

Planning Update 2009

Special Volume, March 2009

This newsletter is not intended, and should not be used as, a substitute for legal advice.

Dear Clients:

2009 promises to be a significant and eventful year. There is a new President. The economy is troubled. Stimulus legislation has been delivered by a new Congress in Washington. Times are changing.

With all of this in mind, there are numerous thoughts to remember as the year progresses. We remind you of the following, among many others, as you remain attentive to your planning and strategies:

1. Legislation passed by Congress in late 2008 (12-23-08) included a one-year suspension of the Required Minimum Distribution (RMD) for 2009 from IRAs for taxpayers who are 70 ½ years or older in age. This is an option to review with your financial advisor.
2. Estate (Federal) taxation increases for estates with assets and prior taxable gifts exceeding \$3,500,000 effective for decedents passing away on or after January 1, 2009. For 2010, there is no such tax due. On or after January 1, 2011, the taxation begins at \$1,000,000. It is advisable to keep this in mind and to review your estate asset values with your attorney.
3. Gift tax limits change in 2009 increasing the amount of tax free gifts to one individual to \$13,000 per person. In 2008, the amount of tax free gift was \$12,000 per person. Please note this change.
4. The maximum retirement plan contributions are amended as follows:

	<u>2009</u>	<u>2008</u>
IRA (under 50)	\$ 5,000	\$ 5,000
IRA (50+)	\$ 6,000	\$ 6,000
Simple Plan (under 50)	\$11,500	\$10,500
Simple Plan (50+)	\$14,000	\$13,000
401(k) (under 50)	\$16,500	\$15,500
401(k) (50+)	\$22,000	\$20,500
5. The personal exemption for tax filers increases in 2009 to \$3,650 from \$3,500.
6. The Standard Deduction Schedule is amended as follows:

	<u>2009</u>	<u>2008</u>
a. Single	\$ 5,700	\$ 5,450
b. Joint Returns and Surviving Spouses	\$11,400	\$10,900
c. Married filing Separately	\$ 5,700	\$ 5,450
d. Head of Household	\$ 8,350	\$ 8,000
e. Additional for Elderly or Blind (Married)	\$ 1,100	\$ 1,050
f. Additional for Elderly or Blind (Single)	\$ 1,400	\$ 1,350
7. Capital losses resulting from sale of assets (stocks/bonds) may be used to offset capital gains and up to \$3,000 of ordinary income per year. Capital losses from 2008 can be carried forward to offset capital gains in 2009. This is an important item to review when preparing your tax returns.

The above is just a small sampling of items to keep in mind as this new year is now nearly through winter. We recommend that you review your individual circumstances carefully with your professional, be it your attorney, accountant, financial advisor, or tax preparer. If we can be of assistance, please do not hesitate to call on us.