

2010 Key Facts and Figures - July 2010 Exam

Keir Educational Resources compiled the following key facts and figures for the CFP® Certification Examination to assist you with your preparation for this comprehensive exam.

Please note the following items:

1. This list is not intended to be an all-inclusive listing of facts and figures tested on the CFP® Certification Examination.
2. Very few of the figures included in this list will be provided in your actual CFP® Certification Examination booklet. **Only the items underlined will be provided.** For example, all of the underlined Personal Exemption, Standard Deductions and Itemized Deductions information listed on the next page are provided. However, the exam booklet does not include information about the self employment taxes or kiddie taxes. As a result, you will need to know how to calculate both taxes. Likewise, you will need to memorize all the other items that are not underlined.
3. Prior to 2010, taxpayers with AGIs above the threshold had to phaseout a portion of their itemized deductions and personal exemptions. These phaseouts are eliminated in 2010.
4. Multiple tax deductions expired as of December 31, 2009 including: (1) \$250 above-the-line deduction for K-12 grade teacher's classroom expenses, (2) up to \$4,000 above-the-line deduction for tuition and fees, (3) the option to deduct state and local sales taxes instead of state and local income taxes, (4) the exclusion of up to \$2,400 in unemployment compensation, and (5) the exclusion from income on qualified distributions from a retirement plan given to a charity. It is possible these items may be retroactively reinstated at some point during 2010. However, they are not subject to being tested on the July 2010 exam as the law must be back in place for 6 months prior to the exam.

If you need assistance preparing for the exam or if you have a question about our materials, please contact Customer Service at 800-795-5347, or send us an e-mail message at fpquestions@keirsuccess.com. We will have an instructor return your call or e-mail, typically within one business day.

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Personal Exemption **2010**

Personal exemption amount per person 3,650

Standard Deductions **2010**

Single 5,700

Married filing jointly or surviving spouse 11,400

Married filing separately 5,700

Head of household 8,400

Additional standard deduction amount if age 65 or older or blind

Married (per person) 1,100

Unmarried 1,400

Taxpayer is claimed as a dependent

No earned income 950

Earned income (earned income plus amount) 300

Maximum deduction using earned income 5,700

Itemized Deductions **2010**

Deductible for each casualty and theft loss 100
(before considering 10% AGI threshold)

Employment Taxes **2010**

Social Security tax rate

Employer's portion 6.2%

Employee's portion 6.2%

Total for self-employed individual 12.4%

Maximum amount of earnings subject to Social Security taxes 106,800

Medicare tax rate

Employer's portion 1.45%

Employee's portion 1.45%

Total for self-employed individual 2.9%

Maximum amount of earnings subject to Medicare taxes Unlimited

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2010

Total employment taxes

| | |
|------------------------------------|-------|
| Employer's portion | 7.65% |
| Employee's portion | 7.65% |
| Total for self-employed individual | 15.3% |

Percentage of self-employed earnings subject to SE taxes 92.35%

Percentage of SE taxes deducted above-the-line 50%

Kiddie Tax

2010

| | |
|---|-----------|
| Amount not subject to tax due to personal exemption | 950 |
| Amount taxed at child's rate of 10% | 950 |
| Unearned income above these amounts taxed at parents' marginal tax rate | Unlimited |

Child Tax Credit

2010

Child tax credit per child 1,000

Phaseout of \$50 for every \$1,000 or fraction thereof that AGI exceeds the following amounts (completely phased out if AGI exceeds threshold by \$20,000 per child):

| | |
|---|----------------|
| <u>Single</u> | <u>75,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>110,000</u> |
| <u>Married filing separately</u> | <u>55,000</u> |
| <u>Head of household</u> | <u>75,000</u> |

Child or Dependent Care Credit

2010

Maximum amount of qualifying expenses

| | |
|------------------------------------|-------|
| One child or dependent | 3,000 |
| Two or more children or dependents | 6,000 |

AGI amount when credit reduced to 20% level 43,000

Maximum credit, assuming taxpayer's AGI at 20% level

| | |
|------------------------------------|-------|
| One child or dependent | 600 |
| Two or more children or dependents | 1,200 |

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American Opportunity Tax Credit (formerly called Hope Credit) 2010

Credit percentage amounts

| | |
|-----------------------|-------------|
| <u>First \$2,000</u> | <u>100%</u> |
| <u>Second \$2,000</u> | <u>25%</u> |

Maximum credit \$2,500

Phaseout starts at the following AGI amounts:

| | |
|---|----------------|
| <u>Single</u> | <u>80,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>160,000</u> |
| <u>Married filing separately</u> | <u>0</u> |
| <u>Head of household</u> | <u>80,000</u> |

Credit completely phased out at the following AGI amounts:

| | |
|---|----------------|
| <u>Single</u> | <u>90,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>180,000</u> |
| <u>Married filing separately</u> | <u>0</u> |
| <u>Head of household</u> | <u>90,000</u> |

Lifetime Learning Credit 2010

Credit percentage amounts

| | |
|-----------------------|------------|
| <u>First \$10,000</u> | <u>20%</u> |
|-----------------------|------------|

Maximum credit \$2,000

Phaseout starts at the following AGI amounts:

| | |
|---|----------------|
| <u>Single</u> | <u>50,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>100,000</u> |
| <u>Married filing separately</u> | <u>0</u> |
| <u>Head of household</u> | <u>50,000</u> |

Credit completely phased out at the following AGI amounts:

| | |
|---|----------------|
| <u>Single</u> | <u>60,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>120,000</u> |
| <u>Married filing separately</u> | <u>0</u> |
| <u>Head of household</u> | <u>60,000</u> |

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Education Expenses **2010**

Above-the-line deduction for educational loan interest payments 2,500

Phaseout of educational loan interest deduction starts at the following AGI amounts:

| | |
|--|---------|
| Single | 60,000 |
| Married filing jointly or surviving spouse | 120,000 |
| Married filing separately | 0 |
| Head of household | 60,000 |

Educational loan interest deduction completely phased out at the following AGI amounts:

| | |
|--|---------|
| Single | 75,000 |
| Married filing jointly or surviving spouse | 150,000 |
| Married filing separately | 0 |
| Head of household | 75,000 |

Tax-free treatment on Series EE bonds

Phaseout of tax-free treatment on Series EE bonds starts at the following AGI amounts:

| | |
|--|---------|
| Single | 70,100 |
| Married filing jointly or surviving spouse | 105,100 |
| Married filing separately | 70,100 |
| Head of household | 70,100 |

Tax-free treatment on Series EE bonds completely phased out at the following AGI amounts:

| | |
|--|---------|
| Single | 85,100 |
| Married filing jointly or surviving spouse | 135,100 |
| Married filing separately | 85,100 |
| Head of household | 85,100 |

Coverdell Education Savings Accounts **2010**

Coverdell Education Savings Account (ESA) contribution limit 2,000

Phaseout of ESA contribution starts at the following AGI amounts:

| | |
|---|----------------|
| <u>Single</u> | <u>95,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>190,000</u> |
| <u>Married filing separately</u> | <u>95,000</u> |
| <u>Head of household</u> | <u>95,000</u> |

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ESA contribution completely phased out at the following AGI amounts:

| | |
|---|----------------|
| <u>Single</u> | <u>110,000</u> |
| <u>Married filing jointly or surviving spouse</u> | <u>220,000</u> |
| <u>Married filing separately</u> | <u>110,000</u> |
| <u>Head of household</u> | <u>110,000</u> |

Section 179 Deduction

2010

| | |
|-------------------------------------|---------|
| Section 179 deduction amount | 134,000 |
| Limit on property placed in service | 530,000 |

Income Tax Rates

2010

Marginal tax rate ends at the following income levels:

Single

| | |
|------------|------------------|
| <u>10%</u> | <u>8,375</u> |
| <u>15%</u> | <u>34,000</u> |
| <u>25%</u> | <u>82,400</u> |
| <u>28%</u> | <u>171,850</u> |
| <u>33%</u> | <u>373,650</u> |
| <u>35%</u> | <u>Unlimited</u> |

Married filing jointly or surviving spouse

| | |
|------------|------------------|
| <u>10%</u> | <u>16,750</u> |
| <u>15%</u> | <u>68,000</u> |
| <u>25%</u> | <u>137,300</u> |
| <u>28%</u> | <u>209,250</u> |
| <u>33%</u> | <u>373,650</u> |
| <u>35%</u> | <u>Unlimited</u> |

Married filing separately

| | |
|------------|------------------|
| <u>10%</u> | <u>8,375</u> |
| <u>15%</u> | <u>34,000</u> |
| <u>25%</u> | <u>68,650</u> |
| <u>28%</u> | <u>104,625</u> |
| <u>33%</u> | <u>186,825</u> |
| <u>35%</u> | <u>Unlimited</u> |

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| | 2010 |
|---------------------------------|------------------|
| <i><u>Head of household</u></i> | |
| <u>10%</u> | <u>11,950</u> |
| <u>15%</u> | <u>45,500</u> |
| <u>25%</u> | <u>117,650</u> |
| <u>28%</u> | <u>190,550</u> |
| <u>33%</u> | <u>373,650</u> |
| <u>35%</u> | <u>Unlimited</u> |

| | |
|----------------------|------------------|
| <i><u>Trusts</u></i> | |
| <u>15%</u> | <u>2,300</u> |
| <u>25%</u> | <u>5,350</u> |
| <u>28%</u> | <u>8,200</u> |
| <u>33%</u> | <u>11,200</u> |
| <u>35%</u> | <u>Unlimited</u> |

| | |
|--|-------------|
| <i>Tax rates for capital gains and dividends</i> | 2010 |
| Taxpayers above the 15% tax bracket | 15% |
| Taxpayers in the 10% or 15% tax bracket | 0% |

Alternative Minimum Taxes (AMT) 2010

| | |
|--|--------|
| <i>AMT exemption amounts</i> | |
| Single | 33,750 |
| Married filing jointly or surviving spouse | 45,000 |
| Married filing separately | 22,500 |
| Head of household | 33,750 |

| | |
|---|---------|
| <i>Phaseout of AMT exemption of 25% of AMTI that exceeds the following amounts:</i> | |
| Single | 112,500 |
| Married filing jointly or surviving spouse | 150,000 |
| Married filing separately | 75,000 |
| Head of household | 112,500 |

| | |
|--|-----|
| <i>AMT tax rates</i> | |
| On the first \$175,000 of AMT taxable income | 26% |
| On income above \$175,000 | 28% |
| On capital gains and dividends | 15% |

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Estate and Gift Taxes **2010**

Annual gift tax exclusions

| | |
|--------------------------------|-----------|
| Gifts to any person | 13,000 |
| Gifts to a U.S. citizen spouse | unlimited |
| Gifts to a noncitizen spouse | 134,000 |

Lifetime gifts

| | |
|---------------------------------|----------------|
| Applicable exclusion amount | 1,000,000 |
| <u>Applicable credit amount</u> | <u>330,800</u> |

Bequests at death

| | |
|---------------------------------|-----------------|
| Applicable exclusion amount | Repealed |
| <u>Applicable credit amount</u> | <u>Repealed</u> |

Maximum amount of step-up in basis at death in 2010 (carryover basis on any assets above these amount in 2010)

| | |
|---|-----------|
| Assets passing to any heir (including surviving spouse) | 1,300,000 |
| Additional step-up for other assets passing outright to surviving spouse (not in marital trust) | 3,000,000 |

| | |
|----------------------------|-----------------|
| <u>Top estate tax rate</u> | <u>Repealed</u> |
| <u>Top gift tax rate</u> | <u>35%</u> |

Generation-skipping transfer (GST) tax

| | |
|-------------------------------|----------|
| Annual GST exclusion | Repealed |
| Lifetime GST exemption amount | Repealed |
| Flat GST tax rate | Repealed |

| | |
|-----------------------------|-----------|
| Special-use valuation limit | 1,000,000 |
|-----------------------------|-----------|

Retirement Plans **2010**

Taxpayer or employee contribution limits

| | |
|---|--------|
| IRA (combined traditional and Roth IRA limit) | 5,000 |
| 401(k) plans | 16,500 |
| 403(b) plans | 16,500 |
| 457 plans | 16,500 |
| SIMPLE plans | 11,500 |

Catch-up contribution limits

| | |
|---|-------|
| IRA (combined traditional and Roth IRA limit) | 1,000 |
| 401(k) plans | 5,500 |
| 403(b) plans | 5,500 |
| 457 plans | 5,500 |
| SIMPLE plans | 2,500 |

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Defined-contribution plan limitations

| | |
|---|---------|
| Participating payroll | 25% |
| Maximum percentage of employee's compensation | 100% |
| Participant's contribution not to exceed | 49,000 |
| Maximum compensation to be considered | 245,000 |

Defined-benefit plan limitations

| | |
|---------------------------------------|---------|
| Maximum annual benefit | 195,000 |
| Maximum compensation to be considered | 245,000 |

SEP plan limitations

| | |
|---|---------|
| Maximum percentage of employee's compensation | 25% |
| Participant's contribution not to exceed | 49,000 |
| Minimum compensation needed to participate | 550 |
| Maximum compensation to be considered | 245,000 |

Qualified plan definitions

Highly-compensated employee

| | |
|--|---------|
| Any employee who owns 5% or more of the company | |
| Any employee among the top 20% highest-paid and paid more than | 110,000 |

Key employee

| | |
|---|---------|
| Any officer earning | 160,000 |
| Any employee who owns 5% or more of the company | |
| Any employee who owns 1% or more of the company and makes | 150,000 |

Phaseout of IRA deduction starts at the following amounts:

| | |
|--|--------|
| Single | 56,000 |
| Married filing jointly or surviving spouse | 89,000 |
| Married filing separately | 0 |
| Head of household | 56,000 |

IRA deduction completely phased out at the following amounts:

| | |
|--|---------|
| Single | 66,000 |
| Married filing jointly or surviving spouse | 109,000 |
| Married filing separately | 10,000 |
| Head of household | 66,000 |

Phaseout of IRA deduction with an active participant spouse

| | |
|--------------------------------------|---------|
| AGI limit when phaseout starts | 167,000 |
| AGI limit when completely phased out | 177,000 |

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| | 2010 |
|--|-------------|
| <i>Phaseout of Roth IRA contributions starts at the following amounts:</i> | |
| Single | 105,000 |
| Married filing jointly or surviving spouse | 167,000 |
| Married filing separately | 0 |
| Head of household | 105,000 |

| | |
|--|---------|
| <i>Roth IRA contribution completely phased out at the following amounts:</i> | |
| Single | 120,000 |
| Married filing jointly or surviving spouse | 177,000 |
| Married filing separately | 10,000 |
| Head of household | 120,000 |

Social Security Benefits **2010**

| | |
|--|--------|
| <i>Limit on earnings before the reduction of benefits of \$1 for every \$2 earnings above limitation</i> | |
| Under full retirement age | 14,160 |
| Over full retirement age | n/a |
| | |
| Amount needed to earn one Social Security credit | 1,120 |

Medicare **2010**

| | |
|--|-------|
| <i>Part A deductibles for hospital stays</i> | |
| Days 1-60 (total deductible for all 60 days) | 1,100 |
| Days 61-90 (deductible per day) | 275 |
| Days 91-150 (deductible per day) | 550 |

| | |
|--|--------|
| <i>Part A deductibles for skilled nursing facility</i> | |
| Days 1-20 | 0 |
| Days 21-100 (deductible per day) | 137.50 |

| | |
|--|--------|
| <i>Part B monthly premium (monthly premiums will be higher if AGI exceeds \$85,000 for single taxpayers or \$170,000 MFJ taxpayers, base amount of \$96.40 applies in 2010 to most clients who were already on Medicare prior to 2010)</i> | 110.50 |
|--|--------|

| | |
|---------------------------------|-----|
| <i>Part B annual deductible</i> | 155 |
|---------------------------------|-----|