

WEALTHPLAN PARTNERS

2020 TAX GUIDE

Tax Brackets for 2020

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

Married, Joint

\$0 – \$19,750	10%
\$19,751 – \$80,250	12%
\$80,251 – \$171,050	22%
\$171,051 – \$326,600	24%
\$326,601 – \$414,700	32%
\$414,701 – \$622,050	35%
over \$622,050	37%

Single

\$0 – \$9,875	10%
\$9,876 – \$40,125	12%
\$40,126 – \$85,525	22%
\$85,526 – \$163,300	24%
\$163,301 – \$207,350	32%
\$207,351 – \$518,400	35%
over \$518,400	37%

Married, Separate

\$0 – \$9,875	10%
\$9,876 – \$40,125	12%
\$40,126 – \$85,525	22%
\$85,526 – \$163,300	24%
\$163,301 – \$207,350	32%
\$207,351 – \$311,025	35%
over \$311,025	37%

Head of Household (HOH)

\$0 – \$14,100	10%
\$14,101 – \$53,700	12%
\$53,701 – \$85,500	22%
\$85,501 – \$163,300	24%
\$163,301 – \$207,350	32%
\$207,351 – \$518,400	35%
over \$518,400	37%

Estates and Trusts

\$0 – \$2,600	10%
\$2,601 – \$9,450	24%
\$9,451 – \$12,950	35%
over \$12,950	37%

Corporations

Corporate Tax Rate	21%
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Standard Deduction

Married, joint	\$24,400
Single, Married, separate	\$12,400
Head of Household	\$18,650
Blind or over 65: add \$1,300 if married \$1,650 if single or HOH	

Child/Dependent Tax Credit

Child	\$2,000
per child up to \$1,400 refundable	
Qualifying Dependent	\$500
per dependent, non-refundable	

Mortgage Interest Deduction

On acquisition indebtedness up to \$750,000
for 1st and 2nd homes (combined)
No deduction for home equity indebtedness

State and Local Tax Deduction Limit

State and local income and property tax deduction	\$10,000
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Long-Term Capital Gains and Qualified Dividend Tax Rates

Married, joint

\$0 – \$80,000	0%
\$80,001 – \$496,600	15%
over \$496,600	20%

Single

\$0 – \$40,000	0%
\$40,001 – \$441,450	15%
over \$441,450	20%

Married, Separate

\$0 – \$40,000	0%
\$40,001 – \$248,300	15%
over \$248,300	20%

HOH

\$0 – \$53,600	0%
\$53,601 – \$469,050	15%
over \$469,050	20%

Estates and Trusts

\$0 – \$2,650	0%
\$2,651 – \$13,150	15%
over \$13,150	20%

Alternative Minimum Tax Exemption Amounts

Married, joint	\$113,400
Single, HOH ¹	\$72,900
Married, separate	\$56,700

IRA and Pension Plan Limits

IRA contribution

Under age 50	\$6,000
Age 50 and over	\$7,000

Phaseout for deducting IRA contribution

Married, joint	\$104,000 – \$124,000 MAGI
Single; HOH	\$65,000 – \$75,000 MAGI
Married, separate	\$0 – \$10,000 MAGI

Phaseout for deducting spousal IRA¹

.....	\$196,000 – \$206,000 MAGI
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Phaseout of Roth contribution eligibility

Married, joint	\$196,000 – \$206,000 MAGI
Single; HOH	\$124,000 – \$139,000 MAGI
Married, separate	\$0 – \$10,000 MAGI

SEP contribution

..... Up to 25% of compensation, limit \$57,000

Compensation to participate in SEP

.....	\$600
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SIMPLE elective deferral

Under age 50	\$13,500
Age 50 and over	\$16,500

401(k), 403(b)², 457³, and SARSEP elective deferral

Under age 50	\$19,500
Age 50 and over	\$26,000

Annual defined contribution limit

.....	\$57,000
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Annual defined benefit limit

.....	\$230,000
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Highly compensated employee

.....	\$130,000
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Key Employee in top-heavy plan

.....	\$185,000
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Annual compensation taken into account for qualified plans

.....	\$285,000
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Retirement Tax Credit

A percentage tax credit for an IRA, 401(k), 403(b)²,
or 457³ plan contribution, in addition to deduction or
exclusion, if:

Married, joint	Below \$65,000 AGI
HOH	Below \$48,750 AGI
Single; Married, separate	Below \$32,500 AGI

Maximum Qualified Longevity Annuity Contract (QLAC) premium

.....	\$135,000
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Gift and Estate Tax

Gift tax annual exclusion	\$15,000
Estate and gift tax rate	40%
Estate tax exemption	\$11,580,000
Lifetime gift exemption	\$11,580,000
GST exemption	\$11,580,000
Annual exclusion for gifts to noncitizen spouse	\$157,000

Additional Medicare Tax Where Income Exceeds \$200,000 (\$250,000 Married, Joint)

Additional tax on excess of earned income ⁴	0.9%
Additional tax on Net Investment Income ⁵	3.8%

Health Care

Eligible Long-Term Care Deduction Limit

Age 40 or less	\$430
Age 41 to 50	\$810
Age 51 to 60	\$1,630
Age 61 to 70	\$4,350
Ages over 70	\$5,430

Per Diem Limitation for LTC Benefits

.....	\$380
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Education

Coverdell Education Savings Account

.....	\$2,000
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Coverdell contribution eligibility phaseout

Married, joint	\$190,000 – \$220,000
All others	\$95,000 – \$110,000

Student loan interest deduction limit

.....	\$2,500
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Interest deduction phaseout

Married, joint	\$140,000 – \$170,000 MAGI
All others	\$70,000 – \$85,000 MAGI

Phaseout of Lifetime Learning Credits

Married, joint	\$118,000 – \$138,000
All others	\$59,000 – \$69,000

Tax-free savings bonds interest phaseout

Married, joint	\$123,550 – \$153,550 MAGI
All others	\$82,350 – \$97,350 MAGI

Social Security⁶

Maximum taxable earnings base

.....\$137,700

Amount needed to earn one credit

.....\$1,410

Amount needed to earn four credits

.....\$5,640

Social Security and Medicare Tax Rates

Employee 7.65%
 Employer 7.65%
 Self-Employed 15.30%

Maximum monthly retirement

Benefit at full retirement age* \$3,011
 Cost of Living Adjustment 1.6%

Income⁷ (in retirement) causing Social Security benefits to be taxable

Married, joint
 50% taxable \$32,000 MAGI
 85% taxable \$44,000 MAGI
 Single
 50% taxable \$25,000 MAGI
 85% taxable \$34,000 MAGI

Reduction of Social Security retirement benefits:

In years prior to full retirement age, \$1 in benefits will be reduced for every \$2 of earnings in excess of \$18,240. In the year of full retirement age, \$1 in benefits will be reduced for every \$3 of earnings in excess of \$48,600 (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.

Average monthly benefit (December 2018)

Average monthly retirement benefit
 Men \$1,627
 Women \$1,297
 Average monthly survivor benefit
 Men \$1,227
 Women \$1,394

Source: Fast Facts and Figures about Social Security, 2019.

Uniform Lifetime Table

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.

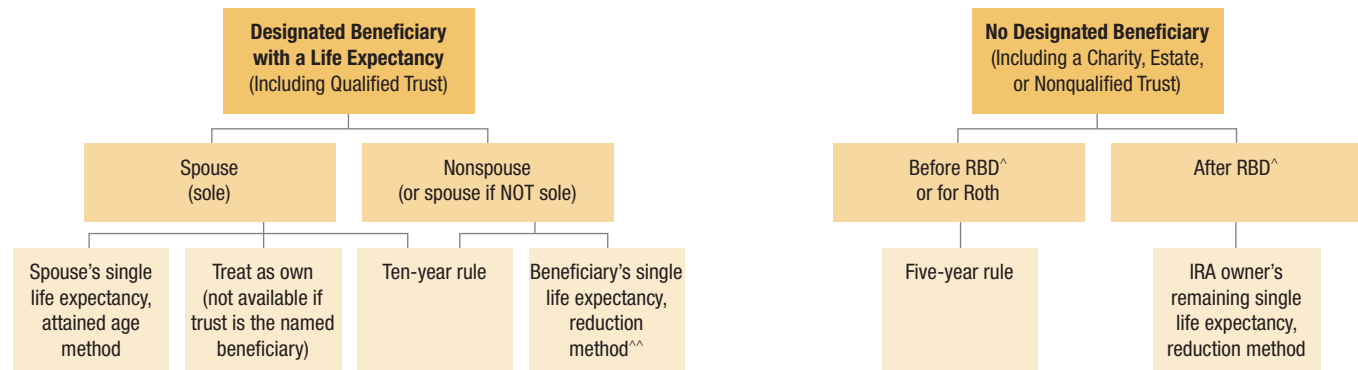
Taxpayer's Age	Life Expectancy	Taxpayer's Age	Life Expectancy	Taxpayer's Age	Life Expectancy
70	27.4	85	14.8	100	6.3
71	26.5	86	14.1	101	5.9
72	25.6	87	13.4	102	5.5
73	24.7	88	12.7	103	5.2
74	23.8	89	12.0	104	4.9
75	22.9	90	11.4	105	4.5
76	22.0	91	10.8	106	4.2
77	21.2	92	10.2	107	3.9
78	20.3	93	9.6	108	3.7
79	19.5	94	9.1	109	3.4
80	18.7	95	8.6	110	3.1
81	17.9	96	8.1	111	2.9
82	17.1	97	7.6	112	2.6
83	16.3	98	7.1	113	2.4
84	15.5	99	6.7	114	2.1
				115+	1.9

Single Life Table

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+.

Age	Multiple	Age	Multiple	Age	Multiple
39	44.6	55	29.6	72	15.5
40	43.6	56	28.7	73	14.8
41	42.7	57	27.9	74	14.1
42	41.7	58	27.0	75	13.4
43	40.7	59	26.1	76	12.7
44	39.8	60	25.2	77	12.1
45	38.8	61	24.4	78	11.4
46	37.9	62	23.5	79	10.8
47	37.0	63	22.7	80	10.2
48	36.0	64	21.8	81	9.7
49	35.1	65	21.0	82	9.1
50	34.2	66	20.2	83	8.6
51	33.3	67	19.4	84	8.1
52	32.3	68	18.6	85	7.6
53	31.4	69	17.8	86	7.1
54	30.5	70	17.0	87	6.7
		71	16.3	88	6.3

IRA Beneficiary Options



^{^^} Method only available if the non-spouse beneficiary is the minor child of the deceased IRA owner (until the child's age of majority), disabled, chronically ill or not more than 10 years younger than the deceased IRA owner.

[^] RBD defined as "Required Beginning Date" (April 1 following the year a Traditional IRA or SIMPLE IRA holder reached age 72). Change in Required Beginning Date for Required Minimum Distributions made pursuant to the terms of the SECURE Act, effective 01/01/20.

¹ Assumes individual or spouse also participates in an employer-sponsored retirement plan.

² Special increased limit may apply to certain 403(b) contributors with 15 or more years of service.

³ 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.

⁴ Total Employee Medicare Tax is 1.45% + 0.9% = 2.35%.

⁵ Including interest, dividends, capital gains and annuity distributions.

⁶ Source: Social Security Administration, www.ssa.gov, 12/21/2019.

⁷ Income is most income, including muni bond interest and 50% of Social Security benefit.

^{*} In 2020, for those turning age 62, full retirement age is 66 years and eight months.

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