

2009 INDIVIDUAL INCOME TAX RATES

2009 TAXABLE INCOME*	BASE AMOUNT OF TAX	+	RATE ON EXCESS
SINGLE INDIVIDUALS			
\$ 0 – 8,350	\$ 0		10%
8,351 – 33,950	835.00		15%
33,951 – 82,250	4,675.00		25%
82,251 – 171,550	16,750.00		28%
171,551 – 372,950	41,754.00		33%
Over 372,950	108,216.00		35%
MARRIED FILING JOINTLY AND SURVIVING SPOUSES			
\$ 0 – 16,700	\$ 0		10%
16,701 – 67,900	1,670.00		15%
67,901 – 137,050	9,350.00		25%
137,051 – 208,850	26,637.50		28%
208,851 – 372,950	46,741.50		33%
Over 372,950	100,894.50		35%
HEADS OF HOUSEHOLDS			
\$ 0 – 11,950	\$ 0		10%
11,951 – 45,500	1,195.00		15%
45,501 – 117,450	6,227.50		25%
117,451 – 190,200	24,215.00		28%
190,201 – 372,950	44,585.00		33%
Over 372,950	104,892.50		35%
MARRIED FILING SEPARATELY			
\$ 0 – 8,350	\$ 0		10%
8,351 – 33,950	835.00		15%
33,951 – 68,525	4,675.00		25%
68,526 – 104,425	13,318.75		28%
104,426 – 186,475	23,370.75		33%
Over 186,475	50,447.25		35%

CAPITAL GAINS AND QUALIFIED DIVIDENDS

	For taxpayers in 10% or 15% tax brackets	For taxpayers in tax brackets above 15%
Long-Term Capital Gains* Tax Rates	0%	15%
Qualified Dividends Tax Rates	0%	15%

*Effective for investments held longer than 1 year.

PERSONAL EXEMPTION AND STANDARD DEDUCTION

2009 PERSONAL EXEMPTION	
Per individual	\$3,650
A dependent claimed on your return may not claim an exemption on his or her own return. The exemption amounts are phased out when adjusted gross income exceeds certain threshold amounts.	
2009 STANDARD DEDUCTION*	
Single	\$5,700
Married Filing Jointly or qualifying widow(er) with dependent child	11,400
Head of Household	8,350
Married Filing Separately	5,700
*The 2009 additional standard deduction for married taxpayers age 65 or over or blind is \$1,100 each and \$1,400 for single (not a surviving spouse) taxpayers over age 65 or blind.	

If an individual with a single filing status is claimed as a dependent on another's tax return, the maximum standard deduction that individual may take in 2009 is the greater of \$950, or the sum of \$300 and the individual's earned income.

ITEMIZED DEDUCTIONS*

Medical & Dental Expenses	7.5% AGI Floor
State & Local Income Taxes	100% Deductible
Real Estate Taxes	100% Deductible
Home Mortgage Loan Interest	100% Deductible (Some restrictions)
Investment Interest	Limited Deductibility
Personal Interest	Nondeductible
Charitable Contributions	100% Deductible (Some restrictions)
Job Related & Investment Expenses	2% AGI Floor
*Total itemized deductions other than those for medical expenses, casualty and theft losses and investment interest are reduced by an amount equal to one third multiplied by the lesser of 3% of a taxpayer's adjusted gross income above \$166,800 (\$83,400 if married and filing separately) or 80% of these itemized deductions.	

2009 TRADITIONAL IRA DEDUCTION PHASE OUT

IRA deduction phase out for active participants in qualified plans.⁴

SINGLE TAXPAYER AGI ¹	TRADITIONAL IRA DEDUCTION	JOINT RETURN AGI ¹
Under \$5,000	\$5,000 ¹	Under \$89,000
55,000 - 65,000	Phased Out	89,000 - 109,000
Over 65,000	No deduction ²	Over 109,000
<ol style="list-style-type: none"> \$6,000 if age 50 or over Nondeductible contributions can be made. Modified Adjusted Gross Income (before IRA deduction) For an individual (married, filing a joint return) who is not an active participant in a qualified plan but whose spouse is, the maximum deductible traditional IRA contribution is phased out for combined adjusted gross income between \$166,000 and \$176,000. 		

2009 ROTH IRA CONTRIBUTION PHASE OUT*

SINGLE TAXPAYER AGI***	CONTRIBUTION AMOUNT	JOINT TAXPAYER AGI***
Under \$105,000	\$5,000 Max*	Under 166,000
105,000 – 120,000	Phased Out	166,000 – 176,000
Over 120,000	No contribution**	Over 176,000
<p>* Roth Contribution limit reduced by contributions to traditional IRAs; Maximum contribution is \$6,000 if age 50 or over. ** A contribution may be made to a traditional IRA. *** Modified Adjusted Gross Income.</p>		

LIMITATIONS ON CONVERSION OF TRADITIONAL IRA TO ROTH IRA

Adjusted Gross Income (AGI)¹ is \$100,000 or less and Participant, if married, files a joint return.

* AGI does not include the taxable amount of the conversion.

2009 CONTRIBUTION AND ELECTIVE DEFERRAL LIMITS

PLAN	CONTRIBUTION LIMIT	CATCH-UP AMOUNT**
Traditional IRA	5,000	1,000
Roth IRA	5,000*	1,000
	Elective Deferral Limit	
Simple IRA	11,500	2,500
401(k) & 403(b)	16,500	5,500
Annuities (TSA)		
*Limit is reduced by the amount of traditional IRA contribution for the year.		
**Additional contribution allowed for participants age 50 or over by year end.		

2009 COVERDELL ESA CONTRIBUTION LIMIT (PER DESIGNATED BENEFICIARY) – \$2,000

2009 Coverdell ESA AGI Phase Out Range	
Single Contributor	\$95,000 – \$110,000
Married Contributor, Filing Joint Return	\$190,000 – \$220,000

SOCIAL SECURITY RATES

2009 TAX RATE	
Employee	7.65%
Employer	7.65%
Self-Employed	15.30%
2009 OASDI maximum taxable wage base is \$106,800. The OASDI portion is 6.2% each for employee and employer, and 12.4% for self-employed.	
The Medicare portion of the Social Security tax applies to all wages. The Medicare portion is 1.45% each for employee and employer, and 2.9% for self-employed.	
Self-employed taxpayers may deduct one-half of their self-employment tax for federal income tax purposes as well as for purposes of calculating the self-employment tax.	

DEPENDENT CARE TAX CREDIT

In 2009, eligible taxpayers are allowed a nonrefundable tax credit for eligible expenses incurred for the care of a qualifying individual.

- The maximum credit is 35% of qualified care expenses.
- The credit percentage begins to decrease at \$15,000 of adjusted gross income.
- The minimum credit percentage is 20% for taxpayers with adjusted gross income over \$43,000.

CHILD TAX CREDIT

For 2009, a tax credit of \$1,000 per child is available for dependents under age 17 as of the close of the tax year.

The credit begins to phase out when modified adjusted gross income reaches:

- \$110,000 for married, filing jointly
- \$ 55,000 for married, filing separately
- \$ 75,000 for single taxpayers

The credit is reduced by \$50 for each \$1,000 or fraction thereof of modified AGI above the above thresholds.

CORPORATE INCOME TAX RATES

2009 CORPORATE TAX RATES*

TAXABLE INCOME	BASE AMOUNT OF TAX	+	RATE ON EXCESS
\$ 0 - 50,000	\$ 0		15%
50,001 - 75,000	7,500		25%
75,001 - 100,000	13,750		34%
100,001 - 335,000	22,250		39%
335,001 - 10,000,000	113,900		34%
10,000,001 - 15,000,000	3,400,000		35%
15,000,001 - 18,333,333	5,150,000		38%
Over 18,333,333	6,416,667		35%

*Capital gains are taxable at regular corporate rates.

Certain personal service corporations are taxed at a flat rate of 35%.

ESTATES AND TRUSTS

2009 GIFT - ESTATE TAX RATES

TAXABLE ESTATE	*TAX AFTER APPLYING UNIFIED CREDIT	MARGINAL TAX RATE (Tax on next dollar)
\$3,500,000	0	45%

*The unified credit is \$1,455,800 (the tax on the first \$3,500,000).

2009 ANNUAL GIFT TAX EXCLUSION

\$13,000	Individual
26,000	Husband and Wife

Annual gift tax exclusion - You may give as much as \$13,000 per year to any number of individuals without incurring Federal gift tax and without having to file a gift tax return. If your spouse consents to the gift, you can give up to \$26,000 to each individual, without incurring federal gift tax, but a gift tax return must be filed.

2009 TRUST AND ESTATE INCOME TAX RATES

TAXABLE INCOME	BASE AMOUNT OF TAX	+	RATE ON EXCESS
\$ 0 - 2,300	\$ 0		15%
2,301 - 5,350	345.00		25%
5,351 - 8,200	1,107.50		28%
8,201 - 11,150	1,905.50		33%
Over 11,150	2,879.00		35%

Disclaimer: This guide is provided for general information only. It is not intended to constitute tax or legal advice. It represents State Farm's understanding of the tax laws in effect on the printing date. You should contact your tax advisor for specific advice.



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