

2020 Tax Guide

Retirement Plan Contribution Limits	
Annual compensation used to determine contribution for most plans	\$285,000
Defined contribution plans	\$57,000
Defined benefit plans	\$230,000
401(k), 403(b), 457(b) plans	\$19,500
Catch-up provision for individuals 50+	\$6,500
SIMPLE plans	\$13,500
SIMPLE plans - catch-up provision for individuals 50+	\$3,000
Roth 401(k)	\$19,500
Roth 401(k) - catch-up provision for individuals 50+	\$6,500
Maximum ESOP balance subject to 5 year distribution period	\$1,150,000

Individual Retirement Accounts			
IRA type	Contribution limit	Catch-up at 50+	Phaseouts (AGI)
Non-deductible	\$6,000	\$1,000	None
Covered by qualified plan:			
Deductible	\$6,000	\$1,000	\$104,000 to \$124,000 joint
			\$65,000 to \$75,000 single, HOH
			\$0 to \$10,000 MFS
If one spouse covered by a plan:			
Roth	\$6,000	\$1,000	\$196,000 to \$206,000 joint
			\$124,000 to \$139,000 single, HOH
			\$0 to \$10,000 MFS
Roth conversion			No Income Limit

Medicare Premiums & Deductibles			
Part B premium	\$144.60*		
Part B deductible	\$198		
Part A (inpatient services) deductible < 61 days of hospitalization	\$1,408	per benefit period	
Part A deductible 61 - 90 days of hospitalization	\$352	per day	
Part A deductible > 90 days of hospitalization	\$704	per day	

Part B / Part D Premiums for High-Income Taxpayers			
MAGI single	MAGI joint	Part B premium	Part D premium
< \$87,001	< \$174,001	\$144.60*	\$0.00
87,001 to \$109,000	\$174,001 to \$218,000	\$202.40	\$12.20
\$109,001 to \$136,000	\$218,001 to \$272,000	\$289.20	\$31.50
\$136,001 to \$163,000	\$272,001 to \$326,000	\$376.00	\$50.70
\$163,001 to \$499,999	\$326,001 to \$749,999	\$462.70	\$70.00
> \$500,000	> \$750,000	\$491.60	\$76.40

*Most individuals will pay less; however, individuals who are not protected by the Social Security "hold harmless" provision will pay \$144.60.

Social Security Benefits		
Full retirement age (FRA) if born between 1943 & 1954		66
Maximum monthly benefit	\$3,011	
Retirement earnings exempt amounts	\$18,240	Under FRA
	\$48,600	During yr. reach FRA
	NA	After FRA
Tax (FICA)	% withheld	Maximum tax payable
SS tax paid on income < \$137,700		
Employer pays	6.20%	\$8,537
Employee pays	6.20%	\$8,537
Self-employed pays	12.40%	\$17,075
Medicare tax paid on all income*		
Employer pays	1.45%	No maximum
Employee pays	1.45%	No maximum
Self-employed pays	2.90%	No maximum

*Additional 0.9% for wages exceeding \$200,000 (single) and \$250,000 (joint).

Social Security Taxes		
Filing status	AGI + provisional income*	Taxable portion
Married filing jointly	< \$32,000	0%
	\$32,000 to \$44,000	up to 50%
	> \$44,000	up to 85%
Single, HOH, MFS and living apart from spouse	< \$25,000	0%
	\$25,000 to \$34,000	up to 50%
	> \$34,000	up to 85%
Married filing separately & living with spouse	> \$0	up to 85%

*Provisional income = tax-exempt interest + 50% of SS benefit

Deductibility of Long-Term Care Premiums on Qualified Policies		
Attained age before close of tax yr.	Amount of LTC premiums that qualify as medical expenses	
40 or less	\$430	
41 to 50	\$810	
51 to 60	\$1,630	
61 to 70	\$4,350	
> 70	\$5,430	

Health Savings Accounts			
Annual limit	Max. deductible contribution	Deductible/Co-pay limits	Minimum annual deductible
Individuals	\$3,550	\$6,900	\$1,400
Families	\$7,100	\$13,800	\$2,800
Catch-up for 55+	\$1,000		

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2020 Tax Rate Schedule						
Taxable income		Base amount of tax		Marginal tax rate Of the amount over		
Single						
<	\$9,875	\$0.00	+	10.0%	\$0	
\$9,876	to	\$40,125	\$987.50	+	12.0%	\$9,875
\$40,126	to	\$85,525	\$4,617.50	+	22.0%	\$40,125
\$85,526	to	\$163,300	\$14,605.50	+	24.0%	\$85,525
\$163,301	to	\$207,350	\$33,271.50	+	32.0%	\$163,300
\$207,351	to	\$518,400	\$47,367.50	+	35.0%	\$207,350
>	\$518,401	\$156,235.00	+	37.0%	\$518,400	
Married filing jointly & surviving spouses						
<	\$19,750	\$0.00	+	10.0%	\$0	
\$19,751	to	\$80,250	\$1,975.00	+	12.0%	\$19,750
\$80,251	to	\$171,050	\$9,235.00	+	22.0%	\$80,250
\$171,051	to	\$326,600	\$29,211.00	+	24.0%	\$171,050
\$326,601	to	\$414,700	\$66,543.00	+	32.0%	\$326,600
\$414,701	to	\$622,050	\$94,735.00	+	35.0%	\$414,700
>	\$622,051	\$167,307.50	+	37.0%	\$622,050	
Head of household						
<	\$14,100	\$0.00	+	10.0%	\$0	
\$14,101	to	\$53,700	\$1,410.00	+	12.0%	\$14,100
\$53,701	to	\$85,500	\$6,162.00	+	22.0%	\$53,700
\$85,501	to	\$163,300	\$13,158.00	+	24.0%	\$85,500
\$163,301	to	\$207,350	\$31,830.00	+	32.0%	\$163,300
\$207,351	to	\$518,400	\$45,926.00	+	35.0%	\$207,350
>	\$518,401	\$154,793.50	+	37.0%	\$518,400	
Married filing separately						
<	\$9,875	\$0.00	+	10.0%	\$0	
\$9,876	to	\$40,125	\$987.50	+	12.0%	\$9,875
\$40,126	to	\$85,525	\$4,617.50	+	22.0%	\$40,125
\$85,526	to	\$163,300	\$14,605.50	+	24.0%	\$85,525
\$163,301	to	\$207,350	\$33,271.50	+	32.0%	\$163,300
\$207,351	to	\$311,025	\$47,367.50	+	35.0%	\$207,350
>	\$311,026	\$83,653.75	+	37.0%	\$311,025	
Estates and trusts						
<	\$2,600	\$0.00	+	10.0%	\$0	
\$2,601	to	\$9,450	\$260.00	+	24.0%	\$2,600
\$9,451	to	\$12,950	\$1,904.00	+	35.0%	\$9,450
>	\$12,951	\$3,129.00	+	37.0%	\$12,950	
SECURE Act (effective January 1, 2020)						
Traditional IRA						
Required Minimum Distributions (RMDs)						
If you turned age 70 1/2 in 2019 and have begun taking RMDs				Continue to take RMD		
If you turn 70 1/2 during 2020				RMDs start at age 72		
Inherited IRA or 401(k)						
If original owner passed away on or after January 1, 2020				Withdrawal with 10 years*		

*Exceptions: assets left to a surviving spouse, a minor child, a disabled or chronically ill beneficiary, and beneficiaries < 10 years younger than the original owner

Standard Deductions & Personal Exemption			
Standard Deduction		Personal exemption	
Filing Status	Deduction	Exemption	Phaseouts
Married filing joint	\$24,800	NA	NA
Single	\$12,400	NA	NA
Married filing separate	\$12,400	NA	NA
Head of household	\$18,650	NA	NA
Additional deductions for non-itemizers			
Blind or > 65	\$1,300		
Blind or > 65 and single	\$1,650		
Gift & Estate Tax			
Maximum estate tax rate		40%	
Estate/Gift tax exclusion		\$11,580,000	
Gift tax annual exclusion		\$15,000	
AMT Exemptions & Phaseouts			
Filing status	Exemption	Income phaseout threshold	
Married filing jointly & qualifying widow(er)	\$113,400	\$1,036,800	
Single & HOH	\$72,900	\$518,400	
Married filing separately	\$56,700	\$518,400	
Capital Gains Tax Rates			
Assets held less than 1 yr.		Marginal income rate	
		0% for joint below \$80,000 and single below \$40,000.	
Assets held longer than 1 yr.		15% for joint at or above \$80,000 and single at or above \$40,000.	
		20% for joint at or above \$496,600 and single at or above \$441,450.	
Unrecaptured Sec. 1250 gains		25%	
Collectibles		28%	
Education Credits / Deductions / Distributions			
Credit / Deduction / Account	Maximum credit / deduction / distribution	Income phaseouts begin at AGI:	
American Opportunity Tax Credit	\$2,500	\$160,000 to \$180,000	joint
		\$80,000 to \$90,000	all others
Lifetime Learning Credit	\$2,000	\$118,000 to \$138,000	joint
		\$59,000 to \$69,000	all others
Student loan interest deduction	\$2,500	\$140,000 to \$170,000	joint
		\$70,000 to \$85,000	all others
Savings bond interest deduction	limited to amount of qualified expenses	\$123,550 to \$153,550	joint
		\$82,350 to \$97,350	all others
Coverdell	\$2,000 maximum contribution (non-deductible)	\$190,000 to \$220,000	joint
		\$95,000 to \$110,000	all others
529 Plan (K-12)	\$10,000 distribution	None	joint
		None	all others
Kiddie Tax			
Dependent children < age 19 (< 24 for full-time students) pay federal income tax at trust and estate income tax rates on investment income > \$2,200.			
Qualified Business Income (QBI)			
		Phaseout on Taxable Income	Deduction
Married filing joint		\$326,600 to \$426,600	up to 20% of QBI
Individual		\$163,300 to \$213,300	

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Individual Tax Rates									
Single					Joint				
Taxable Income	Ordinary Income	Capital Gains and Dividends	Affordable Health Care Act		Taxable Income	Ordinary Income	Capital Gains and Dividends	Affordable Health Care Act	
			Earned Income	Investment Income**				Earned Income	Investment Income**
\$0 to \$9,875	10%	0%	0%	0%	\$0 to \$19,750	10%	0%	0%	0%
\$9,876 to \$40,000	12%				\$19,751 to \$80,000	12%			
\$40,001 to \$40,125		22%			\$80,001 to \$80,250		22%		
\$40,126 to \$85,525	24%				\$80,251 to \$171,050	24%			
\$85,526 to \$163,300		32%	\$171,051 to \$250,000	32%					
\$163,301 to \$200,000	35%		\$250,001 to \$326,600		35%				
\$200,001 to \$207,350		37%	\$326,601 to \$414,700	37%					
\$207,351 to \$434,550	20%		\$414,701 to \$496,600		20%				
\$441,451 to \$518,400			\$496,601 to \$622,050						
> \$518,401				> \$622,051					

*3.8% tax is only imposed on adjusted gross income (AGI) in excess of the \$200,000 (\$250,000 joint) threshold

** Investment income for purposes of 3.8% tax = dividends, interest, capital gains, non-qualified annuity distributions, royalties, rents, and passive income (not qualified retirement distributions)

Select Tax Items			
Tax Limits			2020
Gift tax annual exclusion			\$15,000
Estate tax exemption			\$11,580,000 + DSUEA*
Top federal estate tax bracket			40%
IRA distributions direct to charity (over age 70.5)			\$100,000
IRA / Roth IRA contribution limit			\$6,000
IRA / Roth IRA catch-up provisions for individuals 50+			\$1,000
Health Savings Account contribution limit [Individual, (Family)]			\$3,550, (\$7,100)
Health Savings Account catch-up provisions for individuals 55+			\$1,000
Phaseout Items	Single	Joint	
Itemized deduction phaseout	N/A	N/A	
Personal exemption phaseout	N/A	N/A	
Deductible IRA contribution phaseout (qualified plan)	\$65,000 to \$75,000	\$104,000 to \$124,000	
<i>*If one spouse covered by a plan</i>			\$196,000 to \$206,000
Roth IRA contribution phaseout	\$124,000 to \$139,000	\$196,000 to \$206,000	
AMT exemption	\$72,900	\$113,400	
Part B / Part D Premiums begin to increase with MAGI over	\$87,000	\$174,000	
Short (Sold) Options			
Put/Call Action	Taxable Amount	How taxed (long/short)	
Option expires worthless	Premium	Short	
Option is closed	Net gain/loss of closing	Short	
Call option assigned	Premium + strike price - security basis	Short or long**	

*Basic exclusion amount plus deceased spousal unused exclusion amount (DSUEA) -- exclusion is portable for 2011 onward **Underlying security held > 1 year is long term gain/loss, security held < 1 year is short term gain/loss

Retirement Plan Contribution Limits	
Plan	Limit
Defined contribution plans	\$57,000
401(k) (Roth/Traditional), 403(b), 457(b) plans	\$19,500
Catch-up provision for individuals 50+	\$6,500
SIMPLE plans	\$13,500
SIMPLE plans - catch-up provision for individuals 50+	\$3,000
Estates and Trusts	
Income	Rate
< \$2,600	10%
\$2,601 to \$9,450	24%
\$9,451 to \$12,950	35%
> \$12,950*	37%
SECURE Act (effective January 1, 2020)	
Traditional IRA	
Required Minimum Distributions (RMDs)	
If you turned age 70 1/2 in 2019 and have begun taking RMDs	Continue to take RMD
If you turn 70 1/2 during 2020	RMDs start at age 72
Inherited IRA or 401(k)	
If original owner passed away on or after January 1, 2020	Withdrawal with 10 years*

*Investment income > \$12,950 subject to additional 3.8% surtax