

**Retirement Planning
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Higher Education Figures At-a-Glance



Education Planning	2005	2006	2007
Coverdell education savings accounts (formerly known as education IRAs):			
*Annual contribution limit	\$2,000	\$2,000	\$2,000
*MAGI phaseout range for Coverdell education savings accounts			
Single--phaseout threshold amount	\$95,000	\$95,000	\$95,000
Single--completed phaseout amount after	\$110,000	\$110,000	\$110,000
Married filing jointly--phaseout threshold amount	\$190,000	\$190,000	\$190,000
Married filing jointly--completed phaseout threshold amount	\$220,000	\$220,000	\$220,000
Deduction for qualified higher education expenses¹			
*Maximum deduction	\$4,000	\$4,000	\$4,000
*MAGI maximum for full \$4,000 deduction			
Single	\$65,000	\$65,000	\$65,000
Married filing jointly	\$130,000	\$130,000	\$130,000
*Reduced deduction available	\$2,000	\$2,000	\$2,000
*MAGI range for \$2,000 deduction			
Single--MAGI greater than this amount:	\$65,000	\$65,000	\$65,000
Single--MAGI does not exceed this amount:	\$80,000	\$80,000	\$80,000
Married filing jointly--MAGI greater than this amount:	\$130,000	\$130,000	\$130,000
Married filing jointly--MAGI does not exceed this amount:	\$160,000	\$160,000	\$160,000
Education loans--interest deduction			
*Maximum deduction for interest paid on qualified education loans	\$2,500	\$2,500	\$2,500
*MAGI phaseout range			
Single--phaseout threshold amount	\$50,000	\$50,000	\$55,000
Single--completed phaseout amount after	\$65,000	\$65,000	\$70,000
Married filing jointly--phaseout threshold amount	\$105,000	\$105,000	\$110,000
Married filing jointly--completed phaseout threshold amount	\$135,000	\$135,000	\$140,000
Gift tax exclusion			
Annual gift tax exclusion-- <i>single individual</i>	\$11,000	\$12,000	\$12,000
Annual gift tax exclusion-- <i>joint gift</i>	\$22,000	\$24,000	\$24,000
Lump-sum gift to 529 plan-- <i>single individual</i>	\$55,000	\$60,000	\$60,000
Lump-sum gift to 529 plan-- <i>joint gift</i>	\$110,000	\$120,000	\$120,000
Hope and Lifetime Learning Credits			
*Maximum Lifetime Learning credit	\$2,000	\$2,000	\$2,000
Maximum Lifetime Learning credit--Gulf Opportunity Zone	\$4,000	\$4,000	\$2,000
*Maximum Hope credit	\$1,500	\$1,650	\$1,650
Maximum Hope credit--Gulf Opportunity Zone	\$3,300	\$3,300	\$1,650
*MAGI phaseout range for Hope and Lifetime Learning Credit			
Single--phaseout threshold amount	\$43,000	\$45,000	\$47,000
Single--completed phaseout amount after	\$53,000	\$55,000	\$57,000
Married filing jointly--phaseout threshold amount	\$87,000	\$90,000	\$94,000
Married filing jointly--completed phaseout threshold amount	\$107,000	\$110,000	\$114,000
Kiddie tax			
Children under age 14 (2005) or 18 (2006 and 2007) pay federal income tax at their parents' rate on any investment income over...	\$1,600	\$1,700	\$1,700
U.S. savings bonds--interest exclusion for higher education expenses:			
*Joint returns			
Phaseout threshold for joint returns	\$91,850	\$94,700	\$98,400
Completed phaseout amount after	\$121,850	\$124,700	\$128,400
*Other returns			
Phaseout threshold for other returns	\$61,200	\$63,100	\$65,600
Completed phaseout amount after	\$76,200	\$78,100	\$80,600

¹ The deduction for qualified higher education expenses originally expired 12/31/05, but was retroactively extended for two years by the Tax Relief and Health Care Act of 2006

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