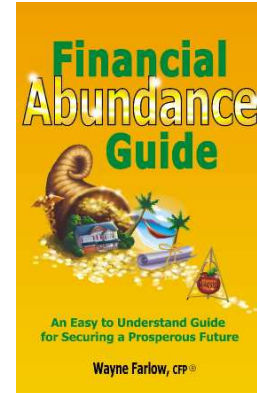


Financial Abundance Guide

2009 Tax Changes

Most of the changes in *Financial Abundance Guide* for 2009 are due to the natural, inflation-adjusted changes to various tax brackets and phase out adjustments. This document will provide the 2009 changes to these numbers as well as note any provisions that do not apply in 2009.



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 \$50,000 and \$60,000 for single taxpayers and \$100,000 and \$120,000 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 \$89,000 and \$109,000 for joint tax filers and \$55,000 and \$65,000 for single taxpayers.

[Page 45](#) - For a Spousal IRA to be fully deductible, the joint return MAGI must be below \$166,000. It is partially deductible between \$166,000 and \$176,000

[Page 46](#) – For Roth IRA contributions, AGI must be under \$105,000 if you are a single taxpayer or under \$166,000 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 annual elective contribution limit for a 401(k) plan is \$16,500. The maximum “catch up” contribution is \$5,500. The maximum amount of combined contributions to a 401 (k) plan is \$49,000 or \$54,500 if you are at least age 50.

[Page 55](#) - The maximum annual elective contribution limit for a 403(b) plan is \$16,500. The maximum “catch up” contribution is \$5,500. The maximum amount of combined contributions to a 403 (b) plan is \$49,000 or \$54,500 if you are at least age 50. The maximum annual contribution to a SEP IRA is \$49,000.

[Page 57](#) - The maximum employee contribution limit for a SIMPLE IRA plan is \$11,500. The maximum “catch up” contribution remains \$2,500.

[Page 58](#) - The SIMPLE IRA has a \$245,000 limit on compensation. With the flat 2% non-elective contribution, the maximum employer contribution is \$4,900.

Chapter 4 – [Page 64](#) – Maximum HSA deposits are \$3,000 for singles or \$5,950 for families. If age 55 or over, you may contribute an additional \$1000 to your HSA. HDHP plans must have deductibles between \$1,150 and \$5,800 for singles and between \$2,300 and \$11,600 for families

Chapter 5 – [Page 80](#) - If you are single, with taxable income exceeding \$82,250, you are in the 28 percent federal income tax bracket.

Chapter 6 – [Page 101](#) - Congress has kept the itemized sales tax deduction for 2008 and 2009.

[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 2009 the first \$106,800 that you earn is “taxed” a total of 12.4 percent for Social Security benefits, providing a maximum Social Security tax of \$13,432.

[Page 160](#) – The “retirement earnings test” will reduce your benefits if your earned income exceeds \$14,160 in 2009.

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 \$133,000 in 2009.