



January 2009

To our clients, friends and business associates:

**WHAT'S NEW FOR 2009?**

On the reverse is a handy reference guide, compliments of MargolisBecker.

The reference guide is based on the tax laws presently in place for 2009, but we do expect changes as the new administration and political party take over, and in light of the economic crisis. We will strive to keep you informed as these changes occur.

**Tax Tip:** Remember to increase your 401(k) and other retirement contributions to take advantage of the increased limits, especially if you were born in 1959 or earlier.

HAVE A HAPPY AND PROSPEROUS NEW YEAR!

MargolisBecker

## What's New for 2009?

	2009	2008
<b>Business Income Taxes</b>		
Capital asset expensing option	\$133,000	\$250,000
Annual asset purchase limitation Phase out range 2008: \$800,000 - \$1,050,000 Phase out range 2009: \$530,000 - \$663,000	\$530,000	\$800,000
Mileage Rate (50.5 January through June 30; 58.5 July 1 through December 31)	55 cents	50.5/58.5 cents
Tax-free parking per month	\$230	\$220
Tax-free transit passes	\$120	\$115
Domestic production activity deduction (for manufacturing, construction, software development)	6%	6%
<b>Individual Income Taxes</b>		
Dividends and capital gains tax	15%	15%
Top individual tax bracket	35%	35%
Estimated Tax Safe Harbor (% of prior year's tax)	110%	110%
<b>Retirement Plans</b>		
Maximum compensation limit	\$245,000	\$230,000
Maximum contribution to employee account	\$49,000	\$46,000
401(k) maximum employee contribution	\$16,500 <i>\$22,000 if age 50 by 12/31/09</i>	\$15,500 <i>\$20,500 if age 50 by 12/31/08</i>
Simple plan contribution limit	\$11,500 <i>\$14,000 if age 50 by 12/31/09</i>	\$10,500 <i>\$13,000 if age 50 by 12/31/08</i>
SEP contribution limit	\$49,000	\$46,000
IRA contribution limit	\$5,000 <i>\$6,000 if age 50 by 12/31/09</i>	\$5,000 <i>\$6,000 if age 50 by 12/31/08</i>
<b>Social Security</b>		
Social Security taxable wage base	\$106,800	\$102,000
Maximum earnings before Social Security benefits reduced:		
Age 62 - 64	\$14,160	\$13,560
Age 64 - 65	\$37,680	\$36,120
Age 65 and over	no limit	no limit
Social Security benefits increased	5.80%	2.30%
Maximum Social Security benefits per month	\$2,323	\$2,185
<b>Estate and Gift Taxes</b>		
Annual gift tax exclusion	\$13,000	\$12,000
Estate tax exemption upon death	\$3,500,000	\$2,000,000
Gift tax exemption upon death	\$1,000,000	\$1,000,000