

## 2008 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 2008.

<b>Qualified Plans</b>		<b>Education</b>	
Elective deferrals 401(k), 403(b), 457, and SARSEPs		EE bonds for education—exclusion phaseout	
Catch-up contribution	\$15,500	Single	\$67,100-\$82,100
Defined contribution (§415(c)(1)(A))	\$5,000	Married filing jointly	\$100,650-\$130,650
Defined benefit (§415(b)(1)(A))	\$46,000	Coverdell Education Savings Account phaseout	
SIMPLE plan	\$185,000	Single	\$95-\$110,000
SIMPLE catch-up contribution	\$10,500	Married filing jointly	\$190-\$220,000
Maximum includible compensation	\$2,500	Hope & Lifetime Learning Credit phaseout	
Highly compensated employee (§414(q))	\$230,000	Single	\$48-\$58,000
Key employee (top-heavy plan)	\$105,000	Married filing jointly	\$96-\$116,000
SEP participation limit	>\$150,000	Hope credit—Maximum of \$1,800	
IRA or Roth IRA contribution limit	\$500	100% up to \$1,200 of qualified expenses	
IRA or Roth IRA catch-up	\$5,000	50% on next \$1,200	
IRA deduction phaseout for active participants	\$1,000	Education loan deduction (\$2,500) phaseout	
Single	\$53-\$63,000	Unmarried	\$55-\$70,000
Married filing jointly <sup>1</sup>	\$85-\$105,000	Married filing jointly	\$115-\$145,000
Married filing separately	\$0-\$10,000	\$4,000 higher education expense deduction (Expired at end of 2007, but likely to be reinstated)	
Spousal IRA	\$159-\$169,000	Unmarried AGI cutoff	\$65,000
Roth IRA phaseout		Married filing jointly AGI cutoff	\$130,000
Single	\$101-\$116,000	\$2,000 higher education expense deduction (Expired at end of 2007, but likely to be reinstated)	
Married filing jointly	\$159-\$169,000	Unmarried AGI cutoff	\$80,000
		Married filing jointly AGI cutoff	\$160,000
<b>Medicare</b>		<b>Income Tax Exemptions and Deductions</b>	
Monthly premium:		Personal exemption	\$3,500
Part A <sup>2</sup>	\$423.00	Phaseout of personal exemption—1/3 phaseout for 2008	
Part B <sup>3</sup>	\$96.40	Single	\$159,950
Part A:		Joint	\$239,950
First 60 days—patient pays a deductible	\$1,024	Head of household	\$199,950
Next 30 days—patient pays per day	\$256	Married—separate	\$119,975
Next 60 days (lifetime reserve days)		Standard deduction	
patient pays per day	\$512	Single	\$5,450
Skilled nursing benefits		Joint	\$10,900
First 20 days—patient pays per day	-0-	Head of household	\$8,000
Next 80 days—patient pays per day	\$128	Married—filing separately	\$5,450
Over 100 days—patient pays per day	All costs	Kiddie tax limited standard deduction	\$900
Part B:		Elderly or blind additional deduction	
Deductible	\$135	Single	\$1,350
Coinsurance	20%	Married	\$1,050
<b>Social Security</b>		Phaseout of itemized deductions—1/3 phaseout for 2008	
SS taxable wage base	\$102,000	Married filing separately	\$79,975
SS tax rate—employee <sup>4</sup>	7.65%	All others	\$159,950
SS tax rate—self-employed	15.30%	Section 179	
Earnings limitation:		Maximum election	\$128,000
Below NRA (\$1 for \$2)	\$13,560	Phaseout begins	\$510,000
Persons reaching NRA (\$1 for \$3)	\$36,120	Adoption credit	
(Applies only to earnings for months prior to attaining NRA)		Maximum	\$11,650
Social Security cost-of-living adjustment	2.3%	Phaseout	\$174,730-\$214,730
Quarter of coverage	\$1,050		
Maximum benefit: worker retiring at NRA <sup>5</sup>	\$2,185		
Estimated average monthly benefit	\$1,079		

**Miscellaneous Items**

PBGC maximum monthly benefit	\$4,312.50
Archer Medical Savings Account	
Single high deductible	\$1,950-\$2,900
Family high deductible	\$3,850-\$5,800
Single out-of-pocket maximum	\$3,850
Family out-of-pocket maximum	\$7,050
LTC per diem limit	\$270
LTC premium as medical expense limitation	
Age 40 or less	\$310
Age 41-50	\$580
Age 51-60	\$1,150
Age 61-70	\$3,080
Age 71 or older	\$3,850

**Standard Mileage Rates**

Business use	50.5¢ per mile
Charitable use	14¢ per mile
Medical or moving use	19¢ per mile

**Estate and Gift Tax**

Annual gift tax exclusion	\$12,000
Estate tax exclusion	\$2,000,000
Gift tax exclusion	\$1,000,000
Generation skipping	\$2,000,000

**Health Savings Account**

Minimum Deductible Amount	
Single	\$1,100
Family	\$2,200
Maximum Out-of-Pocket Amount	
Single	\$5,600
Family	\$11,200
HSA Statutory Contribution Maximum	
Single	\$2,900
Family	\$5,800
Catch-Up Contributions (age 55 or older)	\$900

<sup>1</sup>For married couples who file a joint return and only one is an active participant, the AGI phaseout is \$159,000-\$169,000.

<sup>2</sup>The Part A premium of \$423.00 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A Premium is \$233.00 per month.

<sup>3</sup>Medicare Part B Premium (2008):

You Pay	If your yearly income is	
	Single	Married Couple
\$96.40	\$82,000 or less	\$164,000 or less
\$122.20	\$82,001-\$102,000	\$164,001-\$204,000
\$160.90	\$102,001-\$153,000	\$204,001-\$306,000
\$199.70	\$153,001-\$205,000	\$306,001-\$410,000
\$238.40	Above \$205,000	Above \$410,000

You Pay	If you are married but you file a separate tax return from your spouse and your yearly income is
\$96.40	Under \$82,000 or less
\$199.70	\$82,001-\$123,000
\$238.40	Above \$123,000

<sup>4</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).

<sup>5</sup>Social Security NRA is as follows:

Year of Birth	Social Security NRA
1941	65 and 8 months
1942	65 and 10 months
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

### 2008 Tax Rate Schedules

If Taxable Income Is		Then the Gross Tax Payable Is:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
<b>Single Taxpayers (other than surviving spouses and heads of households)</b>				
\$0-	\$8,025	\$0	10%	\$0
8,025-	32,550	802.50	15%	8,025
32,550-	78,850	4,481.25	25%	32,550
78,850-	164,550	16,056.25	28%	78,850
164,550-	357,700	40,052.25	33%	164,550
357,700-		103,791.75	35%	357,700
<b>Married Individuals (and surviving spouses) Filing Joint Returns</b>				
\$0-	\$16,050	\$0	10%	\$0
16,050-	65,100	1,605.00	15%	16,050
65,100-	131,450	8,962.50	25%	65,100
131,450-	200,300	25,550.00	28%	131,450
200,300-	357,700	44,828.00	33%	200,300
357,700-		96,770.00	35%	357,700
<b>Heads of Households</b>				
\$0-	\$11,450	\$0	10%	\$0
11,450-	43,650	1,145.00	15%	11,450
43,650-	112,650	5,975.00	25%	43,650
112,650-	182,400	23,225.00	28%	112,650
182,400-	357,700	42,755.00	33%	182,400
357,700-		100,604.00	35%	357,700
<b>Married Individuals Filing Separate Returns</b>				
\$0-	\$8,025	\$0	10%	\$0
8,025-	32,550	802.50	15%	8,025
32,550-	65,725	4,481.25	25%	32,550
65,725-	100,150	12,775.00	28%	65,725
100,150-	178,850	22,414.00	33%	100,150
178,850-		48,385.00	35%	178,850
<b>Fiduciary (estates and trusts) Taxpayers</b>				
\$0-	\$2,200	\$0	15%	\$0
2,200-	5,150	330.00	25%	2,200
5,150-	7,850	1,067.50	28%	5,150
7,850-	10,700	1,823.50	33%	7,850
10,700-		2,764.00	35%	10,700