

2003 TAX UPDATE

Income Taxes				Estate & Gift Taxes							
2002				2003				For Deaths / Gifts Occurring in 2003			
If Taxable Income Is:		Of The		If Taxable Income Is:		Of The		If Taxable Estate Is:		Of The	
Over	But Not >	The Tax Is:	Amount >	Over	But Not >	The Tax Is:	Amount >	Over	But Not >	The Tax Is:	Amount >
Married Filing Jointly:											
\$0	12,000	\$0 + 10%	\$0	\$0	\$12,000	\$0 + 10%	\$0	\$0	\$10,000	\$0 + 18%	\$0
12,000	46,700	\$1,200 + 15%	12,000	12,000	47,450	\$1,200 + 15%	12,000	10,000	20,000	1,800 + 20%	10,000
46,700	112,850	\$6,405 + 27%	46,700	47,450	114,650	\$6,518 + 27%	47,450	20,000	40,000	3,800 + 22%	20,000
112,850	171,950	\$24,266 + 30%	112,850	114,650	174,700	\$24,662 + 30%	114,650	40,000	60,000	8,200 + 24%	40,000
171,950	307,050	\$41,996 + 35%	171,950	174,700	311,950	\$42,677 + 35%	174,700	60,000	80,000	13,000 + 26%	60,000
307,050	---	\$89,281 + 38.6%	307,050	311,950	---	\$90,714 + 38.6%	311,950	80,000	100,000	18,200 + 28%	80,000
								100,000	150,000	23,800 + 30%	100,000
								150,000	250,000	38,800 + 32%	150,000
								250,000	500,000	70,800 + 34%	250,000
								500,000	750,000	155,800 + 37%	500,000
								750,000	1,000,000	248,300 + 39%	750,000
								1,000,000	1,250,000	345,800 + 41%	1,000,000
								1,250,000	1,500,000	448,300 + 43%	1,250,000
								1,500,000	2,000,000	555,800 + 45%	1,500,000
								2,000,000	---	780,800 + 49%	2,000,000
Single											
\$0	6,000	\$0 + 10%	\$0	\$0	6,000	\$0 + 10%	\$0				
6,000	27,950	\$600 + 15%	6,000	6,000	28,400	\$600 + 15%	6,000				
27,950	67,700	\$3,893 + 27%	27,950	28,400	68,800	\$3,960 + 27%	28,400				
67,700	141,250	\$14,625 + 30%	67,700	68,800	143,500	\$14,868 + 30%	68,800				
141,250	307,050	\$36,690 + 35%	141,250	143,500	311,950	\$37,278 + 35%	143,500				
307,050	---	\$94,720 + 38.6%	307,050	311,950	---	\$96,235 + 38.6%	311,950				
Estates & Trusts:											
\$0	1,850	\$0 + 15%	\$0	\$0	1,900	\$0 + 15%	\$0				
1,850	4,400	278 + 27%	1,850	1,900	4,500	\$285 + 27%	1,900				
4,400	6,750	966 + 30%	4,400	4,500	6,850	\$987 + 30%	4,500				
6,750	9,200	1,671 + 35%	6,750	6,850	9,350	\$1,692 + 35%	6,850				
9,200	---	2,529 + 38.6%	9,200	9,350	---	\$2,567 + 38.6%	9,350				
Capital Gains Tax:											
		Short-Term	Long-Term								
Taxpayer in:		<12 months	>12 mo or 5 yr								
10, 15% Bracket		ordinary rate	10% or 8%								
Other Brackets		ordinary rate	20% or 18%								
Kiddie Tax: (under age 14 with unearned income)											
	2002	2003									
First	\$750	\$750	No Tax	\$0	50,000	\$0 + 15%	\$0				
Next	\$750	\$750	10% Tax	50,000	75,000	7,500 + 25%	50,000				
Amounts over	\$1,500	\$1,500	Parents' Rate	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				
				18,333,333	---	6,416,667 + 35%	18,333,333				
Standard Deductions											
		Annual	Add'l Age 65 or Older, or Blind								
Married Filing Jointly	2002	\$7,850	\$900								
	2003	\$7,950	\$950								
Single	2002	\$4,700	\$1,150								
	2003	\$4,750	\$1,150								
Phase-Out of Itemized Deductions											
<ul style="list-style-type: none"> Reduced by 3% of taxpayer's AGI in excess of \$139,500 (\$137,300 in 2002) Reduction limited to 80%; does not affect investment interest, medical, casualty losses 											
				Personal Exemptions *							
				Exemption	AGI Threshold / Upper Limit						
				Married Filing Jointly	2002	\$3,000	\$206,000 / \$328,500				
				Jointly	2003	\$3,050	\$209,250 / \$331,750				
				Single	2002	\$3,000	\$137,300 / \$259,800				
				Single	2003	\$3,050	\$139,500 / \$262,000				
				* Personal exemptions are phased out by 2% for each \$2,500 by which AGI exceeds threshold.							
				Child Tax Credit							
				\$600 per child; phases out \$50 for each \$1,000 of AGI over \$110,000 (married filing joint), or \$75,000 (single)							
Qualified Plans											
				2002	2003						
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)				\$11,000	\$12,000						
Maximum elective deferral to SIMPLE 401(k) plans				\$7,000	\$8,000						
Maximum elective deferral to 457 plans of tax-exempt employers				\$11,000	\$12,000						
Limit on annual additions to SEP plans				\$30,000	\$30,000						
Annual compensation threshold requiring SEP contribution				\$450	\$450						
Limit on annual additions to defined contribution plans				\$40,000	\$40,000						
Maximum annual compensation taken into account for contributions				\$200,000	\$200,000						
Annual benefit limit under defined benefit plans				\$160,000	\$160,000						
Threshold amount for definition of highly compensated employee				\$90,000	\$90,000						
Threshold amount for definition of key employee in top-heavy plans				\$130,000	\$130,000						
PDGC monthly guaranteed pension amount at age 65 (single life)				\$3,579.55	N/A						
								Long-Term Care Insurance			
								Max Qualified LTC Premiums Eligible for Deduction:			
				age	40 or less	>40, <50	>50, <60	>60, <70	Over 70		
				2002	\$240	\$450	\$900	\$2,390	\$2,990		
				2003	\$250	\$470	\$940	\$2,510	\$3,130		
				Qual. LTC contract per diem limit (\$210 in 2002): \$210							

Updated with the **Job Creation and Worker Assistance Act of 2002** signed into law on March 9, 2002.

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IRAs						MDIB Table				
Contribution Limits – Traditional and Roth						<i>For calculating Required Minimum Distributions from Qualified Plans and Traditional IRAs</i>				
	<u>2001</u>	<u>2002-2004</u>	<u>2005</u>	<u>2006-2006</u>	<u>2008</u>	Current Age	Distribution Period	Current Age	Distribution Period	
Regular	\$2,000	\$3,000	\$4,000	\$4,000	\$5,000	70	27.4	93	9.6	
Catch-Up *	N/A	\$500	\$500	\$1,000	\$1,000	71	26.5	94	9.1	
<i>* Only taxpayers age 50 and over are eligible to make catch-up contributions</i>						72	25.6	95	8.6	
Roth IRAs						73	24.7	96	8.1	
<i>AGI Phase-Out Range for Contributions to Roth IRAs:</i>						74	23.8	97	7.6	
Married Filing Jointly		\$150,000 - \$160,000		Single		75	22.9	98	7.1	
Traditional IRA Deductibility Rules						76	22.0	99	6.7	
Filing Status	Covered by Employer's Retirement Plan?	Modified AGI		Deductibility	77	21.2	100	6.3		
		2002	2003		78	20.3	101	5.9		
Single	No	Any amount		Full deduction	79	19.5	102	5.5		
	Yes	\$33,999 or less		Full deduction	80	18.7	103	5.2		
		\$34,000 - \$43,999		Partial deduction	81	17.9	104	4.9		
		\$44,000 or more		No deduction	82	17.1	105	4.5		
Married Filing Jointly	Neither Spouse Covered	Any amount		Full deduction	83	16.3	106	4.2		
	Both Spouses Covered	\$53,999 or less		Full deduction	84	15.5	107	3.9		
		\$54,000 - \$63,999		Partial deduction	85	14.8	108	3.7		
		\$64,000 or more		No deduction	86	14.1	109	3.4		
	One Spouse Covered - For Covered Spouse	\$53,999 or less		Full deduction	87	13.4	110	3.1		
		\$54,000 - \$63,999		Partial deduction	88	12.7	111	2.9		
		\$64,000 or more		No deduction	89	12.0	112	2.6		
	One Spouse Covered - For Non-Covered Spouse	\$149,999 or less		Full deduction	90	11.4	113	2.4		
		\$150,000 - \$ 159,999		Partial deduction	91	10.8	114	2.1		
		\$160,000 or more		No deduction	92	10.2	115 and older	1.9		
Catch-Up Contribution Limits for Other Qualified Plan Types						Saver's Tax Credit – Contributions to Employer Plans and IRAs				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<i>Maximum Credit \$2,000; for 2002 and after; AGI limits below</i>				
401(k), 403(b), SEP Plans	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	Married Filing				
457 Plans	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	<u>Jointly</u>		<u>Single</u>		<u>Credit</u>
SIMPLE Plans	\$ 500	\$1,000	\$1,500	\$2,000	\$2,500	\$0 - \$30,000		\$0 - \$15,000	50% of contribution	
Education Incentives						\$30,001 - \$32,500		\$15,001 - \$16,250	20% of contribution	
Coverdell Education Savings Accounts (Education IRAs) – Contribution Limit \$2,000						\$32,501 - \$50,000		\$16,251 - \$25,000	10% of contribution	
<i>AGI Phase-Out Range for Contributions to Coverdell Education Savings Accounts:</i>						Over \$50,000		Over \$25,000	Not Available	
Married Filing Jointly		\$190,000 - \$220,000		Single		\$95,000 - \$110,000				
Qualified Tuition Programs – Section 529 Plans						<p>This information is provided for general consumer educational purposes by Fisher Publishing, Inc., and is not intended to provide legal, tax or investment advice.</p>				
<i>Distributions after 12/31/2001 used for qualified higher education expenses are income tax free</i>										
Hope and Lifetime Learning Credits										
<i>Hope Credit – Up to \$1,500 per student, for first two years of higher education tuition paid</i>										
<i>Lifetime Learning Credit – Up to 20% of tuition (up to \$5,000) paid; calculated per taxpayer</i>										
<i>AGI Phase-Outs</i>										
	<u>2002</u>		<u>2003</u>							
Married Filing Jointly	\$82,000 - 102,000		\$83,000 - 103,000							
Others	\$41,000 - 51,000		\$41,000 - 51,000							
Exclusions of U.S. Savings Bond Income										
<i>AGI Phase-Outs</i>										
	<u>2002</u>		<u>2003</u>							
Married Filing Jointly	\$86,400 - 116,400		\$87,750 - 117,750							
Others	\$57,600 - 72,600		\$58,500 - 73,500							
Student Loan Interest Deduction – Maximum Deduction \$2,500										
<i>AGI Phase-Outs</i>										
	<u>2002</u>		<u>2003</u>							
Married Filing Jointly	\$100,000 - \$130,000		\$100,000 - \$130,000							
Single	\$50,000 - \$65,000		\$50,000 - \$65,000							
Deductibility Period	No time limit		No time limit							
Deduction for Higher Education Expenses										
<i>Maximum Deduction (above-the-line) for 2002-2003 is \$3,000; for 2004-2005 is \$4,000</i>										
<i>Taxpayers with AGI below the following amounts are eligible:</i>										
Married Filing Jointly	\$130,000	Single	\$65,000	All others	\$0					

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