

# 2006 TAX UPDATE

## 2006 EASY REFERENCE TAX GUIDE

### Contribution Limits – Traditional and Roth IRAs, SEPs

	2001	2002-2004	2005	2006 - 2007	2008
Regular	\$2,000	\$3,000	\$4,000	\$4,000	\$5,000
Catch-Up*	N/A	\$500	\$500	\$1,000	\$1,000

\* Only taxpayers age 50 and over are eligible to make catch-up contributions

### Roth Contribution Phase-out

AGI Phase-out Range for contributions to Roth IRAs in 2006:

▶ Married Filing Jointly: \$150,000 – \$160,000      ▶ Single: \$95,000 – \$110,000

▶ Married Filing Separately: \$0 – \$10,000

### Traditional IRA Deductibility Rules

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI 2005	Modified AGI 2006	Deductibility
SINGLE	No	Any amount	Any amount	Full deduction
	Yes	\$50,000 or less	\$50,000 or less	Full deduction
		\$50,001-\$59,999	\$50,001-\$59,999	Partial deduction
	\$60,000 or more	\$60,000 or more	No deduction	
MARRIED FILING JOINTLY	Neither Spouse Covered	Any Amount	Any Amount	Full deduction
		\$70,000 or less	\$75,000 or less	Full deduction
	Both Spouses Covered	\$70,001-\$79,999	\$75,001-\$84,999	Partial deduction
		\$80,000 or more	\$85,000 or more	No deduction
	One Spouse Covered-	\$70,000 or less	\$75,000 or less	Full deduction
	For Covered Spouse	\$70,001-\$79,999	\$75,001-\$84,999	Partial deduction
		\$80,000 or more	\$85,000 or more	No deduction
	One Spouse Covered-	\$150,000 or less	\$150,000 or less	Full deduction
	For Non-Covered Spouse	\$150,001-\$159,999	\$150,001-\$159,999	Partial deduction
		\$160,000 or more	\$160,000 or more	No deduction

### Catch-up Contribution Limits for Other Qualified Plan Types

	2002	2003	2004	2005	2006
401(k), 403(b)					
SAR-SEP and 457 Plans	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
SIMPLE Plans	\$500	\$1,000	\$1,500	\$2,000	\$2,500

### Qualified Plans

	2005	2006
Maximum elective deferral to retire. plans, e.g., 401(k), 403(b) and 457 plans	\$14,000	\$15,000
Maximum elective deferral to SIMPLE 401(k) plans	\$10,000	\$10,000
Limit on annual additions to SEP plans	\$42,000	\$44,000
Annual compensation threshold requiring SEP contribution	\$450	\$450
Limit on annual additions to defined contribution plans	\$42,000	\$44,000
Maximum annual compensation taken into account for contributions	\$210,000	\$220,000

### Qualified Plans (continued)

	2005	2006
Annual benefit limit under defined benefit plans	\$170,000	\$175,000
Threshold amount for definition of highly compensated employee	\$95,000	\$100,000
Threshold amount for definition of key employee/officer in top-heavy plans	\$135,000	\$140,000
PBGC monthly guaranteed pension amount at age 65 (single life)	\$3,971.59	

### Uniform Lifetime Table

#### For Calculating Required Minimum Distributions from Qualified Plans and Traditional IRAs

Current Age	Distribution Period	Current Age	Distribution Period
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115 and older	1.9

### Saver's Tax Credit — Contributions to Employer Plans and IRAs

Maximum Credit \$1,000 for 2002 through 2007 after AGI limits below

Married Filing Jointly	Single	Credit
\$0 to \$30,000	\$0 to \$15,000	50% of contribution
\$30,001 to \$32,500	\$15,001 to \$16,250	20% of contribution
\$32,501 to \$50,000	\$16,251 to \$25,000	10% of contribution
Over \$50,000	Over \$25,000	Not Available

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### 2006 Estate and Gift Tax Rates

#### If Taxable Estate/Gift Is:

Over	But Not Over	The Tax Is:	Of The Amount Over
\$0	10,000	\$0 + 18%	\$0
10,000	20,000	\$1,800 + 20%	10,000
20,000	40,000	\$3,800 + 22%	20,000
40,000	60,000	\$8,200 + 24%	40,000
60,000	80,000	\$13,000 + 26%	60,000
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 + 46%	2,000,000

#### Subtract Applicable Credit Below from Calculated Tax:

Estate Tax	Exclusion Amount	Federal Credit	Gift Tax Exclusion
2002-2003	1,000,000	345,800	1,000,000
2004-2005	1,500,000	555,800*	1,000,000
2006-2008	2,000,000	780,800*	1,000,000
2009	3,500,000	1,455,800*	1,000,000
2010	Estate tax repealed, gift tax remains		
2011	1,000,000	345,800	1,000,000

\*Federal Credit for Gift Taxes limited to \$345,800

### Other Estate and Gift Tax Planning Items

	2005	2006
Annual gift tax exclusion	\$11,000	\$12,000
Annual gift tax exclusion for non U.S. citizen spouses	\$117,000	\$120,000
Generation Skipping Tax (GST) exemption	\$1,500,000	\$2,000,000
IRC § 6166 2% limit for deferred estate tax payments	\$1,170,000	\$1,200,000
Special Use Valuation for qualified real property	\$870,000	\$900,000

