

Adoption Credit

| | |
|--|-----------------------|
| Maximum credit for a child with special needs | \$13,360 |
| Other adoptions, qualified expenses | Up to \$13,360 |
| Phaseout range, modified adjusted gross income | \$185,210 - \$225,210 |

Section 179 Expense

| | |
|--------------------|-------------|
| Expense Limit | \$ 500,000 |
| Phaseout Threshold | \$2,000,000 |

FICA (SS & Medicare) Wage Base

| | |
|-----------------------------|------------|
| Social Security Wage Base | \$106,800 |
| Maximum Social Security Tax | \$4,485.60 |
| Medicare Wage Base | No ceiling |
| Maximum Medicare Wage Tax | No ceiling |

Student Loan Interest Deduction

| | |
|--|------------------------|
| Maximum interest deduction | \$2,500 |
| Modified Adjusted Gross Income Phaseout: | |
| Married Filing Jointly | \$120,000 to \$150,000 |
| Single/HOH | \$ 60,000 to \$ 75,000 |

Qualifying Child

A qualifying child for purposes of the child tax credit must be all of the following:

1. Claimed as your dependent on line 6c of Form 1040 or Form 1040A.
2. Under age 17 at the end of 2011.
3. Your:
 - a. Son, daughter, adopted child, stepchild, or a descendant of any of them (for example, your grandchild), or
 - b. Brother, sister, stepbrother, stepsister, or a descendant of any of them (for example, your niece or nephew) whom you cared for as you would your own child, or
 - c. Foster child (any child placed with you by an authorized placement agency whom you cared for as you would your own child).
4. A U.S. citizen or resident alien.

Adopted child. An adopted child is always treated as your own child. An adopted child includes a child placed with you by an authorized placement agency for legal adoption even if the adoption is not final.

Kidnapped child. A kidnapped child is treated as a qualifying child for the child tax credit if both of the following statements are true:

1. The child is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of your family or the child's family.
2. The child qualified as your dependent for the part of the year before the kidnapping.

This treatment applies for all years until the child is returned. However, the last year this treatment can apply is the earlier of:

1. The year there is a determination that the child is dead, or
2. The year the child would have reached age 16.

Dependent Care Credit Limitations

To determine the amount of your credit, multiply your work-related expenses (after applying the earned income and dollar limits) by a percentage. This percentage depends on your adjusted gross income shown on Form 1040, line 37, or Form 1040A, line 21. The following table shows the percentage to use based on adjusted gross income. The maximum eligible to be multiplied by these percentages is \$3,000 per child, maximum of \$6,000 per return.

| IF your adjusted gross income is: | | Then the percentage is: |
|-----------------------------------|--------------|-------------------------|
| Over | But not over | |
| \$ 0 | \$15,000 | 35% |
| 15,000 | 17,000 | 34% |
| 17,000 | 19,000 | 33% |
| 19,000 | 21,000 | 32% |
| 21,000 | 23,000 | 31% |
| 23,000 | 25,000 | 30% |
| 25,000 | 27,000 | 29% |
| 27,000 | 29,000 | 28% |
| 29,000 | 31,000 | 27% |
| 31,000 | 33,000 | 26% |
| 33,000 | 35,000 | 25% |
| 35,000 | 37,000 | 24% |
| 37,000 | 39,000 | 23% |
| 39,000 | 41,000 | 22% |
| 41,000 | 43,000 | 21% |
| 43,000 | No limit | 20% |

Comparison of Education Credits

| Lifetime Learning Credit | American Opportunity |
|--|---|
| Up to \$2,000 | Up to \$2,500 / Up to 40% is refundable |
| Maximum lifetime learning rate is 20% | 100% of first \$2,000 plus 25% of next \$2,000 |
| Available for all years of post-secondary education and for courses to acquire or improve job skills | Available for four years of college |
| Available for an unlimited number of years | Only available for 2009 through 2012 |
| Student does not need to be pursuing a degree or other recognized educational credential | AGI Phase Out between \$80,000 - \$90,000 (160K - 180K) |
| Available for one or more courses | |
| Felony drug conviction rule does not apply | |

| Lifetime Learning Credits Phaseout | Refundable American Opportunity |
|---|---------------------------------|
| Modified adjusted gross income phaseout : | |
| Married Filing Jointly | \$102,000 to \$122,000 |
| All other Filing Statuses | \$ 51,000 to \$ 61,000 |
| | \$160,000 to \$180,000 |
| | \$ 80,000 to \$ 90,000 |

Social Security Payback

| | |
|---|--|
| At full retirement age or older | No limit on earnings |
| Under full retirement age | \$1 in benefits will be deducted for each \$2 you earn above \$14,160. |
| In the year you reach full retirement age | Your benefits will be reduced \$1 for every \$3 you earn above \$37,680. |

* For 2011, full retirement age is 66 years.