

2005 Annual Limits Relating to Financial Planning

The following chart is offered by faculty members Sam Van Why, MA, CLU, ChFC, 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 summarizes numerous limits for 2005.

Qualified Plans		Education	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$14,000	EE bonds for education—phaseout of exclusion:	
Catch-up contribution	\$4,000	AGI—filing single	
Defined contribution (\$415)	\$42,000	Minimum	\$61,200
Defined benefit (\$415)	\$170,000	Maximum	\$76,200
SIMPLE plan	\$10,000	AGI—filing jointly	
SIMPLE catch-up contribution	\$2,000	Minimum	\$89,750
Maximum includible compensation	\$210,000	Maximum	\$119,750
Highly compensated employee	\$95,000	Coverdell Education Savings Account phaseout	
Key employee (top-heavy plan)	\$135,000	Single	\$95-\$110,000
SEP participation limit	\$450	Married-filing jointly	\$190-\$220,000
IRA or Roth IRA contribution limit	\$4,000	Hope & Lifetime Learning Credit phaseout	
IRA or Roth IRA catch-up	\$500	Unmarried	\$43-\$53,000
IRA deduction phaseout for active participants		Married filing jointly	\$87-\$107,000
Single	\$50-\$60,000	Education loan deduction phaseout	
Married filing jointly ¹	\$70-\$80,000	Unmarried	\$50-\$65,000
Married filing separately	\$0-\$10,000	Married filing jointly	\$105-\$135,000
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
Medicare		\$2,000 higher education expense deduction	
Monthly premium: Part A ² /Part B	\$375/\$78.20	Unmarried phaseout	\$65-\$80,000
Part A:		Married filing jointly phaseout	\$130-\$160,000
First 60 days—patient pays a deductible	\$912	Income Tax Exemptions and Deductions	
Next 30 days—patient pays per day	\$228	Personal exemption	\$3,200
Next 60 days (lifetime reserve days) patient pays per day	\$456	Phaseout of personal exemption	
Skilled nursing benefits		Single	\$145,950
First 20 days—patient pays per day	-0-	Joint	\$218,950
Next 80 days—patient pays per day	\$114	Head of household	\$182,450
Over 100 days—patient pays per day	All costs	Married—separate	\$109,450
Part B:		Standard deduction	
Deductible	\$110	Single	\$5,000
Coinsurance	20%	Joint	\$10,000
Social Security		Head of household	\$7,300
SS taxable wage base	\$90,000	Married—filing separately	\$5,000
SS tax rate—employee ³	7.65%	Kiddie tax standard deduction	\$800
SS tax rate—self-employed	15.30%	Elderly or blind additional deduction	
Earnings limitation:		Single	\$1,250
Below NRA (\$1 for \$2)	\$12,000	Married	\$1,000
Persons reaching NRA (\$1 for \$3) (Applies only to earnings for months prior to attaining NRA)	\$31,800	Phaseout of itemized deductions:	
Social Security cost-of-living adjustment	2.7	Married filing separately	\$72,975
Quarter of coverage	\$920	All others	\$145,950
Maximum benefit: worker retiring at NRA ⁴	\$1,939	Section 179	
Estimated average monthly benefit	\$955	Maximum election	\$105,000
		Phaseout begins	\$420,000
		Adoption credit	
		Maximum	\$10,630
		Phaseout	\$159,450-\$199,450

Miscellaneous Items		Estate and Gift Tax	
PBGC maximum monthly benefit	\$3,801.14	Annual gift tax exclusion	\$11,000
Archer Medical Savings Account		Estate tax exclusion	\$1,500,000
Single high deductible	\$1,750-\$2,650	Gift tax exclusion	\$1,000,000
Family high deductible	\$3,500-\$5,250	Generation skipping	\$1,500,000
Single out-of-pocket maximum	\$3,500	Health Savings Account	
Family out-of-pocket maximum	\$6,450	Minimum Deductible Amount	
		Single	\$1,000
LTC per diem limit	\$240	Family	\$2,000
LTC premium as medical expense limitation		Maximum Out-of-Pocket Amount	
Age 40 or less	\$270	Single	\$5,100
Age 41-50	\$510	Family	\$10,200
Age 51-60	\$1,020	HSA Statutory Contribution Maximum	
Age 61-70	\$2,720	Single	\$2,650
Age 71 or more	\$3,400	Family	\$5,250
		Catch-Up Contributions (age 55 or older)	\$600

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

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

³The 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).

⁴For retirees born in 1939, NRA is 65 and 4 months; for retirees born in 1940, it is 65 and 6 months