# TAX REFERENCE GUIDE

# 2020

## TRADITIONAL & ROTH IRAS

### Contribution limits

| | 2020 |
|---|---|
| Regular | $6,000 |
| Catch-Up* | $1,000 |

*Only taxpayers age 50 and over are eligible to make catch-up contributions.

### Roth contribution phase-out

| MAGI phase-out range for contributions to Roth IRAs in 2020 | | |
|---|---|---|
| Married filing jointly: $196,000–$206,000 | Married filing separately: $0–$10,000 | Single: $124,000–$139,000 |

No annual income limit for determining ability to convert traditional IRA to Roth IRA continues for 2020.

### Traditional IRA deductibility rules

| Filing Status | Covered by Employer's Retirement Plan? | Modified AGI 2020 | Deductibility |
|---|---|---|---|
| Single | No | Any amount | Full deduction |
| | Yes | $65,000 or less | Full deduction |
| | | $65,001–$74,999 | Partial deduction |
| | | $75,000 or more | No deduction |
| Married filing jointly | Neither Spouse Covered | Any amount | Full deduction |
| | Both Spouses Covered | $104,000 or less | Full deduction |
| | | $104,001–$123,999 | Partial deduction |
| | | $124,000 or more | No deduction |
| | One Spouse Covered For Covered Spouse | $104,000 or less | Full deduction |
| | | $104,001–$123,999 | Partial deduction |
| | | $124,000 or more | No deduction |
| | One Spouse Covered For Non-Covered Spouse | $196,000 or less | Full deduction |
| | | $196,001–$205,999 | Partial deduction |
| | | $206,000 or more | No deduction |

## 2020 ESTATE & GIFT TAX RATES

The top tax rate applicable to estates and living gifts will be subject to a maximum tax rate of 40%

### Subtract applicable credit below from calculated tax

| Estate Tax | Exclusion Amount | Applicable Credit | Gift Tax Exclusion |
|---|---|---|---|
| 2020 | $11,580,000 | $4,577,800 | $11,580,000 |

### Other estate & gift planning items

| | 2020 |
|---|---|
| Annual Gift Tax Exclusion | $15,000 |
| Annual Gift Tax Exclusion For Non-U.S. Citizen Spouses | $157,000 |
| Generation-Skipping Tax (GST) Exemption | $11,580,000 |
| IRC §6166 2% Limit for Deferred Estate Tax Payments | $1,570,000 |
| IRC §2032A Limit for Special Use Valuation | $1,180,000 |

## RETIREMENT PLANS

| | 2020 |
|---|---|
| Elective Deferral Limit to Retirement Plans (e.g. 401(k), 403(b), 457, and SARSEPS) | $19,500 |
| Elective Deferral Limit to SIMPLE Plans | $13,500 |
| Annual Additions Limit to SEP Plans | $57,000 |
| SEP Participation Limit | $600 |
| Defined Contribution Limit | $57,000 |
| Maximum Includible Compensation | $285,500 |
| Defined Benefit Limit | $230,000 |
| Highly Compensated Employee Threshold | $130,000 |
| Key Employee/Officer Threshold | $185,000 |
| **Maximum Qualified Longevity Annuity Contract (QLAC):** Lessor of $135,000 or 25% of your aggregate IRA account values. | |

### Catch-up contribution limits for other qualified plan types

| | 2020 |
|---|---|
| 401(k), 403(b), 457, and SARSEPS | $6,500 |
| SIMPLE Plans | $3,000 |

Consult your tax professional for advice. Information provided as an incidental service to our business as (insurance professionals, financial planner, investment advisor, securities broker)

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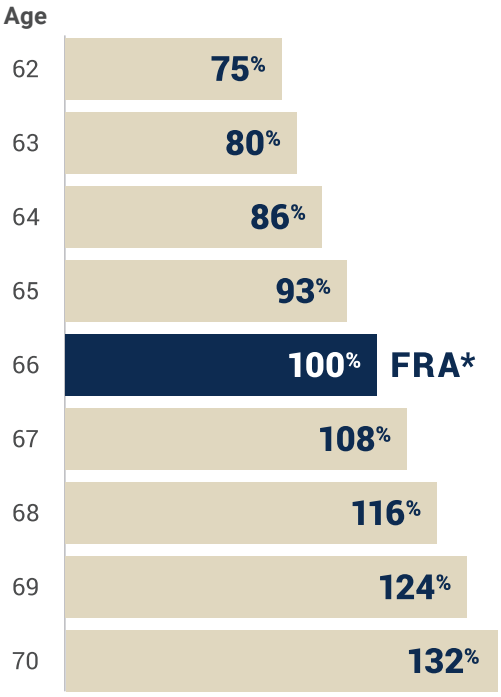
## SOCIAL SECURITY TAX RULES

| Social Security Benefit Reduction before Full Retirement Age (FRA). |
|---|
| $1 of every $2 over $18,240/yr before year of FRA |
| $1 of every $3 over $48,600/yr during the year FRA is reached |

## PERCENTAGE OF SOCIAL SECURITY BENEFITS INCLUDED IN TAXES

| | Single | Married Filing Jointly |
|---|---|---|
| 0% | <$25,000 | <$32,000 |
| 50% | $25,000–34,000 | $32,000–44,000 |
| 85% | >$34,000 | >$44,000 |
| **Combined Income above is:** Annual Gross Income + 50% Social Security benefits | | |
| **Taxable Wage Base for Social Security:** $137,700 | | |

## PERCENTAGE OF SOCIAL SECURITY FULL RETIREMENT BENEFIT IF COLLECTED AT:




* Full Retirement Age (FRA) for individuals born between 1943–1954

## INCOME TAX COMPARISON 2020

If taxable income is

| Over | But Not Over | The Tax Is | Of the Amount Over |
|---|---|---|---|
| **Married Filing Jointly and Surviving Spouses** | | | |
| $0 | $19,750 | $0 + 10% | $0 |
| $19,751 | $80,250 | $1,975 + 12% | $19,750 |
| $80,251 | $171,050 | $9,235 + 22% | $80,250 |
| $171,051 | $326,600 | $29,211 + 24% | $171,050 |
| $326,601 | $414,700 | $66,543 + 32% | $326,600 |
| $414,701 | $622,050 | $94,735 + 35% | $414,700 |
| $622,051 | – | $167,307.50 + 37% | $622,050 |
| **Single** | | | |
| $0 | $9,875 | $0 + 10% | $0 |
| $9,876 | $40,125 | $987.50 + 12% | $9,875 |
| $40,126 | $85,525 | $4,617.50 + 22% | $40,125 |
| $85,526 | $163,300 | $14,605.50 + 24% | $85,525 |
| $163,301 | $207,350 | $33,271.50 + 32% | $163,300 |
| $207,351 | $518,400 | $47,367.50 + 35% | $207,350 |
| $518,401 | – | $156,235 + 37% | $518,400 |
| **Estates and Trusts:** Tax rates graduated from 10% to 37%. Income over $12,950 | | | |

| | Exemption | Phase-out Range |
|---|---|---|
| **Standard Deductions** | **Annual** | **Add'l Age 65 or Older, or Blind** |
| Married Filing Jointly | $24,800 | $1,300 |
| Head of Household | $18,650 | $1,650 |
| Single/Married Filing Separately | $12,400 | $1,650 |
| **Child Tax Credit:** $2,000 per child phases out $50 for each $2,000 of modified AGI over $400,000 (married filing jointly), or $200,000 (single). | | |
| **Capital Gains and Qualifying Dividends Tax Rate (2020)** | | |
| **Taxpayer Bracket** | **Short Term < 12 Mo** | **Long Term > 12 Mo** |
| Single: Up to $40,000<br>MFJ: Up to $80,000 | Ordinary rate | 0% |
| Single: $40,001–$441,450<br>MFJ: $80,001–$496,600 | Ordinary rate | 15% |
| Single: $441,451 and up<br>MFJ: $496,601 and up | Ordinary rate | 20% |
| **Tax on Net Investment Income:** Additional 3.8% tax on lesser of net investment income or excess of modified adjusted gross income over $200,000 single/ $250,000 married filing jointly | | |



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