

The phase out of the EGTRRA (Economic Growth and Tax Relief Reconciliation Act of 2001) has been extended by two years. Public Law 111-312 (signed by President Obama, December 17, 2010)

2011 IRA Contribution Limits/Traditional and Roth

Regular \$5,000

Catch-up¹ \$1,000

Adjusted gross income (AGI) phase-out range for contributions to Roth IRAs:

Married filing jointly (MFJ) \$169,000 - \$179,000

Single/ HH \$107,000 - \$122,000

Contributions to Roth IRAs are not deductible.

IRA Deduction if not covered by Retirement Plan

Filing Status	MAGI	Deduction
Single	Any amount	Full ²
MFJ (neither spouse is covered)	Any amount	Full ²
MFJ (spouse is covered)	\$169,000 or less	Full ²
	\$169,000 - \$179,000	Partial
	\$179,000 or more	No
MFS	Less than \$10,000	Partial
	\$10,000 or more	No

Note: If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

IRA Deduction if covered by Retirement Plan

Filing Status	MAGI	Deduction
Single or Head of the Household (HOH)	\$56,000 or less	Full
	\$56,001 - \$66,000	Partial
	\$66,001 or more	No
MFJ or qualifying widow	\$90,000 or less	Full
	\$90,000 - \$109,000	Partial
	\$110,000 or more	No
MFS	Less than \$10,000	Partial
	\$10,001 or more	No

¹ Taxpayers age 50 and over are eligible to make catch-up contributions.

² Up to the amount of your contribution limit.

³ Lose \$1 for every \$2 earnings over \$14,160; Lose \$1 for every \$3 earning for over \$37,680 until the month the worker turns age 66.

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Maximum qualified long term care (LTC) insurance premiums eligible for deduction

Age	40 or less	41-50	51-60	61-70	Over 70
2011	\$340	\$640	\$1,270	\$3,390	\$4,240

LTC insurance premiums may be paid from a Health Savings account (HSA)

Personal Exemptions	Exemption
MFJ (MFS is 1/2)	\$3,700
Single	\$3,700

Standard Deduction

MFJ	\$11,600
Single (also MFS)	\$5,800
HOH	\$8,500

Social Security

- Maximum annual earnings subject to social security taxes: \$106,800
- Maximum social security tax for 2011: \$4,485 (EE); \$11,107 self employed
- Social security tax rate: 10.4% self employed, 4.2% employees
- No ceiling for Medicare tax
- Medicare tax rate: 2.9% self employed, 1.45% employees
- Max Earnings before SS benefits are reduced: under full retirement age \$14,160. The year an individual reaches full retirement age \$37,680 year; there is no limit on earnings beginning the month an individual attains full retirement age.³

Income causing Social Security benefits to be taxable

	50% taxable	85% taxable
MFJ	\$32,000	\$44,000
Single	\$25,000	\$34,000

2011 Capital Gain Rates

Tax Bracket	Short Term Gains (<12 mo)	Long Term Gains (>12 mo)
10% and 15% Tax Brackets	Ordinary Rate	0%
Other Tax Brackets	Ordinary Rate	15%

Earned Income Credit

Number of qualifying children	1	2	3	none
Earned Income	\$9,100	\$12,780	\$12,780	\$6,070
Maximum amount of credit	\$3,094	\$5,112	\$5,751	\$464

Subject to MAGI and investment income limitations.

2011 Qualified Plans

Maximum elective deferral to retirement plans, i.e. 401(k), 403(b)	\$16,500
Maximum elective deferral to Roth 401(k) plan (no income phase out)	\$16,500
Catch-up contribution limit for 401(k), 403(b), 457, & Roth 401(k)	\$5,500
Maximum elective deferral to SIMPLE 401(k) plans	\$11,500
Catch-up contribution limit for SIMPLE plans	\$2,500
Maximum elective deferral to 457 Plans of tax exempt employers	\$16,500
Limits on annual additions to SEP Plans	\$49,000
Annual compensation threshold requiring SEP contribution (limited to 25%)	\$550
Limit on annual additions to defined contribution plans	\$49,000
Maximum annual compensation taken into account for contributions	\$245,000
Annual benefit limit under defined benefit plans	\$195,000
Threshold amount for definition of highly compensated employee	\$110,000
Threshold amount for definition of key employee in top-heavy plans	\$160,000

Education Incentives

Coverdell Education Savings Accounts

Contribution Limit: \$2,000 per beneficiary, per year

AGI Phase outs: MFJ \$190,000 - \$220,000
Single \$95,000 - \$110,000

Qualified Tuition Programs (Code Section 529 programs).

Distributions which are used to pay for a beneficiary's qualified education expenses are tax-free. Other distributions are included in income and subject to penalty.

American Opportunity Tax Credit (Hope Education Credit). 100% of the first \$2,000 of tuition and related college expenses; 25% of the next \$2,000, the max credit for 2011 is \$2,500. Subject to MAGI limitations.

Phase outs:

- Jt Return \$160,000 to \$180,000
- All other Returns \$80,000 to \$90,000

For 2011 it is \$2,500 per year with an AGI phase-out starting at \$80,000/\$160,000 for individuals and joint filers respectively. Forty percent of the credit is refundable. The maximum credit of \$2,500 will be allowed with 100% of the first \$2,000 and 25% on the next \$2,000 of qualifying payments.

Lifetime Learning Credit⁴

Equal to 20% of taxpayers' first \$10,000 of out-of-pocket qualified tuition and related expenses. Subject to MAGI limitations.

Student Loan Interest Deduction

Maximum deduction: \$2,500
AGI Phase outs: MFJ \$120,000 - \$150,000
Single \$60,000 - \$75,000

Subject to income phase outs.

Children

For 2011, the child tax credit that may be refundable is \$3,000. The credit for qualified adoption expenses is \$13,170 in 2011.

Kiddie Tax

Children under age 19 with unearned income of:⁵

First	\$950	No tax
Next	\$950	10% tax
Amounts over	\$1,900	Parents' tax rate

⁴ Lifetime Learning Credit Phase outs; Jt Return = \$100,000 to \$200,000; All other = \$50,000 to \$60,000 credit is 40% return.

⁵ Under age 24 if a full-time student whose earned income does not exceed half of his or her own support for the year.

Health Savings Account

	Regular	Catch-up ⁶
Single	\$3,050	\$1,000
Family	\$6,150	\$1,000

2011 Rate Schedules

Single filing

(Tax Rate)

10% on income between \$0 and \$8,500;
 15% on the income between \$8,500 and \$34,500;
 plus \$850.00
 25% on the income between \$34,500 and \$83,600;
 plus \$4,750.00
 28% on the income between \$83,600 and \$174,400;
 plus \$17,025.00
 33% on the income between \$174,400 and \$379,150;
 plus \$42,449.00
 35% on the income over \$379,150; plus \$110,016.50

Married filing jointly or qualifying widow(er) filing status

10% on income between \$0 and \$17,000
 15% on the income between \$17,000 and \$69,000;
 plus \$1,700.00
 25% on the income between \$69,000 and \$139,500;
 plus \$9,500.00
 28% on the income between \$139,500 and \$212,300;
 plus \$27,087.50
 33% on the income between \$212,300 and \$379,150;
 plus \$47,513.50
 35% on the income over \$379,150; plus \$102,574

Married filing separately filing status

10% on income between \$0 and \$8,500
 15% on the income between \$8,500 and \$34,500;
 plus \$850.00
 25% on the income between \$34,500 and \$69,675;
 plus \$4,750.00
 28% on the income between \$69,675 and \$106,150;
 plus \$13,543.75
 33% on the income between \$106,150 and \$189,575;
 plus \$23,757.00
 35% on the income over \$189,575; plus \$51,287

Head of household filing status

10% on income between \$0 and \$12,150
 15% on the income between \$12,150 and \$46,250;
 plus \$1,215.00
 25% on the income between \$46,250 and \$119,400;
 plus \$6,330.00
 28% on the income between \$119,400 and \$193,350;
 plus \$24,617.50
 33% on the income between \$193,350 and \$379,150;
 plus \$45,323.50
 35% on the income over \$379,150; plus \$106,637.50

Death/Gifts occurring in 2011

2011	Exemption Amount
1. Federal Estate Gift	\$5,000,000
2. Federal Gift tax	\$5,000,000
3. Federal GST tax	\$5,000,000

**Annual gift tax exclusion: \$13,000 (individual),
 \$26,000 (married)**

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⁶ For taxpayers age 55 and over, and not on Medicare.

*Sources: IRC: IRS and SSA Publication No. 5 10003, January 2011.