

# 2013 Tax Update

## Income Taxes

2012				2013			
If Taxable Income Is:				If Taxable Income Is:			
Over	But Not >	The Tax Is:	Of The Amount >	Over	But Not >	The Tax Is:	Of The Amount >
<b>Married Filing Jointly:</b>							
\$0	\$17,400	\$0 + 10%	\$0	\$0	\$17,850	\$0 + 10%	\$0
17,400	70,700	1,740 + 15%	17,400	17,850	72,500	1,785 + 15%	17,850
70,700	142,700	9,735 + 25%	70,700	72,500	146,400	9,983 + 25%	72,500
142,700	217,450	27,735 + 28%	142,700	146,400	223,050	28,458 + 28%	146,400
217,450	388,350	48,665 + 33%	217,450	223,050	398,350	49,920 + 33%	223,050
388,350	--	105,062 + 35%	388,350	398,350	450,000	107,769 + 35%	398,350
				450,000	--	125,846 + 39.6%	450,000
<b>Single:</b>							
\$0	\$8,700	\$0 + 10%	\$0	\$0	\$8,925	\$0 + 10%	\$0
8,700	35,350	870 + 15%	8,700	8,925	36,250	893 + 15%	8,925
35,350	85,650	4,868 + 25%	35,350	36,250	87,850	4,991 + 25%	36,250
85,650	178,650	17,443 + 28%	85,650	87,850	183,250	17,891 + 28%	87,850
178,650	388,350	43,483 + 33%	178,650	183,250	398,350	44,603 + 33%	183,250
388,350	--	112,684 + 35%	388,350	398,350	400,000	115,586 + 35%	398,350
				400,000	--	116,164 + 39.6%	400,000
<b>Estates &amp; Trusts:</b>							
\$0	\$2,400	\$0 + 15%	\$0	\$0	\$2,450	\$0 + 15%	\$0
2,400	5,600	360 + 25%	2,400	2,450	5,700	368 + 25%	2,450
5,600	8,500	1,160 + 28%	5,600	5,700	8,750	1,180 + 28%	5,700
8,500	11,650	1,972 + 33%	8,500	8,750	11,950	2,034 + 33%	8,750
11,650	--	3,012 + 35%	11,650	11,950	--	3,090 + 39%	11,950

Capital Gains: (2013)			
		Taxpayer in:	
		10, 15% Brackets	25, 28, 33, 35% Brackets
S-T < 12 mos.	Ordinary rate	Ordinary rate	Ordinary rate
L-T > 12 mos.	0%	15%	20%
<b>Qualified Dividends:</b>		0%	15%

Kiddie Tax: Unearned inc. <18 (<24 & current FT student)			
		2012	2013
First	\$950	\$1,000	No Tax
Next	\$950	\$1,000	10% Tax
Amounts Over	\$1,900	\$2,000	Parents' Rate

Standard Deductions:			
		Annual	Addt'l Age 65 or Older, or Blind
<b>Married Filing Jointly</b>	2012	\$11,900	\$1,150
	2013	\$12,200	\$1,200
<b>Single</b>	2012	\$5,950	\$1,450
	2013	\$6,100	\$1,500

Personal Exemptions:			
		Exemption	AGI Threshold/Upper Limit
<b>Married Filing Jointly</b>	2012	\$3,800	N/A
	2013	\$3,900	\$300,000/\$422,501
<b>Single</b>	2012	\$3,800	N/A
	2013	\$3,900	\$250,000/\$372,501

*Personal exemptions are phased out by 2% for each \$2,500 by which AGI exceeds threshold*

Qualified Plans		
	2012	2013
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)	\$17,000	\$17,500
Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$11,500	\$12,000
Maximum elective deferral to 457 plans of tax-exempt employers	\$17,000	\$17,500
Limit on annual additions to SEP IRA plans	\$50,000	\$51,000
Annual compensation threshold requiring SEP IRA contribution	\$550	\$550
Limit on annual additions to defined contribution plans	\$50,000	\$51,000
Maximum annual compensation taken into account for contributions	\$250,000	\$255,000
Annual benefit limit under defined benefit plans	\$200,000	\$205,000
Threshold amount for definition of highly compensated employee	\$115,000	\$115,000
Threshold amount for definition of key employee in top-heavy plans	\$165,000	\$165,000
Pension Benefit Guaranty Corp. monthly pension amt. (age 65, single life)	\$4,653	\$4,790

C-Corporations: (for all tax years since 1993)			
		\$0 + 15%	
\$0	\$50,000	\$0 + 15%	\$0
50,000	75,000	7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	--	6,416,667 + 35%	18,333,333

*Professional Corporation: Flat 35%*

Alternative Minimum Tax:		
AMTI less exemption amount:		
< \$179,500	26%	
> \$179,500	28%	
<b>Exemption Amounts:</b>		
<b>Married Filing Jointly</b>	2012	2013
<b>Single</b>	\$78,750	\$80,800
<b>Estates &amp; Trusts</b>	\$50,600	\$51,900
<b>Estates &amp; Trusts</b>	\$22,500	\$23,100
<b>Phase-out Thresholds for 2013:</b>		
<b>Married Filing Jointly</b>	\$153,900 - \$477,100	
<b>Single</b>	\$115,400 - \$323,000	
<b>Estates &amp; Trusts</b>	\$76,950 - \$169,350	

Itemized Deductions:	
Repealed through 2012	
<b>2013 Reduced by 3% of taxpayer's AGI in excess of \$300,000 (MFJ) and \$250,000 (Single). A taxpayer can't lose more than 80% of their deduction as a result of the limitation.</b>	
Repealed for AGI below thresholds.	

## Estate & Gift Taxes

*For Deaths / Gifts Occurring in 2013*

If Taxable Income Is:		Of The Amount >	
Over	But Not >	The Tax Is:	Of The Amount >
\$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	--	345,800 + 40%	1,000,000

**Subtract applicable credit below from calculated tax**

	Exclusion Amount	Applicable Credit
<b>2012</b>	\$5,120,000	\$1,772,800
<b>2013</b>	\$5,250,000	\$2,045,800

**GSST & Lifetime Gift Tax Exclusion same as Estate Tax Exclusion amount.**

**Annual Gift Tax Exclusion:** \$14,000/person (\$13,000 in 2012)  
\$143,000 for non-U.S. Citizen Spouses

**Portability:** An executor can elect to allocate the unused portion of a decedent's exclusion amount to the surviving spouse.

**3.8% Surtax on Unearned Income:**

*Married filing jointly w/income > \$250,000 & Singles > \$200,000 who have investment income will be subject to additional 3.8% tax on the lesser of net investment income or the excess of MAGI over the threshold amount whichever amount is less. Investment income is defined as the sum of gross income from interest, dividends, annuities, royalties, and rents and net gain attributable to the disposition of property.*

**Child Tax Credit:**

\$1,000 per child; phases out \$50 for each \$1,000 of AGI over \$110,000 (married filing joint), or \$75,000 (single)

**Social Security**

**Base Amt. of Mod. AGI Causing Soc. Sec. Benefits to be Taxable:**

	50% taxable	85% taxable
<b>Married Filing Jointly</b>	\$32,000	\$44,000
<b>Single</b>	\$25,000	\$34,000

**Maximum Earnings Before Soc. Sec. Benefits are Reduced:**

Assumes full retirement age is 65

	2012	2013
Under age 65 (lose \$1 for every \$2)	\$14,640	\$15,120
Age 65 and over	No limit	No limit

**Maximum Compensation Subject to FICA Taxes:**

	2012	2013
Social Security maximum	\$110,100	\$113,700
Medicare maximum	No limit	No limit

\* **Social Security tax rate:** 12.4% self-employed, 6.2% employees.  
\* **Medicare tax rate:** 2.9% self-employed, 1.45% employees.

**Long-Term Care Insurance**

*Max. Qualified LTC Premiums Eligible for Deductions:*

Age	40 or less	41-50	51-60	61-70	Over 70
2012	\$350	\$660	\$1,310	\$3,500	\$4,370
2013	\$360	\$680	\$1,360	\$3,640	\$4,550

*Qual. LTC contract per diem limit: \$320 (\$310 in 2012)*

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Date of first issue 01/07

# 2013 Tax Update

## Roth IRAs

### AGI Phase-Out Range for Contributions to Roth IRAs:

Married Filing Jointly: \$178,000 – \$188,000      Single: \$112,000 – \$127,000

**Roth IRA conversion rules: 2010\* and later:** Unlimited Modified AGI and any tax filing status

### Traditional IRA Deductibility Rules:

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI		Deductibility
		2012	2013	
Single	No	Any amount	Any amount	Full deduction
	Yes	\$57,999 or less \$58,000 – \$67,999 \$68,000 or more	\$58,999 or less \$59,000 – \$68,999 \$69,000 or more	Full deduction Partial deduction No deduction
Married Filing Jointly	Neither Spouse Covered	Any amount	Any amount	Full deduction
	Both Spouses Covered	\$91,999 or less \$92,000 – \$111,999 \$112,000 or more	\$94,999 or less \$95,000 – \$114,999 \$115,000 or more	Full deduction Partial deduction No deduction
	One Spouse Covered For Covered Spouse	\$91,999 or less \$92,000 – \$111,999 \$112,000 or more	\$94,999 or less \$95,000 – \$114,999 \$115,000 or more	Full deduction Partial deduction No deduction
	One Spouse Covered For Non-Covered Spouse	\$172,999 or less \$173,000 – \$182,999 \$183,000 or more	\$177,999 or less \$178,000 – \$187,999 \$188,000 or more	Full deduction Partial deduction No deduction

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

	2009	2010	2011	2012	2013
401(k), 403(b), SARSEP & 457 Plans	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
SIMPLE IRA & SIMPLE 401(k) Plans	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500

## Education Incentives

### Coverdell Education Savings Accounts (Education IRAs) – Contribution Limit \$2,000

Modified AGI Phase-Out Range for Contributions to Coverdell Education Savings Accounts:

Married Filing Jointly: \$190,000 – \$220,000      Single: \$95,000 – \$110,000

### Qualified Tuition Programs – Section 529 Plans

Distributions for qualified higher education expense are income tax free

### American Opportunity Tax Credit/Hope Learning Credits

Hope Credit -Up to \$2,500 per student, for first four years of higher education tuition paid

Modified AGI Phase-Outs:	2012	2013
Married Filing Jointly	\$160,000 – \$180,000	\$160,000 – \$180,000
Others	\$80,000 – \$90,000	\$80,000 – \$90,000

### Lifetime Learning Credits

Lifetime Learning Credit-Up to 20% of tuition paid (max. credit is \$2,000); calc'd per taxpayer

Modified AGI Phase-Outs:	2012	2013
Married Filing Jointly	\$104,000 – \$124,000	\$107,000 – \$127,000
Others	\$52,000 – \$62,000	\$53,000 – \$63,000

### Exclusion of U.S. Savings Bond Income for Qualified Higher Education Expenses

Modified AGI Phase-Outs:	2012	2013
Married Filing Jointly	\$109,250 – \$139,250	\$112,050 – \$142,050
Others	\$72,850 – \$87,850	\$74,700 – \$89,700

### Student Loan Interest Deduction - Maximum Deduction \$2,500

Modified AGI Phase-Outs:	2012	2013
Married Filing Jointly	\$125,000 – \$155,000	\$125,000 – \$155,000
Single	\$60,000 – \$75,000	\$60,000 – \$75,000
Deductibility Period	No time limit	No time limit

## IRAs

### Contribution Limits - Traditional and Roth

	2006-2007	2008-2012	2013
Regular	\$4,000	\$5,000	\$5,500
Catch-Up *	\$1,000	\$1,000	\$1,000

\* Only taxpayers age 50 and over are eligible

### Uniform Lifetime Table

For calculating Required Minimum Distributions (RMDs) from Qualified Plans and Traditional IRAs

Current Age	Distrib. Period	Current Age	Distrib. Period
70	27.4	85	14.8
71	26.5	86	14.1
72	25.6	87	13.4
73	24.7	88	12.7
74	23.8	89	12.0
75	22.9	90	11.4
76	22.0	91	10.8
77	21.2	92	10.2
78	20.3	93	9.6
79	19.5	94	9.1
80	18.7	95	8.6
81	17.9	96	8.1
82	17.1	97	7.6
83	16.3	98	7.1
84	15.5	99	6.7

### Saver's Tax Credit – Contributions to Employer Plans & IRAs

Maximum Credit \$1,000 per taxpayer - AGI limits below

Married File Jointly	Single	Credit
\$0 - \$35,500	\$0 - \$17,750	50% of contribution
\$35,501 - \$38,500	\$17,751 - \$19,250	20% of contribution
\$38,501 - \$59,000	\$19,251 - \$29,500	10% of contribution
Over \$59,000	Over \$29,500	Not Available

### Health Savings Accounts – HSAs

An "eligible individual" is defined as (1) one covered by a high deductible health plan (HDHP), (an annual deductible of \$1,250 for single coverage and \$2,500 for family coverage where the maximum out of pocket cannot exceed \$6,250 for single coverage and \$12,500 for family coverage), (2) is not covered by any other health insurance except for some permitted coverages, (3) is not eligible for and enrolled in Medicare, and (4) cannot be claimed as a dependent on someone else's income tax return.

Contribution Limits:	2012	2013
Single	\$3,100	\$3,250
Family	\$6,250	\$6,450

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