

2006 Annual Limits Relating to Financial Planning

The following chart is offered by College for Financial Planning 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 2006.

Qualified Plans		Education	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$15,000	EE bonds for education—phaseout of exclusion:	
Catch-up contribution	\$5,000	AGI—filing single	
Defined contribution (§415)	\$44,000	Minimum	\$63,100
Defined benefit (§415)	\$175,000	Maximum	\$78,100
SIMPLE plan	\$10,000	AGI—filing jointly	
SIMPLE catch-up contribution	\$2,500	Minimum	\$94,700
Maximum includible compensation	\$220,000	Maximum	\$124,700
Highly compensated employee	\$100,000	Coverdell Education Savings Account phaseout	
Key employee (top-heavy plan)	>\$140,000	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	\$1,000	Unmarried	\$45-\$55,000
IRA deduction phaseout for active participants		Married filing jointly	\$90-\$110,000
Single	\$50-\$60,000	Hope credit	
Married filing jointly ¹	\$75-\$85,000	100% up to \$1,100 of qualified expenses	
Married filing separately	\$0-\$10,000	50% on next \$1,100	
Roth IRA phaseout		Education loan deduction phaseout	
Single	\$95-\$110,000	Unmarried	\$50-\$65,000
Married filing jointly	\$150-\$160,000	Married filing jointly	\$105-\$135,000
Medicare		Income Tax Exemptions and Deductions	
Monthly premium: Part A ² /Part B	\$393/\$88.50	Personal exemption	\$3,300
Part A:		Phaseout of personal exemption-2/3 phaseout for 2006	
First 60 days—patient pays a deductible	\$952	Single	\$150,500
Next 30 days—patient pays per day	\$238	Joint	\$225,750
Next 60 days (lifetime reserve days)		Head of household	\$188,150
patient pays per day	\$476	Married—separate	\$112,875
Skilled nursing benefits		Standard deduction	
First 20 days—patient pays per day	-0-	Single	\$5,150
Next 80 days—patient pays per day	\$119	Joint	\$10,300
Over 100 days—patient pays per day	All costs	Head of household	\$7,550
Part B:		Married—filing separately	\$5,150
Deductible	\$124	Kiddie tax standard deduction	\$850
Coinsurance	20%	Elderly or blind additional deduction	
Social Security		Single	\$1,250
SS taxable wage base	\$94,200	Married	\$1,000
SS tax rate—employee ³	7.65%	Phaseout of itemized deductions-2/3 phaseout for 2006	
SS tax rate—self-employed	15.30%	Married filing separately	\$75,250
Earnings limitation:		All others	\$150,500
Below NRA (\$1 for \$2)	\$12,480	Section 179	
Persons reaching NRA (\$1 for \$3)	\$33,240	Maximum election	\$108,000
(Applies only to earnings for months prior to attaining NRA)		Phaseout begins	\$430,000
Social Security cost-of-living adjustment	4.1	Adoption credit	
Quarter of coverage	\$970	Maximum	\$10,960
Maximum benefit: worker retiring at NRA ⁴	\$2,053	Phaseout	\$164,410-\$204,410
Estimated average monthly benefit	\$1,002	Standard Mileage Rates	
		Business use	44.5¢ per mile
		Charitable use	14¢ per mile
		Medical or moving use	18¢ per mile

Miscellaneous Items		Estate and Gift Tax	
PBGC maximum monthly benefit	\$3,971.58	Annual gift tax exclusion	\$12,000
Archer Medical Savings Account		Estate tax exclusion	\$2,000,000
Single high deductible	\$1,800-\$2,700	Gift tax exclusion	\$1,000,000
Family high deductible	\$3,650-\$5,450	Generation skipping	\$2,000,000
Single out-of-pocket maximum	\$3,650	Health Savings Account	
Family out-of-pocket maximum	\$6,650	Minimum Deductible Amount	
		Single	\$1,050
LTC per diem limit	\$250	Family	\$2,100
LTC premium as medical expense limitation		Maximum Out-of-Pocket Amount	
Age 40 or less	\$280	Single	\$5,250
Age 41-50	\$530	Family	\$10,500
Age 51-60	\$1,060	HSA Statutory Contribution Maximum	
Age 61-70	\$2,830	Single	\$2,700
Age 71 or more	\$3,530	Family	\$5,450
		Catch-Up Contributions (age 55 or older)	\$700

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 1940, NRA is 65 and 6 months; for retirees born in 1941, it is 65 and 8 months