

ASHWORTH & ASSOCIATES, P.C.

Newsletter

Higher Education Figures At-a-Glance



	2009	2010
Coverdell education savings accounts (formerly known as education IRAs)		
Annual contribution limit	\$2,000	\$2,000
MAGI phaseout range for Coverdell education savings accounts:		
Single--phaseout threshold amount	\$95,000	\$95,000
Single--completed phaseout amount after	\$110,000	\$110,000
Married filing jointly--phaseout threshold amount	\$190,000	\$190,000
Married filing jointly--completed phaseout threshold amount	\$220,000	\$220,000
Deduction for qualified higher education expenses		
Maximum deduction	\$4,000	N/A
MAGI maximum for full \$4,000 deduction:		
Single	\$65,000	N/A
Married filing jointly	\$130,000	N/A
Reduced deduction available	\$2,000	N/A
MAGI range for \$2,000 deduction:		
Single--MAGI greater than this amount	\$65,000	N/A
Single--MAGI does not exceed this amount	\$80,000	N/A
Married filing jointly--MAGI greater than this amount	\$130,000	N/A
Married filing jointly--MAGI does not exceed this amount	\$160,000	N/A
Education loans--interest deduction		
Maximum deduction for interest paid on qualified education loans	\$2,500	\$2,500
MAGI phaseout range:		
Single--phaseout threshold amount	\$60,000	\$60,000
Single--completed phaseout amount after	\$75,000	\$75,000

Married filing jointly--phaseout threshold amount	\$120,000	\$120,000
Married filing jointly--completed phaseout threshold amount	\$150,000	\$150,000
Gift tax exclusion		
Annual gift tax exclusion--single individual	\$13,000	\$13,000
Annual gift tax exclusion--joint gift	\$26,000	\$26,000
Lump-sum gift to 529 plan--single individual	\$65,000	\$65,000
Lump-sum gift to 529 plan--joint gift	\$130,000	\$130,000
Hope¹ and Lifetime Learning Credits		
Maximum Lifetime Learning credit	\$2,000	\$2,000
Maximum Lifetime Learning credit--Midwestern disaster area	\$4,000	N/A
Maximum Hope credit	\$2,500	\$2,500
Maximum Hope credit--Midwestern disaster area	\$3,600	N/A
MAGI phaseout range for Lifetime Learning Credit:		
Single--phaseout threshold amount	\$50,000	\$50,000
Single--completed phaseout amount after	\$60,000	\$60,000
Married filing jointly--phaseout threshold amount	\$100,000	\$100,000
Married filing jointly--completed phaseout threshold amount	\$120,000	\$120,000
MAGI phaseout range for Hope Credit		
Single--phaseout threshold amount	\$80,000	\$80,000
Single--completed phaseout amount after	\$90,000	\$90,000
Married filing jointly--phaseout threshold amount	\$160,000	\$160,000
Married filing jointly--completed phaseout threshold amount	\$180,000	\$180,000
Kiddie tax		
Generally, children ² pay federal income tax at their parents' rate on any investment income over ...	\$1,900	\$1,900
U.S. savings bonds--interest exclusion for higher education expenses		
Joint returns:		
Phaseout threshold for joint returns	\$104,900	\$105,100
Completed phaseout amount after	\$134,900	\$135,100

Other returns:		
Phaseout threshold for other returns	\$69,950	\$70,100
Completed phaseout amount after	\$84,950	\$85,100

¹ For 2009 and 2010, the American Recovery and Reinvestment Act of 2009 modifies the Hope credit and renames it the American Opportunity tax credit.

² For tax years beginning after May 25, 2007, the kiddie tax rules apply to children under age 19 and full-time students over age 18 but under age 24 unless an exception applies.