2023 Tax Reference Guide

MAGNOLIA
WEALTH MANAGEMENT

2023 TAX SUMMARY

Tax Brackets for 2023

Taxable income (i.e., income minus deductions and exemptions) between:

Married, Joint[1]

$0 - $22,000	10%
$22,001 - $89,450	12%
$89,451 - $190,750	22%
$190,751 - $364,200	24%
$364,201 - $462,500	32%
$462,501 - $693,750	35%
Over $693,750	37%

Capital gains/qualifications dividends

$0 - $89,250	0%
$89,251 - $553,850	15%
Over $553,850	20%

Single[1]

$0 - $11,000	10%
$11,001 - $44,725	12%
$44,726 - $95,375	22%
$95,375 - $182,100	24%
$182,101 - $231,250	32%
$231,251 - $578,125	35%
Over $578,125	37%

Capital gains/qualifications dividends

$0 - $44,625	0%
$44,626 - $492,300	15%
Over $492,300	20%

Married, Separate[1]

$0 - $11,000	10%
$11,001 - $44,725	12%
$44,726 - $95,375	22%
$95,376 - $182,100	24%
$182,101 - $231,250	32%
$231,251 - $346,875	35%
Over $346,875	37%

Capital gains/qualifications dividends

$0 - $44,625	0%
$44,626 - $276,900	15%
Over $276,900	20%

Head of Household[1]

$0 - $15,700	10%
$15,701 — $59,850	12%
$59,851 — $95,350	22%
$95,351 - $182,100	24%
$182,101 — $231,250	32%
$231,251 - $578,100	35%
over $578,100	37%

Capital gains/qualifications dividends

$0 - $59,750	0%
$59,751 - $523,050	15%
Over $523,050	20%

Estates and Trusts[1]

$0 - $2,900	10%
$2,901 — $10,550	24%
$10,551 — $14,450	35%
over $14,450	37%

Capital gains/qualifications dividends

$0 - $3,000	0%
$3,001 - $14,650	15%
Over $14,650	20%

Corporate Tax Rate 21%

Standard Deduction[1]

Married, joint	$27,700
Single	$13,850
Married, separate	$13,850
Head of Household	$20,800

Blind or over 65: add $1,500 if married; $1,850 if single or head of household

Child/Dependent Tax Credit[1, 2]

Child $2,000 per child $83,350 up to $1,600 refundable

Qualifying Dependent $500 per dependent, nonrefundable

Mortgage Interest Deduction[2]

On acquisition or home improvement indebtedness up to $750,000 incurred after 12/15/2017 for first or second home.

State and Local Tax Deduction Limit[3]

State and local income and property tax deduction $10,000

$5,000 if married filing separately

IRA & Pension Plan Limits[4]

IRA contribution

Under age 50	$6,500
Age 50 and over	$7,500

Phaseout for deducting IRA contribution[4]

Married, joint	$116,000 - $136,000 AGI
Single. HOH[a]	$73,000 - $83,000 AGI
Married, separate	$0 - $10,000 AGI

Phaseout for deducting spousal IRA[b, 4]

$218,000 - $228,000 AGI

Phaseout of Roth contribution eligibility[4]

Married, joint	$218,000 - $228,000 MAGI
Single. HOH[a]	$138,000 - $153,000 MAGI
Married, separate	$0 - $10,000 MAGI

SEP contribution[4, 5]

Up to 25% of compensation, limit $66,000

Compensation to participate in SEP[4] $750

SIMPLE elective deferral[4]

Under age 50	$15,500
Age 50 and over	$19,000

401(k), 403(b)c, 457d and SARSEP elective deferral under age 50[4] $22,500

401(k), 403(b)c, 457d and SARSEP elective deferral age 50 and over[4] $30,000

Annual defined contribution limit[4] $66,000

Annual defined benefit limit[4] $265,000

Highly compensated employee[4] $150,000

Key employee in top-heavy plan[4] $215,000

Annual compensation taken into account for qualified plans[4] $330,000

Retirement Tax Credit[4]

A percentage tax credit for an IRA, 401(k), 403(b)c or 457d plan contribution, in addition to deduction or exclusion, if

Married, joint	Below $73,000 MAGI
Head of Household	Below $54,750 MAGI
Single; Married, separate	Below $36,500 MAGI

Maximum qualified longevity annuity contract (QLAC) premium $155,000

Alternative Minimum Tax Exemption Amount[1]

Married, joint	$126,500
Single, HOH[a]	$81,300
Married, separate	$63,250
Estates and Trusts	$28,400

Gift and Estate Tax[1]

Gift tax annual exclusion	$17,000
Estate and gift tax rate	40%
Estate tax exemption	$12,920,000
Lifetime gift exemption	$12,920,000
GST exemption	$12,920,000
Annual exclusion for gifts to noncitizen spouse	$175,000

Additional Medicare Tax Where Income Exceeds $200,000 ($250,000 married, joint)[7]

Additional tax on excess of earned income[e]	0.9%
Additional tax on net investment income[f]	3.8%

Key

a. Head of household.

b. Assumes individual or spouse also participates in an employer-sponsored retirement plan.

c. Special increased limit may apply to certain 403(b) contributions with 15 or more years of service.

d. In last three years prior to year of retirement, 457 plan participant may be able to double elective deferral if needed to catch up on prior missed contributions, but if they do, they cannot use catch-up.

e. Total employee Medicare tax is 1.45% + 0.9% = 2.35%

f. Including interest, dividends, capital gains and annuity distributions.

Medicare Part B/D Premiums for 2023

Married Joint	Part B Prem Adj	Part D Prem Adj
$0 - $194,000	$0	$0
$194,000 - $246,000	$66	$12
$246,000 - $306,000	$165	$32
$306,000 - $366,000	$264	$51
$366,000 - $750,000	$363	$70
$750,000 and above	$396	$76

Medicare Part B/D Premiums for 2023

Single	Part B Prem Adj	Part D Prem Adj
$0 - $97,000	$0	$0
$97,000 – $123,000	$66	$12
$123,000 - $153,000	$165	$32
$153,000 - $183,000	$264	$51
$183,000 - $500,000	$363	$70
$500,000 and above	$396	$76

Social Security

Maximum wage base[10]	$160,200
Amount needed to earn one credit[10, 11]	$1,640
Amount needed to earn four credits[11]	$6,560
Social Security Tax Rates[10]	
Employee	7.65%
Employer	7.65%
Self-Employed	15.30%
Maximum monthly retirement[10]	
Benefit at full retirement age	$3,627
Cost of Living Adjustment	8.7%

Income (in retirement) causing Social Security benefits to be taxable

Married, joint	
Up to 50% taxable	$32,000 MAGI
Up to 85% taxable	$44,000 MAGI
Single	
Up to 50% taxable	$25.000 MAGI
Up to 85% taxable	$34.000 MAGI

Income is most income including municipal bond interest but only 1/2 of Social Security.

Earnings Limit and Benefit Reduction:[10]

In years prior to full retirement age, $1 in benefits will be withheld for every $2 of earnings in excess of $21,240.

In the year of full retirement age, $1 in benefits will be withheld for every $3 of earnings in excess of $56,520 (applies only to months of earnings prior to full retirement age).

There is no limit on earnings beginning the month an individual attains full retirement age.

Uniform Lifetime Table [14]

*Below table effective as of Jan. 1, 2022. Use to calculate required minimum distributions from IRAs and qualified plans during owner's life. Do not use this table if owner has spousal beneficiary more than 10 years younger. Instead use Joint Life Table from IRS Pub. 590.

Taxpayer's Age	% of acct.	Life Expectancy
72	3.65	27.4
73	3.77	26.5
74	3.92	25.5
75	4.07	24.6
76	4.22	23.7
77	4.37	22.9
78	4.55	22.0
79	4.74	21.1
80	4.95	20.2
81	5.15	19.4
82	5.41	18.5
83	5.65	17.7
84	5.95	16.8
85	6.25	16.0
86	6.58	15.2
87	6.94	14.4
88	7.30	13.7
89	7.75	12.9
90	8.20	12.2
91	8.70	11.5
92	9.26	10.8
93	9.90	10.1
94	10.53	9.5
95	11.24	8.9
96	11.90	8.4
97	12.82	7.8
98	13.70	7.3
99	14.71	6.8
100	15.63	6.4
101	16.67	6.0
102	17.86	5.6
103	19.23	5.2
104	20.41	4.9
105	21.74	4.6
106	23.26	4.3
107	24.39	4.1
108	25.64	3.9
109	27.03	3.7
110	28.57	3.5
111	29.41	3.4
112	30.30	3.3
113	32.26	3.1
114	33.33	3.0
115+	34.48	2.9

Single Life Table After IRA Owner's Death [14]

*Below table effective as of Jan. 1, 2022. Use to calculate required minimum distributions from IRAs and qualified plans after owner's death. See IRS Pub. 590 for complete table of ages 0 through 111+.

Taxpayer's Age	% of acct.	Life Expectancy
39	2.14	46.7
40	2.19	45.7
41	2.23	44.8
42	2.28	43.8
43	2.33	42.9
44	2.39	41.9
45	2.44	41.0
46	2.50	40.0
47	2.56	39.0
48	2.62	38.1
49	2.70	37.1
50	2.76	36.2
51	2.83	35.3
52	2.92	34.3
53	2.99	33.4
54	3.08	32.5
55	3.16	31.6
56	3.27	30.6
57	3.36	29.8
58	3.46	28.9
59	3.57	28.0
60	3.69	27.1
61	3.82	26.2
62	3.94	25.4
63	4.08	24.5
64	4.22	23.7
65	4.37	22.9
66	4.55	22.0
67	4.72	21.2
68	4.90	20.4
69	5.10	19.6
70	5.32	18.8
71	5.56	18.0
72	5.81	17.2
73	6.10	16.4
74	6.41	15.6
75	6.76	14.8
76	7.09	14.1
77	7.52	13.3
78	7.94	12.6
79	8.40	11.9
80	8.93	11.2
81	9.52	10.5
82	10.10	9.9
83	10.75	9.3
84	11.49	8.7
85	12.35	8.1
86	13.16	7.6

Sources

[1] Rev. Proc. 2022-38. https://www.irs gov/pub/irs-drop/rp-22-38.pdf

[2] Tax Policy Center. https://www.taxpolicycenter.org/briefing-book

[3] IRS. Dec 8, 2021. https://www.irs.gov/taxtopics/tc503

[4] IR-2022-55. https://www.irs.gov/pub/irs-drop/n-22-55.pdf

[5] IRC Sec. 402 (h)(2)

[6] IRS. Dec. 6, 2021, https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit

[7] IRS. April 21, 2021. https://www.irs.gov/individuals/net-investment-income-tax

[8] Savingforcollege.com. https://www.savingforcollege.com/intro_to_esas/?esa_faq_category_id=2

[9] IRC Sec. 25A (c),(i)

[10] Social Security Administration. https://www.ssa.gov/news/press/factsheets/colafacts2023.pdf

[11] Social Security Administration. https://www.ssa.gov/benefits/retirement/planner/credits.html

[12] IRC Sec. 86

[13] Social Security Administration. https://www.ssa.gov/ policy/docs/chartbooks/fast_facts/2022/fast_facts22.pdf

[14] Federal Register, Nov. 12, 2020. https://www.federalregister.gov/documents/2020/11/12/2020-24723/updated-tife-expectancy-and-distribution-period-tables-used-for-purposes-of-determining-minimum

Medicare Part B and D premiums can be impacted by Modified Adjustment Gross Income*(MAGI). Amounts below are in addition to the base premiums. Amounts are monthly.

*MAGI = AGI + Tax Exempt Interest

MAGNOLIA WEALTH MANAGEMENT

Magnolia Wealth Management

Five Core Values

ORGANIZATION
We will assist you in bringing simplicity to all areas of your financial life.

EDUCATION
We will, with the heart of a teacher, explore all that is required for you to succeed in your financial goals.

PLANNING
We will create a comprehensive plan, that addresses your needs and concerns. Working proactively with you to anticipate and prepare for life's changes.

PARTNERSHIP
We will work together to create a more comprehensive understanding of your background, objectives and needs.

ACCOUNTABILITY
We will assist you in staying focused on your financial commitments. Helping you to prioritize your goals and outlining the needed steps to achieve them.

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1. Figures and data from IRS.gov.
2. Special catch-up rules apply to certain 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last three years before retirement. Source: IRS News Release IR-2015-118
3. Source: Social Security Administration website, SSA.gov.
4. Health Savings. https://healthsavings.com/contribute-hsa-health-coverage-changes/
5. Source: IRS Publication 590

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