

## 2004 Annual Limits Relating to Financial Planning

The following chart is offered by faculty members Sam Van Why, MA, and Michael B. Cates, MS, CFP®, ATP, to students and graduates providing financial advice to clients. It is a compilation of numerical limits that relate to financial planning. Many figures that planners use in their practices are indexed, or legislatively changed, annually. This chart attempts to summarize, in one location, numerous limits for 2004.

<b>Qualified Plans</b>		<b>Education</b>	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$13,000	EE bonds for education—phaseout of exclusion:	
Catch-up contribution	\$3,000	AGI—filing single	
Defined contribution (\$415)	\$41,000	Minimum	\$59,850
Defined benefit (\$415)	\$165,000	Maximum	\$74,850
SIMPLE plan	\$9,000	AGI—filing jointly	
SIMPLE catch-up contribution	\$1,500	Minimum	\$89,750
Maximum includible compensation	\$205,000	Maximum	\$119,750
Highly compensated employee	\$90,000	Coverdell Education Savings Account phaseout	
Key employee (top-heavy plan)	\$130,000	Single	\$95-\$110,000
SEP participation limit	\$450	Married-filing jointly	\$190-\$220,000
IRA or Roth IRA contribution limit	\$3,000	Hope & Lifetime Learning Credit phaseout	
IRA or Roth IRA catch-up	\$500	Unmarried	\$42-\$52,000
IRA deduction phaseout for active participants		Married filing jointly	\$85-\$105,000
Single	\$45-\$55,000	Education loan deduction phaseout	
Married filing jointly <sup>1</sup>	\$65-\$75,000	Unmarried	\$50-\$65,000
Married filing separately	\$0-\$10,000	Married filing jointly	\$100-\$130,000
Roth IRA phaseout		\$4,000 higher education expense deduction	
Single	\$95-\$110,000	Unmarried AGI cutoff	\$65,000
Married filing jointly	\$150-\$160,000	Married filing jointly AGI cutoff	\$130,000
<b>Medicare</b>		\$2,000 higher education expense deduction	
Monthly premium: Part A <sup>2</sup> /Part B	\$343/\$66.60	Unmarried phaseout	\$65-\$80,000
Part A:		Married filing jointly phaseout	\$130-\$160,000
First 60 days—patient pays a deductible	\$876	<b>Income Tax Exemptions and Deductions</b>	
Next 30 days—patient pays per day	\$219	Personal exemption	\$3,100
Next 60 days (lifetime reserve days) patient pays per day	\$438	Phaseout of personal exemption	
Skilled nursing benefits		Single	\$142,700
First 20 days—patient pays per day	-0-	Joint	\$214,050
Next 80 days—patient pays per day	\$109.50	Head of household	\$178,350
Over 100 days—patient pays per day	All costs	Married—separate	\$107,025
Part B:		Standard deduction	
Deductible	\$100	Single	\$4,850
Coinsurance	20%	Joint	\$9,700
<b>Social Security</b>		Head of household	\$7,150
SS taxable wage base	\$87,900	Married—filing separately	\$4,850
SS tax rate—employee <sup>3</sup>	7.65%	Kiddie tax standard deduction	\$800
SS tax rate—self-employed	15.30%	Elderly or blind additional deduction	
Earnings limitation:		Single	\$1,200
Below NRA (\$1 for \$2)	\$11,640	Married	\$950
Persons reaching NRA (65) in 2003 (Applies only to earnings for months prior to attaining NRA)	\$31,080	Phaseout of itemized deductions:	
Social Security cost-of-living adjustment	2.1%	Married filing separately	\$71,350
Quarter of coverage	\$900	All others	\$142,700
Maximum benefit: worker retiring at age 65	\$1,825	Section 179	
Estimated average monthly benefit	\$922	Maximum election	\$102,000
		Phaseout begins	\$410,000
		Adoption credit	
		Maximum	\$10,390
		Phaseout	\$155,860-\$195,860

<b>Miscellaneous Items</b>		<b>Estate and Gift Tax</b>	
PBGC maximum monthly benefit	\$3,698.86	Annual gift tax exclusion	\$11,000
Self-employed health insurance	100%	Estate tax exclusion	\$1,500,000
Archer Medical Savings Account		Generation skipping	\$1,500,000
Single high deductible	\$1,700-\$2,600		
Family high deductible	\$3,450-\$5,150		
Single out-of-pocket maximum	\$3,450		
Family out-of-pocket maximum	\$6,300		
LTC per diem limit	\$230		
LTC premium as medical expense limitation			
Age 40 or less	\$260		
Age 41-50	\$490		
Age 51-60	\$980		
Age 61-70	\$2,600		
Age 71 or more	\$3,250		

<sup>1</sup>For married couples who file a joint return and only one is an active participant, the AGI phaseout is \$150,000-\$160,000.

<sup>2</sup>The Part A premium applies to persons who have fewer than 30 quarters of coverage under Social Security.

<sup>3</sup>The Social Security tax rate is comprised of two separate payroll taxes: 6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI) NRA is 65 for persons born in 1937 and 65 + 4 months for persons born in 1939.