpayers.

[Page 45](#) - For a Spousal IRA to be fully deductible, the joint return MAGI must be below \$159,000. It is partially deductible between \$159,000 and \$169,000

[Page 46](#) – For Roth IRA contributions, AGI must be under \$101,000 if you are a single taxpayer or under \$159,000 if you are married and filing taxes jointly.

The maximum annual Roth IRA contribution is \$5,000 or \$6,000 if you are between 50 and 70½ years of age.

[Page 52](#) - The maximum amount of combined contributions to a 401 (K) plan is \$46,000 or \$51,000 if you are at least age 50.

[Page 55](#) - The maximum annual contribution to a SEP IRA is \$46,000.

**Chapter 4** – [Page 64](#) – Maximum HSA deposits are \$2,900 for singles or \$5,800 for families. If age 55 or over, you may contribute an additional \$900 to your HSA.

**Chapter 5** – [Page 80](#) - If you are single, with taxable income exceeding \$78,850, you are in the 28 percent federal income tax bracket.

**Chapter 6** – [Page 101](#) - Unless reinstated by Congress in 2008, the itemized sales tax deduction has been eliminated.

[Page 111](#) - The Series EE bond tax exemption phase out for a married couple filing jointly begins to when AGI is \$100,650 and is completely eliminated when your AGI reaches \$130,650.

**Chapter 7** – No changes.

**Chapter 8** – No changes.

**Chapter 9** – [Page 158](#) - For 2008 the first \$102,000 that you earn is “taxed” a total of 12.4 percent for Social Security benefits.

[Page 160](#) – The “retirement earnings test” will reduce your benefits if your earned income exceeds \$13,560 in 2008.

**Chapter 10** – [Page 193](#) – For a spouse that is not a U.S. citizen, the *super annual exclusion* allows an annual transfer of up to \$128,000 in 2008.