

**BISYS Education Services**  
Flashcards 6<sup>th</sup> Edition  
2005 Updates  
(Changes are in **bold**.)

**Fundamentals**

Card 53 An S corporation cannot have more than **100** shareholders.

**Insurance Planning**

Card 127 1. Physician services – Patient pays **\$110 (2005)** deductible, plus 20% of remaining costs.

**Investments**

Card 143  $R_p = R_f + [(R_m - R_f) \div S_m] \times S_p]$

**Income Tax**

Card 19 1. \$800 (for **2005**)

Card 23 The child's UNEARNED income that exceeds \$1,600 (for **2005**) will be taxed at the at the parent's highest marginal income tax rate.

Card 89 \*Section 179 allows a write-off of a limited amount for equipment purchases (**\$105,000 for 2005**). The amount is reduced dollar-for-dollar by the amount of the assets purchased during the year exceeding **\$420,000 (for 2005)**.

Card 147 \*A credit of \$1,000 (for **2005**) is allowed for each dependent child under age 17.

**Retirement Planning**

Card 12 2. 40% or more of all **eligible (nonexcludable)** employees

Card 13 2. Had compensation for the preceding year greater than **\$95,000 (2005)**.  
3. If the employer makes an election, only those persons in the top 20% of compensation greater than **\$95,000 (2005)** are included as highly compensated.

Card 20 1. An officer with compensation greater than **\$135,000** (indexed for inflation).  
3. A greater than 1% owner with compensation greater than \$150,000 (**not indexed**).

Card 36 \*Only the first **\$210,000 (for 2005)** if each employee's annual compensation may be used to calculate contributions.

Card 37 2. **\$170,000 (for 2005)**.

Card 38 2. **\$42,000 (for 2005)**.

- Card 40 \*The annual limit on employee deferrals to 401(k) plans is **\$14,000 (for 2005)**.  
\*...elective deferral “catch-up” adjustment of **\$4,000 (for 2005)**.
- Card 64 2. **\$42,000 (for 2005)**.
- Card 68 \*Contributions need not be made on behalf of employees whose compensation for the calendar year was less than **\$450 (for 2005)**.
- Card 70 \*Eligible individuals may contribute up to **\$4,000 (for 2005)** to an IRA.  
\*...an additional “catch-up” contribution of **\$500 (for 2005)** to an IRA.
- Card 78 \*A Roth IRA allows for nondeductible contributions up to **\$4,000 (for 2005)**  
\*...an additional “catch-up” contribution of **\$500 (for 2005)** to an IRA.
- Card 92 \*Employees can make an elective contribution (up to **\$10,000 for 2005**) as a percentage of compensation. Individuals who have attained age 50 may make additional contributions of **\$2,000 (for 2005)**.
- Card 101 1. **\$14,000 (for 2005)**  
\*...an additional “catch-up” adjustment of **\$4,000 (for 2005)**.

### **Estate Planning**

- Card 39 \*A donor may exclude from taxable gifts the first \$11,000 (for **2005**) of gifts each year to each donee.