

2020 Tax Reference Guide

RETIREMENT

Traditional IRA & Roth IRA

	2019	2020
IRA-ROTH IRA CONTRIBUTION LIMIT		
Contribution limit	\$6,000	\$6,000
50 + Catch-up	\$1,000	\$1,000
TRADITIONAL IRA DEDUCTIBILITY PHASE-OUT BASED ON MAGI		
Participants in employer plans		
Married—Jointly	\$103,000— \$123,000	\$104,000— \$124,000
Married—Separately	\$0-\$10,000	\$0-\$10,000
All others	\$64,000— \$74,000	\$65,000— \$75,000
Nonparticipant married to a participant	\$193,000— \$203,000	\$196,000— \$206,000
Neither spouse a participant	Fully deductible	Fully deductible
ROTH IRA PHASE-OUT BASED ON MAGI		
Married—Jointly	\$193,000— \$203,000	\$196,000— \$206,000
Married—Separately	\$0- \$10,000	\$0 - \$10,000
All others	\$122,000— \$137,000	\$124,000— \$139,000

Qualified Plans

	2019	2020
401k, 403(b), 457(b) salary deferral	\$19,000	\$19,500
50+ Catch-up	\$6,000	\$6,500
SIMPLE salary deferral	\$13,000	\$13,500
50+ Catch-up	\$3,000	\$3,000
Maximum annual additions in a defined contribution plan	\$56,000	\$57,000
Maximum annual benefit in defined benefit plan	\$225,000	\$230,000
Maximum compensation considered	\$280,000	\$285,000
Highly compensated employee	\$125,000	\$130,000
Maximum QLAC	\$130,000	\$135,000
<i>Special catch-up rules applies to certain 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last 3 yrs before retirement.</i>		

EDUCATION

Maximum Deduction for Student Loan Interest

The maximum deduction for student loan interest is \$2,500. The deduction is phased out as follows:

	2019	2020
Phase-out on single return	\$70,000 – \$85,000	\$70,000 – \$85,000
Phase-out on joint return	\$140,000 – \$170,000	\$140,000 – \$170,000

Education Incentives

	2020
Phase-Outs for American Opportunity Credit/ Hope Scholarship Credit	
Married Filing Jointly	\$160,000 – \$180,000
Others	\$80,000 – \$90,000
Phase-Outs for Lifetime Learning Credits	
Married Filing Jointly	\$118,000 – \$138,000
Others	\$59,000 – \$69,000
Phase-Outs for Exclusion of U.S. Savings Bond Income	
Married Filing Jointly	\$123,550 – \$153,550
Others	\$82,350 – \$97,350
529 Plan Contributions	
\$15,000 per year per child	
Accelerate 5 years of gifting into 1 year per individual	\$75,000
per couple	\$150,000

Business Income Taxes

C Corporations	
Taxable Net Income	21% Tax Rate
S Corporations and LLCs	
Taxable K-1 Pass-Through Income	Individual Tax Rates
<i>**Qualified Business Income* is eligible for a 20% K-1 deduction (i.e. 37% bracket= 29.6% net marginal rate)</i>	
<i>*Generally, "Specified Service Businesses" are NOT eligible for a 20% K-1 deduction unless entire taxable income (including K-1 pass-through profits) falls below certain thresholds.</i>	

Federal Income Taxes

MARRIED FILING JOINTLY & SURVIVING SPOUSES

Taxable Income	Tax Rate
\$0 – \$19,750	10.0%
\$19,750 – \$80,250	12.0%
\$80,250 – \$171,050	22.0%
\$171,050 – \$326,600	24.0%
\$326,600 – \$414,700	32.0%
\$414,700 – \$622,050	35.0%
Over \$622,050	37.0%

HEAD OF HOUSEHOLD

Taxable Income	Tax Rate
\$0 – \$14,100	10.0%
\$14,100 – \$53,700	12.0%
\$53,700 – \$85,500	22.0%
\$85,500 – \$163,300	24.0%
\$163,300 – \$207,350	32.0%
\$207,350 – \$518,400	35.0%
Over \$518,400	37.0%

SINGLE FILERS

Taxable Income	Tax Rate
\$0 – \$9,875	10.0%
\$9,875 – \$40,125	12.0%
\$40,125 – \$85,525	22.0%
\$85,525 – \$163,300	24.0%
\$163,300 – \$207,350	32.0%
\$207,350 – \$518,400	35.0%
Over \$518,400	37.0%

MARRIED FILING SEPARATELY

Taxable Income	Tax Rate
\$0 – \$9,875	10.0%
\$9,875 – \$40,125	12.0%
\$40,125 – \$85,525	22.0%
\$85,525 – \$163,300	24.0%
\$163,300 – \$207,350	32.0%
\$207,350 – \$311,025	35.0%
Over \$311,025	37.0%

TRUSTS AND ESTATES

Taxable Income	Tax Rate
\$0 – \$2,600	10.0%
\$2,600 – \$9,450	24.0%
\$9,450 – \$12,950	35.0%
Over \$12,950	37.0%

Standard Deductions

	2019	2020
Single	\$12,200	\$12,400
Married filing jointly	\$24,400	\$24,800
Married filing separately	\$12,200	\$12,400
Head of household	\$18,350	\$18,650
Personal exemption	\$0	\$0

Capital Gains & Dividends

CAPITAL GAINS & DIVIDENDS

Income Tax Bracket:	Rate:
0 - 12%	0%
22% - 35%	15%
37%	20%

UNEARNED INCOME MEDICARE CONTRIBUTION TAX

3.8% surtax applied to lower of Net Investment Income or MAGI over threshold

Filing Status	MAGI	Rate:
Single / Head of Household	\$200,000+	3.8%
Married Filing Jointly / Separately	\$250,000+ / \$125,000+	3.8%
Trusts & Estates	\$12,500	3.8%

Gift & Estate Tax

	2019	2020
Annual gift tax exclusion	\$15,000	\$15,000
Unified credit exemption	\$11,400,000	\$11,580,000
Gift to non-citizen spouse	\$155,000	\$157,000
Highest estate tax bracket	40%	40%
States with Separate Estate Tax	CT, DC, HI, IL, MA, MD, ME, MN, NY, OR, RI, VT, WA	
States with Inheritance Tax	IA, KY, MD, NE, NJ, PA	
Community Property States	AK*, AZ, CA, ID, LA, NM, NV, TX, WA, WI	
*Opt-in community property state		

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Social Security

	2019	2020
TAXABLE WAGE BASE		
Social Security (OASDI)	\$132,900	\$137,700
Medicare (HI only)	No limit	No limit
RETIREMENT EARNING TEST		
Under full retirement age	\$17,640/yr (\$1,470/mo)	\$18,240/yr (\$1,520/mo)
Note: One dollar in benefits will be withheld for every \$2 in earnings above the limit		
Year reaching full retirement age	\$46,920/yr (\$3,910/mo)	\$48,600/yr (\$4,050/mo)
Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit		
TAXABILITY OF BENEFITS		
(Based on Provisional Income and Filing Status)		
	Individual	Married Filed Jointly
Not taxable	Less than \$25,000	Less than \$32,000
Up to 50% taxable	\$25,000-\$34,000	\$32,000-\$44,000
Up to 85% taxable	Greater than \$34,000	Greater than \$44,000
Married Filed Separately		
Up to 85% of benefits are taxable		
Provisional Income = Adjusted Gross Income + Nontaxable Income + 1/2 Social Security Benefits		
AGE TO RECEIVE FULL BENEFITS		
Year of Birth	Full Retirement Age	% Reduced at Age 62
1943-1954	66	25.00%
1955	66 & 2 months	25.83%
1956	66 & 4 months	26.67%
1957	66 & 6 months	27.50%
1958	66 & 8 months	28.33%
1959	66 & 10 months	29.17%
1960 & later	67	30.00%
DELAYED RETIREMENT CREDITS		
Year of Birth	Yearly Rate of Increase	
1943 or later	8.0%	
Accrues when you reach full retirement age until you start receiving benefits or reach age 70.		

FICA Tax Rates

	Self-Employed	Employee
OASDI (Social Security)	12.4%	6.2%
HI (Medicare)	2.9%	1.45%
Additional Medicare Tax*	0.9%	0.9%
<i>* Beginning in 2013, the additional Medicare tax applied to wages and self-employment income above the following thresholds:</i>		
Filing Status:	Wages or Self-Employment Income above the MAGI threshold:	
Married-Jointly	>\$250,000	
Married-Separately	>\$125,000	
Others	>\$200,000	

Single Life "Inherited" Table

Age	Life Expectancy	Age	Life Expectancy	Age	Life Expectancy
35	48.5	52	32.3	69	17.8
36	47.5	53	31.4	70	17.0
37	46.5	54	30.5	71	16.3
38	45.6	55	29.6	72	15.5
39	44.6	56	28.7	73	14.8
40	43.6	57	27.9	74	14.1
41	42.7	58	27.0	75	13.4
42	41.7	59	26.1	76	12.7
43	40.7	60	25.2	77	12.1
44	39.8	61	24.4	78	11.4
45	38.8	62	23.5	79	10.8
46	37.9	63	22.7	80	10.2
47	37.0	64	21.8	81	9.7
48	36.0	65	21.0	82	9.1
49	35.1	66	20.2	83	8.6
50	34.2	67	19.4	84	8.1
51	33.3	68	18.6	85	7.6

Long Term Care Insurance

MAX QUALIFIED LTC PREMIUM ELIGIBLE FOR DEDUCTIONS: S Corp Owners - LLC Owners

Age	40 or less	41-50	51-60	61-70	over 70
2020	\$430	\$810	\$1,630	\$4,340	\$5,430
2019	\$420	\$790	\$1,580	\$4,220	\$5,270

Qualified LTC contract per diem limit: \$380 (\$370 in 2019)

Uniform Lifetime Table

Age	Divisor Balance	% Account	Age	Divisor Balance	% Account
70	27.4	3.65	86	14.1	7.09
71	26.5	3.77	87	13.4	7.46
72	25.6	3.91	88	12.7	7.87
73	24.7	4.05	89	12.0	8.33
74	23.8	4.20	90	11.4	8.77
75	22.9	4.37	91	10.8	9.26
76	22.0	4.55	92	10.2	9.80
77	21.2	4.72	93	9.6	10.42
78	20.3	4.93	94	9.1	10.99
79	19.5	5.13	95	8.6	11.63
80	18.7	5.35	96	8.1	12.35
81	17.9	5.59	97	7.6	13.16
82	17.1	5.85	98	7.1	14.08
83	16.3	6.13	99	6.7	14.93
84	15.5	6.45	100	6.3	15.87
85	14.8	6.76	101	5.9	16.95

Health Savings Accounts

	2019	2020
CONTRIBUTION LIMITS		
Single / Family	\$3,500/ \$7,000	\$3,550/ \$7,100
Age 55+ Catch-up	\$1,000	\$1,000
HIGH DEDUCTIBLE HEALTH PLANS		
Minimum Deductible Single/Family	\$1,350/ \$2,700	\$1,400/ \$2,800
Maximum out of pocket Single/Family	\$6,750/ \$13,500	\$6,900/ \$13,800