

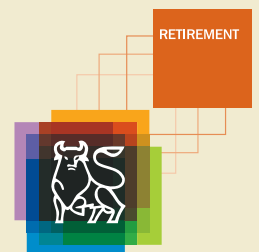


2009 Contribution Limits and Tax Reference Guide

Making Tax-Smart Wealth Management Decisions

INSIDE

Retirement Plans
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Deductions



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TAX-ADVANTAGED ACCOUNTS: RETIREMENT PLANS (2009 TAX YEAR)

Traditional IRA contribution limits

Under age 50	\$5,000*
Age 50 and above	\$6,000**

Phaseout ranges for IRA contribution deductibility

Married, filing jointly	\$89,000 - \$109,000 MAGI***
Married, filing separately	\$0 - \$10,000 MAGI
Single and head of household	\$55,000 - \$65,000 MAGI
Spousal IRA filing jointly, IRA of nonparticipant	\$166,000 - \$176,000 MAGI

Full deduction is permitted below phaseout range. Scaled partial deduction is permitted within range. No deduction is permitted above range. An IRA owner under age 70½ with earned income can make a fully deductible contribution, regardless of his/her MAGI, if neither he/she nor their spouse (if married) is an active participant in an employer plan. If one or both are active plan participants, the above deductibility phaseout ranges apply. Qualified clients not eligible for deductible contributions may make nondeductible contributions.

- * Or 100% of taxable compensation, whichever is less
- ** Includes \$1,000 "catch-up" contribution
- *** Modified adjusted gross income

Roth IRA contribution limits

Under age 50	\$5,000*
Age 50 and above	\$6,000**

Phaseout ranges for Roth contribution eligibility

Married, filing jointly	\$166,000 - \$176,000 MAGI
Married, filing separately	\$0 - \$10,000 MAGI
Single	\$105,000 - \$120,000 MAGI

Required minimum distributions are not included in MAGI. Full contribution is permitted below phaseout range. Scaled partial contribution is permitted within range. No contribution is permitted above range. Roth conversions are not allowed if MAGI exceeds \$100,000 or if married, filing separately.

- * Or 100% of taxable compensation, whichever is less
- ** Includes \$1,000 catch-up contribution

SEP IRA contribution limits

- Discretionary employer contributions of up to the lesser of \$49,000 or 25% of employee compensation.*

*A maximum compensation cap of \$245,000 per employee applies.

401(k), 403(b)*, 457**, SARSEP salary deferral contributions

Under age 50	\$16,500
Age 50 and above	\$22,000***

- * Employees of certain organizations may be eligible to contribute greater amounts.
- ** Contributions may be doubled in last three years before retirement, but catch-up cannot be used.
- *** Includes \$5,500 catch-up contribution

Simple IRA salary deferral contributions

Under age 50	\$11,500
Age 50 and above	\$14,000*

*Includes \$2,500 catch-up contribution

Highly compensated employee

- A highly compensated employee is a person who was a 5% owner at any time during the determination year or the preceding year, or for the preceding year received more than \$110,000 in compensation from the employer and, if the employer elects, also was in the "top-paid group" (top 20%) of employees for that year.
- Key employee – officer; \$160,000

Defined benefit plan

- Lesser of \$195,000 or 100% of the participant's average compensation for his/her three high consecutive years of active plan participation.

Savers tax credit

- Single taxpayers with MAGI below \$27,500, heads of household with MAGI below \$41,625 and joint filers with MAGI below \$55,500 may be eligible for a tax credit for an IRA, 401(k), 403(b) or 457 plan contribution, in addition to any deduction or exclusion that would otherwise apply.

Any information presented in this guide about tax considerations affecting your financial transactions or arrangements is not intended as tax advice and cannot be relied on to avoid any tax penalties. Neither Merrill Lynch nor its Financial Advisors provide tax, accounting or legal advice. You should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with your personal professional advisors.

TAX-ADVANTAGED ACCOUNTS: EDUCATION PLANS (2009 TAX YEAR)

Section 529 College Savings Account

No age or income restrictions for contributors or beneficiaries

	Annual Contribution*	Five-Year Contribution Made in a Single Year**
Single	\$13,000 per beneficiary	\$65,000 per beneficiary
Married couple filing jointly	\$26,000 per beneficiary	\$130,000 per beneficiary

* Contributions are completed gifts subject to the annual gift-tax exclusion and are removed from the contributor's federal estate.

** Under a special rule, contributions of \$65,000 (\$130,000 for married couples filing jointly) can be made in one year and prorated over a five-year period without incurring gift taxes or reducing your unified estate and gift-tax credits long as no additional contributions are made during the subsequent five-year period. There are no federal gift-tax implications, provided the contributor does not make another gift to a particular beneficiary over the next five-year period. For federal estate-tax purposes, contributions are considered completed gifts to the beneficiary and are removed from the contributor's estate over the five-year period. If the contributor dies before the five-year prorating period has expired, the contributions allocated to the remaining years move back into the contributor's taxable estate. Also, any and all appreciation on the entire original gift is not considered part of the estate.

Section 529 plan tax treatment

- Section 529 plan earnings grow federal and, in most cases, state income-tax-free as long as the withdrawals are used for qualified higher-education expenses. The earnings portion of withdrawals for nonqualified expenses will be subject to federal income tax and a 10% additional federal tax, and may also be subject to state income or other taxes.

Section 529 plan disclosures

- Before you invest in any Section 529 college savings plan, request a program description and read it carefully. The program description includes more complete information, including investment objectives, charges, expenses and risks of investing in the plan, which you should consider carefully before investing. You should consider whether your home state or your designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's 529 plan.

Coverdell Education Savings Account

Beneficiaries under age 18 and special needs beneficiaries of any age

\$2,000

Phaseout ranges for Coverdell ESA contribution eligibility

Single	\$95,000 - \$110,000 MAGI
Married, filing jointly	\$190,000 - \$220,000 MAGI

Student loans

Student loan interest deduction limit

\$2,500

Phaseout ranges for student loan interest deduction eligibility

Single and head of household	\$60,000 - \$75,000 MAGI
Married, filing jointly	\$120,000 - \$150,000 MAGI

Hope and lifetime learning credits

Phaseout amounts for eligibility

Single and head of household	\$50,000 MAGI
Married, filing jointly	\$50,000 MAGI

Phaseout of exclusion of savings bond income

By payor of higher-education expenses

Married, filing jointly	\$104,900 - \$134,900 MAGI
All others	\$69,950 - \$84,950 MAGI

SOCIAL SECURITY (2009 TAX YEAR)

Maximum earnings subject to FICA

\$106,800

Post-retirement

The amount of Social Security benefit payments that may be subject to tax depends on the taxpayer's provisional income (MAGI plus one-half of the Social Security benefits). If provisional income exceeds \$32,000 (\$25,000 for single and head of household), then the amount of Social Security benefits included in gross income is the lesser of:

- 50% of the Social Security benefits received that year or
- 50% of the excess of provisional income over the \$32,000 (\$25,000)

However, if provisional income exceeds \$44,000 (\$34,000 for single and head of household), then the amount of Social Security benefits included in gross income is the lesser of:

- 85% of the Social Security benefits received that year or the sum of:
 - The amount included under the above 50% rule or, if less, one-half of the difference between \$44,000 (\$34,000) and \$32,000 (\$25,000) plus
 - 85% of the excess of provisional income over \$44,000 (\$34,000)

FEDERAL TAX BRACKETS (2009 TAX YEAR)

Single		
Taxable income over	But not over	Tax rate is
\$0	\$8,350	10%
\$8,350	\$33,950	\$835 plus 15%*
\$33,950	\$82,250	\$4,675 plus 25%*
\$82,250	\$171,550	\$16,750 plus 28%*
\$171,550	\$372,950	\$41,754 plus 33%*
\$372,950		\$108,216 plus 35%*

* of the excess over the taxable income in the far left-hand column.

Married, filing jointly/qualifying widow(er)

Taxable income over	But not over	Tax rate is
\$0	\$16,700	10%
\$16,700	\$67,900	\$1,670 plus 15%*
\$67,900	\$137,050	\$9,350 plus 25%*
\$137,050	\$208,850	\$26,637.50 plus 28%*
\$208,850	\$372,950	\$46,741.50 plus 33%*
\$372,950		\$100,894.50 plus 35%*

* of the excess over the taxable income in the far left-hand column.

Head of household

Taxable income over	But not over	Tax rate is
\$0	\$11,950	10%
\$11,950	\$45,500	\$1,195 plus 15%*
\$45,500	\$117,450	\$6,227 plus 25%*
\$117,450	\$190,200	\$24,215 plus 28%*
\$190,200	\$372,950	\$44,585 plus 33%*
\$372,950		\$104,892.50 plus 35%*

* of the excess over the taxable income in the far left-hand column.

Married, filing separately

Taxable income over	But not over	Tax rate is
\$0	\$8,350	10%
\$8,350	\$33,950	\$835 plus 15%*
\$33,950	\$68,525	\$4,675 plus 25%*
\$68,525	\$104,425	\$13,318.75 plus 28%*
\$104,425	\$186,475	\$23,370.75 plus 33%*
\$186,475		\$50,447.25 plus 35%*

* of the excess over the taxable income in the far left-hand column



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Estate and trusts		
Taxable income over	But not over	Tax rate is
\$0	\$2,300	15%
\$2,300	\$5,350	\$345 plus 25%*
\$5,350	\$8,200	\$1,107.50 plus 28%*
\$8,200	\$11,150	\$1,905.50 plus 33%*
\$11,150		\$2,879 plus 35%*

* of the excess over the taxable income in the far left-hand column

Long-term capital gains and qualified dividend rates

The top federal tax rate for long-term capital gains or qualified dividend income is 15% (0% for individuals in the 10% or 15% rate brackets).

Gains on collectibles	28%
Unrecaptured 1250 depreciation	25%

Gift and estate taxes

Gift tax annual exclusion	\$13,000
Gift tax exemption	\$1 million
Estate tax exemption	\$3.5 million
Generation-skipping transfer tax exclusion	\$3.5 million
Annual exclusion for gifts to noncitizen spouse	\$133,000
Top estate and gift-tax rate	45%

DEDUCTIONS (2009 TAX YEAR)

Standard deductions

Married, filing jointly	\$11,400
Single	\$5,700
Married, filing separately	\$5,700
Head of household	\$8,350

The additional standard deduction amount for the aged and blind is \$1,100 for each. These amounts are increased to \$1,400 if the individual also is unmarried and not a surviving spouse.

Itemized deductions begin phaseouts

Married, filing jointly	\$166,800 AGI
Single	\$166,800 AGI
Married, filing separately	\$83,400 AGI
Single, head of household	\$166,800 AGI

Exemptions

Personal	\$3,650
Kiddie tax	\$950

Personal exemptions phaseouts

Married, filing jointly	\$250,200 - \$372,700 AGI
Single	\$166,800 - \$289,300 AGI
Married, filing separately	\$125,100 - \$186,350 AGI
Head of household	\$208,500 - \$331,000 AGI