

TRADITIONAL AND ROTH IRAs

| Contribution Limits | | | |
|---------------------|---------|-------------|-------------|
| | 2005 | 2006 - 2007 | 2008 - 2009 |
| Regular | \$4,000 | \$4,000 | \$5,000 |
| Catch-up* | \$500 | \$1,000 | \$1,000 |

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

Roth Contribution Phase-out

MAGI phase-out range for contributions to Roth IRAs in 2009

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

Annual income limit for determining ability to convert traditional IRA to Roth IRA is \$100,000 (2008 & 2009).

Traditional IRA Deductibility Rules

| Filing Status | Covered by Employer's Retirement Plan? | Modified AGI 2008 | Modified AGI 2009 | Deductibility |
|------------------------|---|---------------------|---------------------|-------------------|
| SINGLE | No | Any amount | Any amount | Full deduction |
| | Yes | \$53,000 or less | \$55,000 or less | Full deduction |
| | | \$53,001-\$62,999 | \$55,001-\$64,999 | Partial deduction |
| | | \$63,000 or more | \$65,000 or more | No deduction |
| MARRIED FILING JOINTLY | Neither Spouse Covered | Any amount | Any amount | Full deduction |
| | Both Spouses Covered | \$85,000 or less | \$89,000 or less | Full deduction |
| | | \$85,001-\$104,999 | \$89,001-\$108,999 | Partial deduction |
| | | \$105,000 or more | \$109,000 or more | No deduction |
| | One Spouse Covered — For Covered Spouse | \$85,000 or less | \$89,000 or less | Full deduction |
| | | \$85,001-\$104,999 | \$89,001-\$108,999 | Partial deduction |
| | One Spouse Covered — For Non-covered Spouse | \$159,000 or less | \$166,000 or less | Full deduction |
| | | \$159,001-\$168,999 | \$166,001-\$175,999 | Partial deduction |
| | \$169,000 or more | \$176,000 or more | No deduction | |

QUALIFIED PLANS

| | 2008 | 2009 |
|--|-----------|-----------|
| Maximum elective deferral to retirement plans, (e.g., 401(k), 403(b) and 457 plans, and SARSEPs) | \$15,500 | \$16,500 |
| Maximum elective deferral to SIMPLE 401(k) plans | \$10,500 | \$11,500 |
| Limit on annual additions to SEP plans | \$46,000 | \$49,000 |
| Annual compensation threshold requiring SEP contribution | \$500 | \$550 |
| Limit on annual additions to defined contribution plans | \$46,000 | \$49,000 |
| Maximum annual compensation taken into account for contributions | \$230,000 | \$245,000 |
| Annual benefit limit under defined benefit plans | \$185,000 | \$195,000 |
| Threshold amount for definition of highly compensated employee | \$105,000 | \$110,000 |
| Threshold amount for definition of key employee/officer in top-heavy plans | \$150,000 | \$160,000 |

Catch-up Contribution Limits for Other Qualified Plan Types

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------------|---------|---------|---------|---------|---------|
| 401(k), 403(b) | | | | | |
| SAR-SEP and 457 Plans | \$4,000 | \$5,000 | \$5,000 | \$5,000 | \$5,500 |
| SIMPLE Plans | \$2,000 | \$2,500 | \$2,500 | \$2,500 | \$2,500 |

REQUIRED MINIMUM DISTRIBUTIONS

| Uniform Lifetime Table | | | |
|------------------------|---------------------|---------------|---------------------|
| 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 |

2009

EASY REFERENCE TAX GUIDE

courtesy of
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

2009 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 | - | \$555,800 + 45% | 1,500,000 |

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* | | 1,000,000 |
| 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

| | 2008 | 2009 |
|--|-------------|-------------|
| Annual gift tax exclusion | \$12,000 | \$13,000 |
| Annual gift tax exclusion for non U.S. citizen spouses | \$128,000 | \$133,000 |
| Generation skipping tax (GST) exemption | \$2,000,000 | \$3,500,000 |
| IRC § 6166 2% limit for deferred estate tax payments | \$1,280,000 | \$1,330,000 |
| Special use valuation for qualified real property | \$960,000 | \$1,000,000 |

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INCOME TAX COMPARISON

2008

If Taxable Income Is

| Over | But Not Over | The Tax Is | Of The Amount Over |
|---|--------------|----------------|--------------------|
| Married Filing Jointly and Surviving Spouses | | | |
| \$0 | \$16,050 | \$0 + 10% | \$0 |
| 16,050 | 65,100 | \$1,605 + 15% | 16,050 |
| 65,100 | 131,450 | \$8,963 + 25% | 65,100 |
| 131,450 | 200,300 | \$25,550 + 28% | 131,450 |
| 200,300 | 357,700 | \$44,828 + 33% | 200,300 |
| 357,700 | — | \$96,770 + 35% | 357,700 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|---------------|--------------|-----------------|--------------------|
| Single | | | |
| \$0 | \$8,025 | \$0 + 10% | \$0 |
| 8,025 | 32,550 | \$803 + 15% | 8,025 |
| 32,550 | 78,850 | \$4,481 + 25% | 32,550 |
| 78,850 | 164,550 | \$16,056 + 28% | 78,850 |
| 164,550 | 357,700 | \$40,052 + 33% | 164,550 |
| 357,700 | — | \$103,792 + 35% | 357,700 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|----------------------------------|--------------|----------------|--------------------|
| Married Filing Separately | | | |
| \$0 | \$8,025 | \$0 + 10% | \$0 |
| 8,025 | 32,550 | \$803 + 15% | 8,025 |
| 32,550 | 65,725 | \$4,481 + 25% | 32,550 |
| 65,725 | 100,150 | \$12,775 + 28% | 65,725 |
| 100,150 | 178,850 | \$22,414 + 33% | 100,150 |
| 178,850 | — | \$48,385 + 35% | 178,850 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|--------------------------|--------------|-----------------|--------------------|
| Head of Household | | | |
| \$0 | \$11,450 | \$0 + 10% | \$0 |
| 11,450 | 43,650 | \$1,145 + 15% | 11,450 |
| 43,650 | 112,650 | \$5,975 + 25% | 43,650 |
| 112,650 | 182,400 | \$23,225 + 28% | 112,650 |
| 182,400 | 357,700 | \$42,755 + 33% | 182,400 |
| 357,700 | — | \$100,604 + 35% | 357,400 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|---------------------------|--------------|---------------|--------------------|
| Estates and Trusts | | | |
| \$0 | \$2,200 | \$0 + 15% | \$0 |
| 2,200 | 5,150 | \$330 + 25% | 2,200 |
| 5,150 | 7,850 | \$1,068 + 28% | 5,150 |
| 7,850 | 10,700 | \$1,824 + 33% | 7,850 |
| 10,700 | — | \$2,764 + 35% | 10,700 |

Personal Exemptions

| | Year | Exemption | Phase-out Range |
|------------------------|------|-----------|-------------------|
| Married Filing Jointly | 2008 | \$3,500 | \$239,950/362,450 |
| | 2009 | \$3,650 | \$250,200/372,700 |
| Single | 2008 | \$3,500 | \$159,950/282,450 |
| | 2009 | \$3,650 | \$166,800/289,300 |

The exemption is \$2,433 in 2009 (\$2,333 in 2008) for taxpayers with AGI in excess of maximum phase-out.

Child Tax Credit

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

Standard Deductions

| | Year | Annual | Add'l Age 65 or Older, or Blind |
|------------------------|------|----------|---------------------------------|
| Married Filing Jointly | 2008 | \$10,900 | \$1,050 |
| | 2009 | \$11,400 | \$1,100 |
| Single | 2008 | \$5,450 | \$1,350 |
| | 2009 | \$5,700 | \$1,400 |

Phase-out of Itemized Deductions

- ▶ Reduced by 3% of taxpayer's AGI in excess of \$166,800 (\$159,950 in 2008)
- ▶ Married filing separately \$83,400 (\$79,975 in 2008)
- ▶ Reduction is equal to 1/3 of the lesser of (1) 3% of AGI over the threshold amount or (2) 80% of the itemized deductions otherwise allowable.

Capital Gains Tax (2008 & 2009)

| Taxpayer in: | Short Term <12 Months | Long Term >12 Months |
|------------------|-----------------------|----------------------|
| 10, 15% Brackets | Ordinary Rate | 0% |
| Other Brackets | Ordinary Rate | 15% |

2009

If Taxable Income Is

| Over | But Not Over | The Tax Is | Of The Amount Over |
|-------------------------------|--------------|-----------------|--------------------|
| Married Filing Jointly | | | |
| \$0 | \$16,700 | \$0 + 10% | \$0 |
| 16,700 | 67,900 | \$1,670 + 15% | 16,700 |
| 67,900 | 137,050 | \$9,350 + 25% | 67,900 |
| 137,050 | 208,850 | \$26,638 + 28% | 137,050 |
| 208,850 | 372,950 | \$46,742 + 33% | 208,850 |
| 372,950 | — | \$199,895 + 35% | 372,950 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|---------------|--------------|-----------------|--------------------|
| Single | | | |
| \$0 | \$8,350 | \$0 + 10% | \$0 |
| 8,350 | 33,950 | \$835 + 15% | 8,350 |
| 33,950 | 82,250 | \$4,675 + 25% | 33,950 |
| 82,250 | 171,550 | \$16,750 + 28% | 82,250 |
| 171,550 | 372,950 | \$41,754 + 33% | 171,550 |
| 372,950 | — | \$108,216 + 35% | 372,950 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|----------------------------------|--------------|----------------|--------------------|
| Married Filing Separately | | | |
| \$0 | \$8,350 | \$0 + 10% | \$0 |
| 8,350 | 33,950 | \$835 + 15% | 8,350 |
| 33,950 | 68,525 | \$4,675 + 25% | 33,950 |
| 68,525 | 104,425 | \$13,319 + 28% | 68,525 |
| 104,425 | 186,475 | \$23,371 + 33% | 104,425 |
| 186,475 | — | \$50,447 + 35% | 186,475 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|--------------------------|--------------|-----------------|--------------------|
| Head of Household | | | |
| \$0 | \$11,950 | \$0 + 10% | \$0 |
| 11,950 | 45,500 | \$1,195 + 15% | 11,950 |
| 45,500 | 117,450 | \$6,228 + 25% | 45,500 |
| 117,450 | 190,200 | \$24,215 + 28% | 117,450 |
| 190,200 | 372,950 | \$44,585 + 33% | 190,200 |
| 372,950 | — | \$104,893 + 35% | 372,950 |

| Over | But Not Over | The Tax Is | Of The Amount Over |
|---------------------------|--------------|---------------|--------------------|
| Estates and Trusts | | | |
| \$0 | \$2,300 | \$0 + 15% | \$0 |
| 2,300 | 5,350 | \$345 + 25% | 2,300 |
| 5,350 | 8,200 | \$1,108 + 28% | 5,350 |
| 8,200 | 11,150 | \$1,906 + 33% | 8,200 |
| 11,150 | — | \$2,879 + 35% | 11,150 |

Alternative Minimum Tax

| | 2008 | 2009 | Tax Rate |
|------------------------|-----------|-----------|----------|
| First | \$175,000 | \$175,000 | 26% |
| Amounts Over | \$175,000 | \$175,000 | 28% |
| | Exemption | Exemption | |
| Married Filing Jointly | \$69,950 | Unknown | |
| Single | \$46,200 | Unknown | |

Kiddie Tax

| | 2008 | 2009 | Tax Rate |
|--------------|---------|---------|---------------|
| First | \$900 | \$950 | No Tax |
| Next | \$900 | \$950 | 10% |
| Amounts Over | \$1,800 | \$1,900 | Parent's Rate |

Corporations (2008 & 2009)

| Taxable Income Over | Not Over | Tax Rate |
|---------------------|--------------|----------|
| \$0 | \$50,000 | 15% |
| \$50,000 | \$75,000 | 25% |
| \$75,000 | \$100,000 | 34% |
| \$100,000 | \$335,000 | 39% |
| \$335,000 | \$10,000,000 | 34% |
| \$10,000,000 | \$15,000,000 | 35% |
| \$15,000,000 | \$18,333,333 | 38% |
| \$18,333,333 | — | 35% |

Qualified personal service corporations are taxed at a flat 35% of taxable income.

EDUCATION INCENTIVES

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

Modified Adjusted Gross Income (MAGI) 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 after 12/31/2001 used for qualified higher education expenses are income tax-free

Hope and Lifetime Learning Credits

Hope Credit — Up to \$1,800 per student for first 2 years of higher education tuition paid
Lifetime Learning Credit — Up to 20% of up to \$10,000 tuition paid, calculated per taxpayer

| MAGI Phase-outs | 2008 | 2009 |
|------------------------|--------------------|---------------------|
| Married Filing Jointly | \$96,000-\$116,000 | \$100,000-\$120,000 |
| Others | \$48,000-\$58,000 | \$50,000-\$60,000 |

Exclusion of U.S. Savings Bond Income

| MAGI Phase-outs | 2008 | 2009 |
|------------------------|---------------------|---------------------|
| Married Filing Jointly | \$100,650-\$130,650 | \$104,900-\$134,900 |
| Others | \$67,100-\$82,100 | \$69,950-\$84,950 |

Student Loan Interest — Maximum Itemized Deduction \$2,500

| AGI Phase-outs | 2008 | 2009 |
|------------------------|---------------------|---------------------|
| Married Filing Jointly | \$115,000-\$145,000 | \$120,000-\$150,000 |
| Others | \$55,000-\$70,000 | \$60,000-\$70,000 |
| Deductibility Period | No Time Limit | No Time Limit |

Itemized Deduction for Higher Education Expenses (2008 & 2009)

Maximum Deduction: \$4,000 if Modified AGI is less than the following range:
Maximum Deduction: \$2,000 if Modified AGI is within the following range:
Maximum Deduction: \$0 if Modified AGI is above the following range:

- ▶ Married Filing Jointly: \$130,000-\$160,000
- ▶ Single: \$65,000-\$80,000
- ▶ All Others: \$0

SOCIAL SECURITY

Base Amount of Modified AGI Causing Social Security Benefits to Be Taxable

| | 50% Taxable | 85% Taxable |
|------------------------|-------------|-------------|
| Married Filing Jointly | \$32,000 | \$44,000 |
| Single | \$25,000 | \$34,000 |

Maximum Earnings Before Social Security Benefits Are Reduced

| | 2008 | 2009 |
|---|----------|----------|
| If under full retirement age, lose \$1 for every \$2 earned | \$13,560 | \$14,160 |
| In the year of retirement, lose \$1 for every \$3 earned in months prior to full retirement | \$36,120 | \$37,680 |
| At full retirement age | No Limit | No Limit |

Maximum Compensation Subject to FICA Taxes

| | 2008 | 2009 |
|---------------------------------|-----------|-----------|
| OASDI (Social Security) maximum | \$102,000 | \$106,800 |
| HI (Medicare) maximum | No Limit | No Limit |

OASDI tax rate: 12.4% self-employed, 6.2% employees
HI tax rate: 2.9% self-employed, 1.45% employees

LONG-TERM CARE INSURANCE

Maximum Qualified LTC Premium Eligible for Deduction

| Age | 40 or Less | 41 - 50 | 51 - 60 | 61 - 70 | Over 70 |
|------|------------|---------|---------|---------|---------|
| 2008 | \$310 | \$580 | \$1,150 | \$3,080 | \$3,850 |
| 2009 | \$320 | \$600 | \$1,190 | \$3,180 | \$3,980 |

Qualified LTC contract per diem limit: \$280 (\$270 in 2008)