

RETIREMENT BENEFIT LIMITS

Benefit	Limit
Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 17,000
Contributions to defined contribution plans	\$ 50,000
Contributions to SIMPLEs	\$ 11,500
Contributions to IRAs	\$ 5,000
Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans	\$ 5,500
Catch-up contributions to SIMPLEs	\$ 2,500
Catch-up contributions to IRAs	\$ 1,000
Compensation for benefit purposes for qualified plans and SEPs	\$ 250,000
Highly compensated employee threshold	\$ 115,000
Annual benefit for defined benefit plans	\$ 200,000

EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

Retirement age status	Earnings limit
Before Full Retirement Age (FRA)	\$ 14,640
Pre-FRA in year you reach FRA	\$ 38,880
After FRA	None

ESTATE AND TRUST INCOME TAX RATES

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 2,400	15%	\$ 0
\$ 2,400 – \$ 5,600	\$ 360 + 25%	\$ 2,400
\$ 5,600 – \$ 8,500	\$ 1,160 + 28%	\$ 5,600
\$ 8,500 – \$ 11,650	\$ 1,972 + 33%	\$ 8,500
Over \$ 11,650	\$ 3,012 + 35%	\$ 11,650

GIFT AND ESTATE TAX EXEMPTIONS AND RATES

Year	Exemption	Top rate on excess
2011	\$ 5,000,000	35%
2012	\$ 5,120,000	35%
2013	\$ 1,000,000	55%

2012 annual gift tax exclusion: \$13,000 per recipient (\$26,000 if spouses elect "split-gift" treatment)

The spouse of someone who dies in 2011 or 2012 may be able to use the deceased spouse's unused exemption.

CORPORATE INCOME TAX RATES*

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 50,000	15%	\$ 0
\$ 50,000 – \$ 75,000	\$ 7,500 + 25%	\$ 50,000
\$ 75,000 – \$ 100,000	\$ 13,750 + 34%	\$ 75,000
\$ 100,000 – \$ 335,000	\$ 22,250 + 39%	\$ 100,000
\$ 335,000 – \$ 10,000,000	\$ 113,900 + 34%	\$ 335,000
\$ 10,000,000 – \$ 15,000,000	\$ 3,400,000 + 35%	\$ 10,000,000
\$ 15,000,000 – \$ 18,333,333	\$ 5,150,000 + 38%	\$ 15,000,000
Over \$ 18,333,333	\$ 6,416,667 + 35%	\$ 18,333,333

* Personal service corporations are taxed at a flat 35% rate.

SECTION 179 EXPENSING

	2012	2013
Expensing limit	\$ 139,000	\$ 25,000
Phaseout threshold	\$ 560,000	\$ 200,000

BONUS DEPRECIATION*

2012	2013
50%	0%

* Qualified assets include new tangible property with a recovery period of 20 years or less, off-the-shelf computer software, water utility property and qualified leasehold-improvement property.

MACRS DEPRECIATION RATES (with half-year convention)

Year	Asset class		
	3-year	5-year	7-year
1	33.33%	20.00%	14.29%
2	44.45%	32.00%	24.49%
3	14.81%	19.20%	17.49%
4	7.41%	11.52%	12.49%
5	—	11.52%	8.93%
6	—	5.76%	8.92%
7	—	—	8.93%
8	—	—	4.46%

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2012 Federal Tax Rates

Effective January 1, 2012



INDIVIDUAL INCOME TAX RATES*

Single

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 8,700	10%	\$ 0
\$ 8,700 – \$ 35,350	\$ 870 + 15%	\$ 8,700
\$ 35,350 – \$ 85,650	\$ 4,868 + 25%	\$ 35,350
\$ 85,650 – \$ 178,650	\$ 17,443 + 28%	\$ 85,650
\$ 178,650 – \$ 388,350	\$ 43,483 + 33%	\$ 178,650
Over \$ 388,350	\$ 112,684 + 35%	\$ 388,350

Head of household

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 12,400	10%	\$ 0
\$ 12,400 – \$ 47,350	\$ 1,240 + 15%	\$ 12,400
\$ 47,350 – \$ 122,300	\$ 6,483 + 25%	\$ 47,350
\$ 122,300 – \$ 198,050	\$ 25,220 + 28%	\$ 122,300
\$ 198,050 – \$ 388,350	\$ 46,430 + 33%	\$ 198,050
Over \$ 388,350	\$ 109,229 + 35%	\$ 388,350

Married filing jointly or surviving spouse

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 17,400	10%	\$ 0
\$ 17,400 – \$ 70,700	\$ 1,740 + 15%	\$ 17,400
\$ 70,700 – \$ 142,700	\$ 9,735 + 25%	\$ 70,700
\$ 142,700 – \$ 217,450	\$ 27,735 + 28%	\$ 142,700
\$ 217,450 – \$ 388,350	\$ 48,665 + 33%	\$ 217,450
Over \$ 388,350	\$ 105,062 + 35%	\$ 388,350

Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 8,700	10%	\$ 0
\$ 8,700 – \$ 35,350	\$ 870 + 15%	\$ 8,700
\$ 35,350 – \$ 71,350	\$ 4,868 + 25%	\$ 35,350
\$ 71,350 – \$ 108,725	\$ 13,868 + 28%	\$ 71,350
\$ 108,725 – \$ 194,175	\$ 24,333 + 33%	\$ 108,725
Over \$ 194,175	\$ 52,531 + 35%	\$ 194,175

* These rates generally apply to earned income, business income, interest and dividends. But, for 2012, long-term capital gains rates apply to qualified dividends.

FICA RATES

The rate for the employee portion of Social Security tax is 4.2%*, and the maximum earned income it applies to is \$110,100, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$1,800 or more to household employees are also subject to FICA taxes.

* Assuming the two-month extension of this reduced rate (from 6.2%) is extended for the full year.

CAPITAL GAINS TAX RATES

Type of gain	Maximum rate	
	2012	2013
Short-term gain (assets held 12 months or less)	35%	39.6%
Long-term gain (generally assets held more than 12 months)	15%	20%
Long-term gain on collectibles	28%	28%
Long-term gain attributable to certain depreciation recapture	25%	25%
Gain on qualified small business stock held more than 5 years	14%*	14%*
Long-term gain that would be taxed at 15% or less based on the taxpayer's ordinary-income rate	0%	10%

* Effective rate based on 50% exclusion from a 28% rate.

ALTERNATIVE MINIMUM TAX

Single, head of household, married filing jointly or surviving spouse

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 175,000	26%	\$ 0
Over \$ 175,000	\$ 45,500 + 28%	\$ 175,000

Married filing separately

If taxable income is ...	... tax is ...	... of amount over
\$ 0 – \$ 87,500	26%	\$ 0
Over \$ 87,500	\$ 22,750 + 28%	\$ 87,500

Exemptions*

Filing status	Exemption amount
Single or head of household	\$ 33,750
Married filing jointly	\$ 45,000
Married filing separately	\$ 22,500

Exemption phaseouts based on AMT income*

Filing status	Income range of phaseout
Single or head of household	\$ 112,500 – \$ 247,500
Married filing jointly	\$ 150,000 – \$ 330,000
Married filing separately	\$ 75,000 – \$ 165,000

* An AMT patch might be passed that would increase the exemptions and expand the phaseout ranges.

STANDARD MILEAGE RATES

Use of vehicle	Deduction per mile
Business	55.5 cents
Medical or moving	23 cents
Charitable	14 cents

STANDARD DEDUCTIONS

Filing status	Deduction
Single	\$ 5,950
Head of household	\$ 8,700
Married filing jointly or surviving spouse	\$ 11,900
Married filing separately	\$ 5,950

PERSONAL EXEMPTIONS

Exemption amount: \$3,800*

* The exemption phaseout for higher-income taxpayers doesn't apply to 2012.

HEALTH SAVINGS ACCOUNTS

Limit	Individual	Family
Contribution	\$ 3,100	\$ 6,250
Catch-up* contribution	\$ 1,000	\$ 1,000
Minimum high-deductible health plan (HDHP) deductible	\$ 1,200	\$ 2,400
Maximum HDHP out-of-pocket costs	\$ 6,050	\$ 12,100

* Individuals age 55 and older may qualify to make these additional contributions.

LONG-TERM CARE INSURANCE

Age	Premium deduction limit
40 and under	\$ 350
41 to 50	\$ 660
51 to 60	\$ 1,310
61 to 70	\$ 3,500
Over 70	\$ 4,370

COVERDELL ESAs

Contribution limit per beneficiary

2012	2013
\$ 2,000	\$ 500

Phaseouts based on contributor's Adjusted Gross Income (AGI)

Filing status	AGI range of phaseout
Single or head of household	\$ 95,000 – \$ 110,000
Married filing jointly	\$ 190,000 – \$ 220,000