


Income Taxes				Estate & Gift Taxes							
2005				2006				For Deaths / Gifts Occurring in 2006			
If Taxable Income Is:		Of The		If Taxable Income Is:		Of The		If Taxable Estate Is:		Of The	
Over	But Not >	The Tax Is:	Amount >	Over	But Not >	The Tax Is:	Amount >	Over	But Not >	The Tax Is:	Amount >
Married Filing Jointly:											
\$0	\$14,600	\$0 + 10%	\$0	\$0	\$15,100	\$0 + 10%	\$0	\$0	\$10,000	\$0 + 18%	\$0
14,600	59,400	1,460 + 15%	14,600	15,100	61,300	1,510 + 15%	15,100	10,000	20,000	1,800 + 20%	10,000
59,400	119,950	8,180 + 25%	59,400	61,300	123,700	8,440 + 25%	61,300	20,000	40,000	3,800 + 22%	20,000
119,950	182,800	23,318 + 28%	119,950	123,700	188,450	24,040 + 28%	123,700	40,000	60,000	8,200 + 24%	40,000
182,800	326,450	40,916 + 33%	182,800	188,450	336,550	42,170 + 33%	188,450	60,000	80,000	13,000 + 26%	60,000
326,450	---	88,320 + 35%	326,450	336,550	---	91,043 + 35%	336,550	80,000	100,000	18,200 + 28%	80,000
								100,000	150,000	23,800 + 30%	100,000
Single:											
\$0	\$7,300	\$0 + 10%	\$0	\$0	\$7,550	\$0 + 10%	\$0	150,000	250,000	38,800 + 32%	150,000
7,300	29,700	730 + 15%	7,300	7,550	30,650	755 + 15%	7,550	250,000	500,000	70,800 + 34%	250,000
29,700	71,950	4,090 + 25%	29,700	30,650	74,200	4,220 + 25%	30,650	500,000	750,000	155,800 + 37%	500,000
71,950	150,150	14,653 + 28%	71,950	74,200	154,800	15,108 + 28%	74,200	750,000	1,000,000	248,300 + 39%	750,000
150,150	326,450	36,549 + 33%	150,150	154,800	336,550	37,676 + 33%	154,800	1,000,000	1,250,000	345,800 + 41%	1,000,000
326,450	---	94,728 + 35%	326,450	336,550	---	97,653 + 35%	336,550	1,250,000	1,500,000	448,300 + 43%	1,250,000
								1,500,000	2,000,000	555,800 + 45%	1,500,000
Estates & Trusts:											
\$0	\$2,000	\$0 + 15%	\$0	\$0	\$2,050	\$0 + 15%	\$0	2,000,000	---	780,800 + 46%	2,000,000
2,000	4,700	300 + 25%	2,000	2,050	4,850	308 + 25%	2,050	<i>Subtract applicable credit below from calculated tax</i>			
4,700	7,150	975 + 28%	4,700	4,850	7,400	1,008 + 28%	4,850	Exclusion Amount Applicable Credit			
7,150	9,750	1,661 + 33%	7,150	7,400	10,050	1,722 + 33%	7,400	2002-2003	1,000,000	345,800	
9,750	---	2,519 + 35%	9,750	10,050	---	2,596 + 35%	10,050	2004-2005	1,500,000	555,800	
								2006-2008	2,000,000	780,800	
Capital Gains				Corporations: (for all tax years since 1993)							
(2003-2008)											
		<u>Taxpayer in:</u>									
		10.15% Brackets		Other Brackets							
S-T < 12 mos	Ordinary rate	Ordinary rate		\$0	\$50,000	\$0 + 15%	\$0	2009	3,500,000	1,455,800	
L-T > 12 mos. (5/5/03)	5%; 0% in 2008	15%		50,000	75,000	7,500 + 25%	50,000	2010	Estate tax repealed; gift tax remains		
				75,000	100,000	13,750 + 34%	75,000	2011	1,000,000	345,800	
				100,000	335,000	22,250 + 39%	100,000	<i>Annual Gift Tax Exclusion: \$12,000 (\$11,000 in 2005)</i>			
				335,000	10,000,000	113,900 + 34%	335,000	<i>Gift Tax Unified Credit Exemption: \$1,000,000</i>			
				10,000,000	15,000,000	3,400,000 + 35%	10,000,000	<i>GSTT Exemption: \$2,000,000 (\$1,500,000 in 2005)</i>			
				15,000,000	18,333,333	5,150,000 + 38%	15,000,000	Social Security			
				18,333,333	---	6,416,667 + 35%	18,333,333	<i>Base Amt. of Mod. AGI Causing Soc. Sec. Benefits to be Taxable:</i>			
								50% taxable 85% taxable			
								Married Filing Jointly \$32,000 \$44,000			
								Single \$25,000 \$34,000			
								Max. Earnings Before Soc. Sec. Benefits are Reduced:			
								<i>Assumes full retirement age is 65</i> <u>2005</u> <u>2006</u>			
								<i>Under age 65 (lose \$1 for every \$2)</i> \$12,000 \$12,480			
								<i>Age 65 and over</i> No limit No limit			
								Maximum Compensation Subject to FICA Taxes:			
								Social Security maximum \$90,000 \$94,200			
								Medicare maximum No limit No limit			
								<i>* Social Security tax rate: 12.4% self-employed, 6.2% employees</i>			
								<i>* Medicare tax rate: 2.9% self-employed, 1.45% employees</i>			
Limit on Itemized Deductions				Personal Exemptions **							
* Reduced by 3% of taxpayer's AGI in excess of \$150,500 (\$145,950 in 2005)				Exemption AGI Threshold / Upper Limit							
** Limit is phased out beginning in 2006. 2006-2007 multiply reduction by 66.6%.				Married Filing Jointly 2005 \$3,200 \$218,950 / \$341,450							
				Jointly 2006 \$3,300 \$225,750 / \$348,250							
				Single 2005 \$3,200 \$145,950 / \$268,450							
				Single 2006 \$3,300 \$150,500 / \$273,000							
				* Personal exemptions are phased out by 2% for each \$2,500 by which AGI exceeds threshold.							
				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)							
Qualified Plans				Long-Term Care Insurance							
				2005 2006				Max. Qualified LTC Premiums Eligible for Deduction:			
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)				\$14,000 \$15,000				<i>age 40 or less</i> <u>41 - 50</u> <u>51 - 60</u> <u>61 - 70</u> <u>Over 70</u>			
Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans				10,000 \$10,000				2005 \$270 \$510 \$1,020 \$2,720 \$3,400			
Maximum elective deferral to 457 plans of tax-exempt employers				\$14,000 \$15,000				2006 \$280 \$530 \$1,060 \$2,830 \$3,530			
Limit on annual additions to SEP IRA plans				\$42,000 \$44,000				<i>Qual. LTC contract per diem limit (\$240 in 2005): \$250</i>			
Annual compensation threshold requiring SEP IRA contribution				\$450 \$450							
Limit on annual additions to defined contribution plans				\$42,000 \$44,000							
Maximum annual compensation taken into account for contributions				\$210,000 \$220,000							
Annual benefit limit under defined benefit plans				\$170,000 \$175,000							
Threshold amount for definition of highly compensated employee				\$95,000 \$100,000							
Threshold amount for definition of key employee in top-heavy plans				\$135,000 \$140,000							
Pension Benefit Guaranty Corp. monthly pension amt. (age 65, single life)				\$3,801.14 \$3,971.59							
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IRAs					Uniform Lifetime Table													
Contribution Limits – Traditional and Roth					<i>For calculating Required Minimum Distributions from Qualified Plans and Traditional IRAs</i>													
	<u>2001</u>	<u>2002-2004</u>	<u>2005</u>	<u>2006-2007</u>	<u>2008</u>	Current Age	Distrib. Period	Current Age	Distrib. Period									
Regular	\$2,000	\$3,000	\$4,000	\$4,000	\$5,000	70	27.4	93	9.6									
Catch-Up *	N/A	\$500	\$500	\$1,000	\$1,000	71	26.5	94	9.1									
* Only taxpayers age 50 and over are eligible to make catch-up contributions																		
Roth IRAs																		
<i>AGI Phase-Out Range for Contributions to Roth IRAs:</i>																		
Married Filing Jointly		\$150,000 - \$160,000		Single	\$95,000 - \$110,000													
Traditional IRA Deductibility Rules																		
Filing Status	Covered by Employer's Retirement Plan?	Modified AGI		Deductibility														
		2005	2006															
Single	No	Any amount		Full deduction														
	Yes	\$49,999 or less		Full deduction														
		\$50,000 - \$59,999		Partial deduction														
		\$60,000 or more		No deduction														
Married Filing Jointly	Neither Spouse Covered	Any amount		Full deduction														
		\$69,999 or less		Full deduction														
	Both Spouses Covered	\$70,000 - \$79,999		Partial deduction														
		\$80,000 or more		No deduction														
	One Spouse Covered – For Covered Spouse	\$69,999 or less		Full deduction														
		\$70,000 - \$79,999		Partial deduction														
		\$80,000 or more		No deduction														
		\$149,999 or less		Full deduction														
	One Spouse Covered – For Non-Covered Spouse	\$150,000 - \$159,999		Partial deduction														
		\$160,000 or more		No deduction														
Catch-Up Contribution Limits for Other Qualified Plan Types					Saver's Tax Credit—Contributions to Employer Plans & IRAs													
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<i>Maximum Credit \$1,000; for 2002 - 2005; AGI limits below</i>												
401(k), 403(b), SARSEP & 457 Plans	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000	<i>Married File Jointly Single Credit</i>												
SIMPLE IRA & SIMPLE 401(k) Plans	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$0 - \$30,000 \$0 - \$15,000 50% of contribution												
						\$30,001 - \$32,500 \$15,001 - \$16,250 20% of contribution												
						\$32,501 - \$50,000 \$16,251 - \$25,000 10% of contribution												
						Over \$50,000 Over \$25,000 Not Available												
Education Incentives					Health Savings Accounts – HSAs An "eligible individual" is defined as (1) one covered by a high deductible health plan (HDHP), (an annual deductible of \$1,050 for single coverage and \$2,100 for family coverage where the maximum out pocket cannot exceed \$5,250 for single coverage and \$10,500 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 - Lesser of annual deductible or: <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;"><u>2005</u></td> <td style="text-align: center;"><u>2006</u></td> </tr> <tr> <td>Single</td> <td style="text-align: center;">\$2,650</td> <td style="text-align: center;">\$2,700</td> </tr> <tr> <td>Family</td> <td style="text-align: center;">\$5,250</td> <td style="text-align: center;">\$5,450</td> </tr> </table> For broker/dealer use only – not to be distributed or shown to the public in oral, electronic or written form as sales material. ALFS, Inc. serves as the principal underwriter of certain SEC-registered contracts for Allstate Life Insurance Company and certain of its subsidiaries and affiliates. © 2006 Allstate Insurance Company 12/05 <div style="text-align: center;">  </div>						<u>2005</u>	<u>2006</u>	Single	\$2,650	\$2,700	Family	\$5,250	\$5,450
	<u>2005</u>	<u>2006</u>																
Single	\$2,650	\$2,700																
Family	\$5,250	\$5,450																
Coverdell Education Savings Accounts (Education IRAs) – Contribution Limit \$2,000																		
<i>Modified AGI Phase-Out Range for Contributions to Coverdell Education Savings Accounts:</i>																		
Married Filing Jointly		\$190,000 - \$220,000		Single						\$95,000 - \$110,000								
Qualified Tuition Programs – Section 529 Plans																		
<i>Dist'n's between 12/31/2001- 12/31/2010 for qual higher education expense are income tax free</i>																		
Hope and Lifetime Learning Credits																		
<i>Hope Credit – Up to \$1,650 per student, for first two years of higher education tuition paid</i>																		
<i>Lifetime Learning Credit—Up to 20% of tuition (max. \$10,000 in 2005) paid; calcd per taxpayer</i>																		
<i>Modified AGI Phase-Outs:</i>																		
Married Filing Jointly		<u>2005</u>		<u>2006</u>														
		\$87,000-107,000		\$90,000-110,000														
Others		\$43,000-53,000		\$45,000-55,000														
Exclusion of U.S. Savings Bond Income																		
<i>Modified AGI Phase-Outs:</i>																		
Married Filing Jointly		<u>2005</u>		<u>2006</u>														
		\$91,850-121,850		\$94,700-124,700														
Others		\$61,200-76,200		\$63,100-78,100														
Student Loan Interest Deduction – Maximum Deduction \$2,500																		
<i>Modified AGI Phase-Outs:</i>																		
Married Filing Jointly		<u>2005</u>		<u>2006</u>														
		\$105,000 - \$135,000		\$105,000 - \$135,000														
Single		\$50,000 - \$65,000		\$50,000 - \$65,000														
Deductibility Period		No time limit		No time limit														
2005 Deduction for Higher Education Expenses –Only for Single & Married Filing Jointly																		
<i>*no deduction for 2006</i>																		
	<u>AGI Limit</u>	<u>Deduction</u>	<u>AGI Limit</u>	<u>Deduction</u>														
Married Filing Jointly	< \$130,000	\$4,000	\$130,000-\$160,000	\$2,000														
Single	< \$65,000	\$4,000	\$65,000-\$80,000	\$2,000														

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