

Form 1040

2008 Tax Year

| 2008 Standard Deduction | | |
|-------------------------|-----------------------|---|
| | Standard Deduction | + Age 65 or Older or Blind (each) |
| MFJ or QW | \$ 10,900 | \$ 1,050 |
| Single | 5,450 | 1,350 |
| HOH | 8,000 | 1,350 |
| MFS | 5,450 | 1,050 |

| Social Security Highlights | | |
|--|-------------|--------------|
| Maximum Earnings | 2008 | 2009 |
| Subject to: | | |
| Social Security Tax | \$ 102,000 | \$ 106,800 |
| Medicare Tax | No Limit | No Limit |
| Rate of Tax: | | |
| Employee | | |
| Social Security Tax | 6.20% | 6.20% |
| Medicare Tax | 1.45% | 1.45% |
| Self Employed ¹ | | |
| Social Security Tax | 12.40% | 12.40% |
| Medicare Tax | 2.90% | 2.90% |
| Maximum Tax Paid by: | | |
| Employee | | |
| Social Security | \$ 6,324 | \$ 6,621.60 |
| Medicare | No Limit | No Limit |
| Self Employed ¹ | | |
| Social Security | \$ 12,648 | \$ 13,243.20 |
| Medicare | No Limit | No Limit |
| Maximum Earnings and Still Receive Full Benefits: | | |
| FRA ² or older | No Limit | No Limit |
| Year FRA reached | \$ 36,120 | \$ 37,680 |
| Under FRA | 13,560 | 14,160 |

| 2008 Personal Exemption | |
|----------------------------------|--------------------------------|
| | \$3,500 |
| 2008 AMT Exemption | |
| MFJ or QW | \$ 69,950 |
| Single or HOH | 46,200 |
| MFS | 34,975 |
| 2008 Mileage Rates | |
| | Before 7/1/08 After 6/30/08 |
| Business | 50.5¢ 58.5¢ |
| Medical | 19¢ 27¢ |
| Moving | 19¢ 27¢ |
| Charitable | 14¢ 14¢ |
| 2008 Kiddie Tax Threshold | \$1,800 |
| 2008 Earned Income Credit | |
| Qualifying Children | Maximum Credit |
| 0 | \$ 438 |
| 1 | 2,917 |
| >1 | 4,824 |
| Investment income limit: | \$2,950 |
| AGI limits—see table below | |

*Blind dependent: Add \$1,350.

¹ Does not reflect deduction of 1/2 SE tax. ² Full Retirement Age (FRA).

| 2008 Quick Tax Method* | | | | | |
|---------------------------------|----------|-----------|---|-----|-----------------|
| MFJ or QW Taxable Income | | | | | |
| \$ 0 | - | \$ 16,050 | x | 10% | minus |
| 16,051 | - | 65,100 | x | 15% | minus |
| 65,101 | - | 131,450 | x | 25% | minus |
| 131,451 | - | 200,300 | x | 28% | minus |
| 200,301 | - | 357,700 | x | 33% | minus |
| 357,701 | and over | | x | 35% | minus |
| | | | | | = Tax |
| | | | | | \$ 0.00 = Tax |
| | | | | | 802.50 = Tax |
| | | | | | 7,312.50 = Tax |
| | | | | | 11,256.00 = Tax |
| | | | | | 21,271.00 = Tax |
| | | | | | 28,425.00 = Tax |
| Single Taxable Income | | | | | |
| \$ 0 | - | \$ 8,025 | x | 10% | minus |
| 8,026 | - | 32,550 | x | 15% | minus |
| 32,551 | - | 78,850 | x | 25% | minus |
| 78,851 | - | 164,550 | x | 28% | minus |
| 164,551 | - | 357,700 | x | 33% | minus |
| 357,701 | and over | | x | 35% | minus |
| | | | | | = Tax |
| | | | | | \$ 0.00 = Tax |
| | | | | | 401.25 = Tax |
| | | | | | 3,656.25 = Tax |
| | | | | | 6,021.75 = Tax |
| | | | | | 14,249.25 = Tax |
| | | | | | 21,403.25 = Tax |
| HOH Taxable Income | | | | | |
| \$ 0 | - | \$ 11,450 | x | 10% | minus |
| 11,451 | - | 43,650 | x | 15% | minus |
| 43,651 | - | 112,650 | x | 25% | minus |
| 112,651 | - | 182,400 | x | 28% | minus |
| 182,401 | - | 357,700 | x | 33% | minus |
| 357,701 | and over | | x | 35% | minus |
| | | | | | = Tax |
| | | | | | \$ 0.00 = Tax |
| | | | | | 572.50 = Tax |
| | | | | | 4,937.50 = Tax |
| | | | | | 8,317.00 = Tax |
| | | | | | 17,437.00 = Tax |
| | | | | | 24,591.00 = Tax |
| MFS Taxable Income | | | | | |
| \$ 0 | - | \$ 8,025 | x | 10% | minus |
| 8,026 | - | 32,550 | x | 15% | minus |
| 32,551 | - | 65,725 | x | 25% | minus |
| 65,726 | - | 100,150 | x | 28% | minus |
| 100,151 | - | 178,850 | x | 33% | minus |
| 178,851 | and over | | x | 35% | minus |
| | | | | | = Tax |
| | | | | | \$ 0.00 = Tax |
| | | | | | 401.25 = Tax |
| | | | | | 3,656.25 = Tax |
| | | | | | 5,628.00 = Tax |
| | | | | | 10,635.50 = Tax |
| | | | | | 14,212.50 = Tax |

* Multiply taxable income by the applicable tax rate and subtract the amount shown. Although this method differs from the IRS Tax Rate Schedules, the results are the same.

⚠ **Caution:** IRS Tax Tables must be used for taxable income under \$100,000. To calculate the exact tax using the Quick Tax Method for taxable income under \$100,000, round taxable income to the nearest \$25 or \$75 increment before using the formula. Round \$50 or \$100 increments up.

| 2008 AGI Phase-Out Amounts/Ranges | | | | | | | | | |
|-----------------------------------|----------------------------|---------------------------------|---|---|---------------------------------|---|-------------------------------|-----------------------------------|---|
| Filing Status | Tuition and Fees Deduction | Student Loan Interest Deduction | Education Savings Bond Interest Exclusion | Hope Scholarship and Lifetime Learning Credit | Education Savings Account (ESA) | Traditional IRA Active Participant in Retirement Plan | Child Tax Credit ³ | Earned Income Credit ⁴ | Special Loss Allowance Rental Real Estate |
| MFJ | \$130,000 / \$160,000 | \$115,000 – \$145,000 | \$100,650 – \$130,650 | \$ 96,000 – \$116,000 | \$190,000 – \$220,000 | \$ 85,000 – \$105,000 ¹ | | No Child 1 Child >1 Child | \$100,000 – \$150,000 |
| QW | 65,000 / 80,000 | 55,000 – 70,000 | 100,650 – 130,650 | 48,000 – 58,000 | 95,000 – 110,000 | 85,000 – 105,000 | | \$ 41,646 | \$159,000 – \$169,000 |
| Single | 65,000 / 80,000 | 55,000 – 70,000 | 67,100 – 82,100 | 48,000 – 58,000 | 95,000 – 110,000 | 53,000 – 63,000 | | 38,646 | \$239,950 – \$362,450 |
| HOH | 65,000 / 80,000 | 55,000 – 70,000 | 67,100 – 82,100 | 48,000 – 58,000 | 95,000 – 110,000 | 53,000 – 63,000 | | 38,646 | \$299,950 – \$362,450 |
| MFS | Do Not Qualify | Do Not Qualify | Do Not Qualify | Do Not Qualify | 95,000 – 110,000 | 0 ² – 10,000 | | Do Not Qualify | \$159,000 – \$169,000 |
| | | | | | | | | | Roth IRA |
| MFJ | \$110,000 | \$ 15,880 | \$ 36,995 | \$ 41,646 | \$199,950 – \$322,450 | \$159,950 | \$ 53,000 | | \$159,000 – \$169,000 |
| QW | 75,000 | 12,880 | 33,995 | 38,646 | 239,950 – 362,450 | 159,950 | 26,500 | | 159,000 – 169,000 |
| Single | 75,000 | 12,880 | 33,995 | 38,646 | 159,950 – 282,450 | 159,950 | 26,500 | | 101,000 – 116,000 |
| HOH | 75,000 | 12,880 | 33,995 | 38,646 | 199,950 – 322,450 | 159,950 | 39,750 | | 101,000 – 116,000 |
| MFS | 55,000 | Do Not Qualify | Do Not Qualify | Do Not Qualify | 119,975 – 181,225 | 79,975 | 26,500 | | 0 ² – 10,000 |

¹ For a nonparticipating spouse, phaseout range is \$159,000 – \$169,000.
² Married individuals filing MFS who live apart at all times during the year are treated as single.
³ Amount at which phase-out begins.
⁴ Amount at which phase-out is complete.
⁵ For 2008, the exemption deduction for taxpayers with AGI > the maximum phase-out amount is \$2,333 per dependent.

| Tax Rules By Age for 2008 | |
|---------------------------|--|
| Age | Rule |
| 13 | Cannot claim a child care credit for children age 13 or older. |
| 17 | Cannot claim \$1,000 child tax credit for children age 17 or older. |
| 18 | <ul style="list-style-type: none"> • Children working for parents' unincorporated business subject to FICA. • Generally cannot contribute to an ESA for children age 18 or older. • Adoption credit or exclusion generally unavailable for children age 18 or older. • Taxpayer qualifies for saver's credit (if neither a dependent nor student). • Kiddie tax applies at age 18 (or 19-23 and full-time student) if child's earned income is less than or equal to half of his support. |
| 19 | Exemption for dependent children who are not full-time students expires. |
| 21 | Children working for parents' unincorporated business subject to FUTA. |
| 24 | <ul style="list-style-type: none"> • Exemption for dependent, full-time-student children expires. • Can purchase savings bonds and exclude income used for education. • Kiddie tax no longer applies. |
| 25 | Taxpayers with no children qualify for EIC. |
| 30 | Generally must distribute ESA when beneficiary reaches age 30. |
| 50 | <ul style="list-style-type: none"> • Eligible for catch-up contributions to IRAs, SIMPLE-IRAs, 401(k) and 403(b) plans. • Qualified public safety employees eligible for penalty-free withdrawals from a governmental defined benefit pension plan, if retired. |
| 55 | <ul style="list-style-type: none"> • Eligible for penalty-free withdrawal from employer retirement plan (but not an IRA) if separated from service. • Eligible for catch-up contributions to HSAs. |
| 59½ | <ul style="list-style-type: none"> • Penalty for early withdrawal from retirement accounts expires. • Roth IRA distributions are tax-free (if any Roth held for at least 5 years). |
| 65 | <ul style="list-style-type: none"> • Non-itemizers become eligible for a higher standard deduction. • Taxpayers with no children no longer qualify for EIC. • HSA and MSA withdrawals not used for medical costs are taxed but no longer subject to a 10% penalty. • Eligible for credit for the elderly. |
| 70½ | <ul style="list-style-type: none"> • Required minimum distributions must begin from employer retirement plans (except for certain employees still working) and traditional IRAs. • Contributions no longer allowed to traditional IRAs. |

| Key Figures to Compute 2009 Estimates | | |
|---|---------------------------------|--|
| 2009 Standard Deduction | | |
| Standard Deduction | Age 65 or Older or Blind (each) | Dependent Children: Greater of \$950 or the amount of earned income plus \$300 (not to exceed \$5,700*). |
| MFJ or QW ... \$ 11,400..... | \$ 1,100 | |
| Single..... | 1,400 | |
| HOH..... | 1,400 | |
| MFS..... | 1,100 | *Blind dependent: Add \$1,400. |
| 2009 Personal Exemption | | 2009 Kiddie Tax Threshold |
| \$3,650 | | \$1,900 |
| 2009 Personal Exemption AGI Phase-Out Range¹ | | 2009 AGI Threshold for Itemized Deduction Phaseout (begins) |
| MFJ or QW ... \$ 250,200 - \$ 372,700 | | MFS \$ 83,400 |
| Single..... 166,800 - 289,300 | | Others..... 166,800 |
| HOH..... 208,500 - 331,000 | | |
| MFS..... 125,100 - 186,350 | | |
| ¹ The exemption deduction for taxpayers with AGI > the maximum phaseout amount is \$2,433 per dependent. | | |

| 2009 Quick Tax Method* | | | | | |
|---------------------------------|-------|-------|-----------|-------|--|
| MFJ or QW Taxable Income | | | | | |
| \$ 0 - \$ 16,700 | x 10% | minus | \$ 0.00 | = Tax | |
| 16,701 - 67,900 | x 15% | minus | 835.00 | = Tax | |
| 67,901 - 137,050 | x 25% | minus | 7,625.00 | = Tax | |
| 137,051 - 208,850 | x 28% | minus | 11,736.50 | = Tax | |
| 208,851 - 372,950 | x 33% | minus | 22,179.00 | = Tax | |
| 372,951 and over | x 35% | minus | 29,638.00 | = Tax | |
| Single Taxable Income | | | | | |
| \$ 0 - \$ 8,350 | x 10% | minus | \$ 0.00 | = Tax | |
| 8,351 - 33,950 | x 15% | minus | 417.50 | = Tax | |
| 33,951 - 82,250 | x 25% | minus | 3,812.50 | = Tax | |
| 82,251 - 171,550 | x 28% | minus | 6,280.00 | = Tax | |
| 171,551 - 372,950 | x 33% | minus | 14,857.50 | = Tax | |
| 372,951 and over | x 35% | minus | 22,316.50 | = Tax | |
| HOH Taxable Income | | | | | |
| \$ 0 - \$ 11,950 | x 10% | minus | \$ 0.00 | = Tax | |
| 11,951 - 45,500 | x 15% | minus | 597.50 | = Tax | |
| 45,501 - 117,450 | x 25% | minus | 5,147.50 | = Tax | |
| 117,451 - 190,200 | x 28% | minus | 8,671.00 | = Tax | |
| 190,201 - 372,950 | x 33% | minus | 18,181.00 | = Tax | |
| 372,951 and over | x 35% | minus | 25,640.00 | = Tax | |
| MFS Taxable Income | | | | | |
| \$ 0 - \$ 8,350 | x 10% | minus | \$ 0.00 | = Tax | |
| 8,351 - 33,950 | x 15% | minus | 417.50 | = Tax | |
| 33,951 - 68,525 | x 25% | minus | 3,812.50 | = Tax | |
| 68,526 - 104,425 | x 28% | minus | 5,868.25 | = Tax | |
| 104,426 - 186,475 | x 33% | minus | 11,089.50 | = Tax | |
| 186,476 and over | x 35% | minus | 14,819.00 | = Tax | |

* Multiply taxable income by the applicable tax rate and *subtract* the amount shown. Although this method differs from the IRS Tax Rate Schedules, the results are the same.

Caution: IRS Tax Tables must be used for taxable income under \$100,000. To calculate the exact tax using the Quick Tax Method for taxable income under \$100,000, round taxable income to the nearest \$25 or \$75 increment before using the formula. Round \$50 or \$100 increments up.