

# 2006 Tax Reference Guide

## Tax Brackets for 2006

Taxable income between:

<b>Married, filing jointly</b>	
\$0 - \$15,100	10%
\$15,101 - \$61,300	15%
\$61,301 - \$123,700	25%
\$123,701 - \$188,450	28%
\$188,451 - \$336,550	33%
Over \$336,550	35%

<b>Single</b>	
\$0 - \$7,550	10%
\$7,551 - \$30,650	15%
\$30,651 - \$74,200	25%
\$74,201 - \$154,800	28%
\$154,801 - \$336,550	33%
Over \$336,550	35%

<b>Married, filing separately</b>	
\$0 - \$7,550	10%
\$7,551 - \$30,650	15%
\$30,651 - \$61,850	25%
\$61,851 - \$94,225	28%
\$94,226 - \$168,275	33%
Over \$168,275	35%

<b>Single, head of household</b>	
\$0 - \$10,750	10%
\$10,751 - \$41,050	15%
\$41,051 - \$106,000	25%
\$106,001 - \$171,650	28%
\$171,651 - \$336,550	33%
Over \$336,550	35%

<b>Estates and trusts</b>	
\$0 - \$2,050	15%
\$2,051 - \$4,850	25%
\$4,851 - \$7,400	28%
\$7,401 - \$10,050	33%
Over \$10,050	35%

## Standard Deduction

Married, filing jointly	\$10,300
Single	\$5,150
Married, filing separately	\$5,150
Head of household	\$7,550
Blind or over 65, add \$1,000 if married; \$1,250 if single or head of household	

## Itemized Deductions Begin Phaseout

Married, filing jointly	\$150,500 AGI
Single	\$150,500 AGI
Married, filing separately	\$75,250 AGI
Head of household	\$150,500 AGI

## Personal Exemption: \$3,300

## Personal Exemption Begins Phaseout

Married, filing jointly	\$225,750 - \$350,750
Single	\$150,500 - \$255,500
Married, filing separately	\$112,875 - \$175,375
Head of household	\$188,150 - \$313,150

## Kiddie Tax Exemption: \$1,700

## Long-term Capital Gains and Qualified Dividend Rates

10% - 15% brackets	5%
Higher brackets	15%
Capital gains on collectibles	28%
Unrecaptured 1250 appreciation	25%

## Pension Plan Limits

### IRA contribution

Under age 50	\$4,000
Age 50 and over	\$5,000

### Phaseout for deducting IRA

<b>contribution</b> (qualified plan participant)	
Joint	\$75,000 - \$85,000 AGI
Single or head of household	\$50,000 - \$60,000 AGI
Spousal IRA	\$150,000 - \$160,000 AGI

### Phaseout of Roth contribution

<b>eligibility</b>	
Joint	\$150,000 - \$160,000 MAGI
Single	\$95,000 - \$110,000 MAGI
Filing separately	\$0 - \$10,000 MAGI
No Roth conversions if MAGI exceeds \$100,000 or if married, filing separately. MAGI does not include MRDs	

### SEP contribution

Up to 25% of compensation, limit \$44,000

### Compensation to participate in SEP

\$450

### SIMPLE elective deferral

Under 50	\$10,000
50 & over	\$12,500

### 401(k), 403(b)\*, 457 and SARSEP

<b>elective deferral</b>	
Under 50	\$15,000

### 401(k), 403(b)\*, 457\*\* and SARSEP

<b>elective deferral</b>	
50 & over	\$20,000

### Limit on additions to defined contribution plans

\$44,000

### Annual benefit limit on defined benefit plan

\$175,000

### Highly compensated employee makes

\$100,000

### Annual compensation taken into account for qualified plans

\$220,000

Singles with MAGI below \$25,000, heads of household below \$37,500 and joint filers below \$50,000 may be eligible for a % tax credit for an IRA, 401(k), 403(b) or 457 plan contribution, in addition to deduction or exclusion.

\*Special increased limit may apply to certain 403(b) contributors with 15 or more years of service.

\*\*In last three years prior to year of retirement, 457 participant may be able to double elective deferrals. If done, the "catch-up" contribution may not be used.

## Gift and Estate Tax

<b>Gift tax annual exclusion</b>	\$12,000
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<b>Highest estate and gift tax rate</b>	46%
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<b>Gift tax and estate tax applicable credit amount</b>	
(No more than \$1,000,000 during life)	\$2,000,000

<b>Generation skipping transfer tax exclusion</b>	\$2,000,000
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<b>Annual exclusion for gifts to non-citizen spouse</b>	\$120,000
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## Education

<b>Coverdell Education Savings Account</b> (aka Education IRA) contribution	\$2,000
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<b>Phaseout for Coverdell contribution eligibility</b>	
Single	\$95,000 - \$110,000
Joint	\$190,000 - \$220,000

<b>Student loan interest deduction limit</b>	\$2,500
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### Phaseout for student loan interest deduction

Single	\$50,000 - \$65,000 MAGI
Joint	\$105,000 - \$135,000 MAGI

### Phaseout of Hope and Lifetime

<b>Learning credits</b>	
Single and head of household	\$45,000 - \$55,000
Joint	\$90,000 - \$110,000

<b>Phaseout of tax-free savings bonds interest</b>	
Single	\$63,100 - \$78,100 MAGI
Joint	\$94,700 - \$124,700 MAGI

## Social Security

<b>Maximum earnings (during work years) subject to FICA tax</b>	\$94,200
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### Income<sup>‡</sup> (in retirement) causing Social Security benefits to be taxable:

<b>Married, filing jointly</b>	
50% taxable	\$32,000 MAGI
85% taxable	\$44,000 MAGI

<b>Single</b>	
50% taxable	\$25,000 MAGI
85% taxable	\$34,000 MAGI

<sup>‡</sup>Most income including municipal bond interest, and only 50% of Social Security.



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## Uniform Lifetime Table

Use to calculate Minimum Required Distributions from IRAs and qualified plans during owner's life. Do not use this table if owner has spousal beneficiary more than 10 years younger. Instead use Joint Life table from IRS Pub. 590.

Taxpayer's Age	Life Expectancy	Taxpayer's Age	Life Expectancy
10	86.2	63	33.9
11	85.2	64	33.0
12	84.2	65	32.0
13	83.2	66	31.1
14	82.2	67	30.2
15	81.2	68	29.2
16	80.2	69	28.3
17	79.2	70	27.4
18	78.2	71	26.5
19	77.3	72	25.6
20	76.3	73	24.7
21	75.3	74	23.8
22	74.3	75	22.9
23	73.3	76	22.0
24	72.3	77	21.2
25	71.3	78	20.3
26	70.3	79	19.5
27	69.3	80	18.7
28	68.3	81	17.9
29	67.3	82	17.1
30	66.3	83	16.3
31	65.3	84	15.5
32	64.3	85	14.8
33	63.3	86	14.1
34	62.3	87	13.4
35	61.4	88	12.7
36	60.4	89	12.0
37	59.4	90	11.4
38	58.4	91	10.8
39	57.4	92	10.2
40	56.4	93	9.6
41	55.4	94	9.1
42	54.4	95	8.6
43	53.4	96	8.1
44	52.4	97	7.6
45	51.5	98	7.1
46	50.5	99	6.7
47	49.5	100	6.3
48	48.5	101	5.9
49	47.5	102	5.5
50	46.5	103	5.2
51	45.5	104	4.9
52	44.6	105	4.5
53	43.6	106	4.2
54	42.6	107	3.9
55	41.6	108	3.7
56	40.7	109	3.4
57	39.7	110	3.1
58	38.7	111	2.9
59	37.8	112	2.6
60	36.8	113	2.4
61	35.8	114	2.1
62	34.9	115+	1.9

## Single Life Table After IRA Owner's Death

### Spouse Beneficiary

**Owner dies after Required Beginning Date (RBD):** Beginning in year after year of owner's death, recalculate spouse's single life expectancy each year while spouse survives, using spouse's age on birthday in that calendar year. When spouse dies, spouse's beneficiary can take over spouse's term certain life expectancy. For that, use spouse's age attained on the birthday in the calendar year of spouse's death. Reduce by one for each passing year. (Note: Spouse could instead roll over at owner's death.)

**Death before RBD:** Same options as above, plus spouse can delay until owner would have turned 70½, or spouse can defer all distributions as long as all funds are distributed in five years.

### Non-Spouse Beneficiary

**Death after RBD:** Beneficiary can take over beneficiary's term certain life expectancy. For that, use the beneficiary's age attained on the birthday in the calendar year after the calendar year of IRA owner's death. Reduce by one for each passing year.

**Death before RBD:** Same option as above or beneficiary can defer all distributions as long as all funds are distributed in five years.

### No Designated Beneficiary

**Death after RBD:** Inheritor can take over owner's term certain life expectancy. For that, use owner's age attained on the birthday in the calendar year of owner's death. Reduce by one for each passing year.

**Death before RBD:** Distribute all within five years.

Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor
0	82.4	29	54.3	58	27.0	87	6.7
1	81.6	30	53.3	59	26.1	88	6.3
2	80.6	31	52.4	60	25.2	89	5.9
3	79.7	32	51.4	61	24.4	90	5.5
4	78.7	33	50.4	62	23.5	91	5.2
5	77.7	34	49.4	63	22.7	92	4.9
6	76.7	35	48.5	64	21.8	93	4.6
7	75.8	36	47.5	65	21.0	94	4.3
8	74.8	37	46.5	66	20.2	95	4.1
9	73.8	38	45.6	67	19.4	96	3.8
10	72.8	39	44.6	68	18.6	97	3.6
11	71.8	40	43.6	69	17.8	98	3.4
12	70.8	41	42.7	70	17.0	99	3.1
13	69.9	42	41.7	71	16.3	100	2.9
14	68.9	43	40.7	72	15.5	101	2.7
15	67.9	44	39.8	73	14.8	102	2.5
16	66.9	45	38.8	74	14.1	103	2.3
17	66.0	46	37.9	75	13.4	104	2.1
18	65.0	47	37.0	76	12.7	105	1.9
19	64.0	48	36.0	77	12.1	106	1.7
20	63.0	49	35.1	78	11.4	107	1.5
21	62.1	50	34.2	79	10.8	108	1.4
22	61.1	51	33.3	80	10.2	109	1.2
23	60.1	52	32.3	81	9.7	110	1.1
24	59.1	53	31.4	82	9.1	111+	1.0
25	58.2	54	30.5	83	8.6		
26	57.2	55	29.6	84	8.1		
27	56.2	56	28.7	85	7.6		
28	55.3	57	27.9	86	7.1		

Pre-59½ equal periodic payments using the MRD method can use this Uniform Table, Single Life Table or the Joint Life Table found in IRS Pub 590. If you pick the Uniform Table or the Single Life Table, you cannot later switch tables.

