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Here's a Very Brief Summary of Some 2001 Tax Act Changes

IRA's & Roth IRA's:

IRA and defined contribution plan annual contribution limits are raised starting in 2002. In addition, starting in 2002, there are now "catch-up" contribution provisions are provided for persons age 50 and above for both IRAs, 401(k), and other defined contribution plans.

For 2002 the limits are as follows:

IRA & Roth IRA Contribution Limit: \$3,000

IRA > 50 Catch-Up Amount: \$500

401(k) Contribution Limit: \$11,000

401(k) > 50 Catch- Up Amount: \$1,000

Education IRA's, Student Loan Interest, Qualified State Tuition Plans:

Contribution limits to Education IRAs have been raised from \$500 to \$2,000 in 2002. The income phase out limitation for married filing joint taxpayers increases significantly to \$190-\$220,000. Furthermore, funds are now eligible for expenditures for elementary and secondary education in addition to college. Education IRA contributions are now due on or before April 15th of the following year.

As of 1/1/02 withdrawals from qualified state tuition programs (Sec 529 Plans) for qualified tuition, room, and board expenses will now be excludable from income. Previously, withdrawals were taxed at the student's rate, presumably a low bracket rate. As before, there are no income limitations regarding Sec. 529 Plan contributions, dollar limitations per program are quite high, multi-state participation is allowed, and there is a special 5-year forward gift tax credit.

Starting in 2002, interest on student loans will now become deductible for the entirety of the loan, rather than just the first 60 months. The amount of student loan interest deductible increases to \$3,000. The deduction phases out for married filing joint income between \$100,000 and \$130,000.