

TRADITIONAL AND 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.
10% Saver's Credit: \$65,000 (MFJ); \$32,500 (S, MFS); \$48,750 (HOH).

Traditional IRA Deductibility Rules³

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI 2020	2020 Deductibility
Single	No	Any amount	Full deduction
		\$65,000 or less	Full deduction
	Yes	\$65,001 – \$74,999	Partial deduction
		\$75,000 or more	No deduction
Married Filing Jointly	Neither Spouse Covered	Any amount	Full deduction
		\$104,000 or less	Full deduction
	Both Spouses Covered	\$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	

QUALIFIED PLANS

	2020
Maximum elective deferral to retirement plans (e.g., 401(k), 403(b), and 457 plans, and SARSEPs)	\$19,500
Maximum elective deferral to SIMPLE 401(k) plans	\$13,500
Limit on annual additions to SEP plans	\$57,000
Annual compensation threshold requiring SEP contribution	\$600
Limit on annual additions to defined contribution plans	\$57,000
Maximum annual compensation taken into account for contributions	\$285,000
Annual benefit limit under defined benefit plans	\$230,000
Threshold amount for definition of highly compensated employee	\$130,000
Threshold amount for definition of key employee/officer in top-heavy plans	\$185,000

Catch-Up Contribution Limits for Other Qualified Plan Types

	2020
401(k), 403(b), SARSEP, and 457 Plans	\$6,500
SIMPLE Plans	\$3,000

REQUIRED MINIMUM DISTRIBUTIONS²

Uniform Lifetime Table

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

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1014995-00004-00 Ed. 01/2020

[WO# 734502]



EASY REFERENCE TAX GUIDE 2020

2020 ESTATE AND GIFT TAX RATES

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

Estate Tax	Exclusion Amount	Federal Credit	Gift Tax Exclusion
2020	\$11,580,000 ¹	\$4,577,800 ¹	\$11,580,000 ¹

States with Estate or Inheritance Taxes

CT, DC, DE, HI, IL, IA, KY, ME, MD, MA, MN, NE, NJ, NY, OR, PA, RI, VT, WA.

Other Estate and 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 ¹
IRC §6166 2% limit for deferred estate tax payments	\$1,570,000
Special use valuation for qualified real property	\$1,180,000

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PERSONAL TAX ITEMS

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 (S) / \$1,300 (MFS)

Dependents—\$1,100 or \$350 plus earned income, if greater. Tax return is generally not required if income is less than the standard deduction.

Qual. Dividends and Long-Term Capital Gains >= 12 Month Holding Period		
Tax	Single	Married Filing Jointly
0%	\$0 – \$40,000	\$0 – \$80,000
15%	\$40,001 – \$441,450	\$80,001 – \$496,600
20%	above \$441,450	above \$496,600

Short-term capital gains at ordinary rates, less than 12 month holding period.

ACA Surtax 3.8% on Net Investment Income: Single \$200,000, MFJ \$250,000

Alternative Minimum Tax (Flat Rate 26%)	Exemption	28% Above	Phaseout Begins
Single	\$72,900	\$197,900	\$518,400
Married, Filing Jointly	\$113,400	\$197,900	\$1,036,800
Married, Filing Separately	\$56,700	\$98,950	\$518,400
Estates and Trusts	\$25,400	\$197,900	\$84,800

Kiddie Tax ¹ (more than \$1,100 and less than \$11,000) ⁴	
Earned Income	Taxed according to unmarried taxpayers (brackets and rates)
Unearned Income	Taxed according to parent's personal brackets and rates

Child's tax is unaffected by tax situation of child's parents.

Child Credit ¹	Credit	Refundable
Child less than age 17	\$2,000	\$1,400
Other dependents	\$500	\$0

MAGI phaseout: \$400,000 (MFJ); \$200,000 (Others).

Earned Income Credit				
Qualifying Children	None	One	Two	3 or More
Earned Income	\$7,030	\$10,540	\$14,800	\$14,800
Maximum Credit	\$538	\$3,584	\$5,920	\$6,660
Begin Phaseout: Single	\$8,790	\$19,330	\$19,330	\$19,330
Begin Phaseout: Joint	\$14,680	\$25,220	\$25,220	\$25,220

Medicare Surtax - Modified AGI in 2018 was		Your Monthly	
Single	Married	Part B Premium is	Part D IRMAA*
\$87,000 or less	\$174,000 or less	\$144.60	\$0
\$87,001 – \$109,000	\$174,001 – \$218,000	\$202.40	\$12.20
\$109,001 – \$136,000	\$218,001 – \$272,000	\$289.20	\$31.50
\$136,001 – \$163,000	\$272,001 – \$326,000	\$376.00	\$50.70
\$163,001 – \$500,000	\$326,001 – \$750,000	\$462.70	\$70.00
Over \$500,000	Over \$750,000	\$491.60	\$76.40

*Part D premium determined by vendor. IRMAA surcharge added to vendor premium.

Maximum Qualified LTC Premium Eligible for Deduction

Age	40 or less	41 – 50	51 – 60	61 – 70	Over 70
2020	\$430	\$810	\$1,630	\$4,350	\$5,430

Qualified LTC contract per diem limit: \$380.

Personal Tax Items Repealed or Changed¹

- Personal exemptions and limitation on itemized deductions repealed.
- Medical expenses deductible above 10% AGI.
- State, local, real estate taxes limited to \$10,000.
- "NEW" mortgage interest limited to \$750,000, home equity loans excluded.
- Casualty losses only allowed for federal disaster areas.
- Theft losses, moving and miscellaneous expense subject to 2% floor repealed.
- Re-characterization of Roth conversion repealed.
- 529 plans enhanced—up to \$10,000 for elementary and secondary tuition.

INCOME TAX

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	+ 10%	\$0
\$19,750	\$80,250	\$1,975 + 12%	\$19,750
\$80,250	\$171,050	\$9,235 + 22%	\$80,250
\$171,050	\$326,600	\$29,211 + 24%	\$171,050
\$326,600	\$414,700	\$66,543 + 32%	\$326,600
\$414,700	\$622,050	\$94,735 + 35%	\$414,700
\$622,050	—	\$167,307.50 + 37%	\$622,050
Unmarried Individual			
\$0	\$9,875	+ 10%	\$0
\$9,875	\$40,125	\$987.50 + 12%	\$9,875
\$40,125	\$85,525	\$4,617.50 + 22%	\$40,125
\$85,525	\$163,300	\$14,605.50 + 24%	\$85,525
\$163,300	\$207,350	\$33,271.50 + 32%	\$163,300
\$207,350	\$518,400	\$47,367.50 + 35%	\$207,350
\$518,400	—	\$156,235 + 37%	\$518,400
Married Individual Filing Separately			
\$0	\$9,875	+ 10%	\$0
\$9,875	\$40,125	\$987.50 + 12%	\$9,875
\$40,125	\$85,525	\$4,617.50 + 22%	\$40,125
\$85,525	\$163,300	\$14,605.50 + 24%	\$85,525
\$163,300	\$207,350	\$33,271.50 + 32%	\$163,300
\$207,350	\$311,025	\$47,367.50 + 35%	\$207,350
\$311,025	—	\$83,653.75 + 37%	\$311,025
Head of Household			
\$0	\$14,100	+ 10%	\$0
\$14,100	\$53,700	\$1,410 + 12%	\$14,100
\$53,700	\$85,500	\$6,162 + 22%	\$53,700
\$85,500	\$163,300	\$13,158 + 24%	\$85,500
\$163,300	\$207,350	\$31,830 + 32%	\$163,300
\$207,350	\$518,400	\$45,926 + 35%	\$207,350
\$518,400	—	\$154,793.50 + 37%	\$518,400
Estates and Trusts (Maximum 15% long-term capital gain \$13,150)			
\$0	\$2,600	+ 10%	\$0
\$2,600	\$9,450	\$260 + 24%	\$2,600
\$9,450	\$12,950	\$1,904 + 35%	\$9,450
\$12,950	—	\$3,129 + 37%	\$12,950

Corporations¹

- Corporations are taxed at a flat 21%.
- No special personal service corporation rate.
- Corporate Alternative Minimum Tax repealed.
- Higher capital gain tax obsolete.
- Section 179 depreciation up to \$1,040,000. Phaseout \$2,590,000. SUV: \$25,900.
- New temporary expensing for large companies.
- Like-kind exchanges limited to real property not held primarily for sale.
- Pass-through entity tax treatment – deductible amount is the lesser of:
 - (a) 20 percent of the taxpayer's qualified business income, or
 - (b) the greater of: (1) 50% of the W-2 wages, or (2) the sum of 25% of the W-2 wages and 2.5% of the unadjusted basis of all qualified property.
- Deduction phaseout for high earners in professional fields. \$326,600 – \$426,600 (MFJ); \$163,300 – \$213,300 (Others)
- Hedge fund carried interest holding period increased to 3 years.

EDUCATION INCENTIVE

Education Savings Accounts (Education IRAs) —

Qualified withdrawals for K-12 expenses.

Qualified Tuition Programs (Section 529 plans)—Qualified distributions are tax-free and excluded from financial aid calculations. Expanded to include K-12 and can be rolled into 529 ABLE accounts for those with special needs.

Lifetime Learning Credit—Up to 20% of up to \$10,000 tuition paid, calculated per taxpayer. MAGI phase-out range:

- Married filing jointly \$118,000 – \$138,000
- Single \$59,000 – \$69,000

American Opportunity Tax Credit—100% on the first \$2,000 and 25% on the next \$2,000 of qualified tuition and related expenses. Up to 40% is refundable. MAGI phase-out range:

- Married filing jointly \$160,000 – \$180,000
- Single \$80,000 – \$90,000

Exclusion of U.S. Savings Bond Income for Taxpayers Who Pay Qualified Higher Education Expenses

	MAGI Phase-Outs
Married, Filing Jointly	\$123,550 – \$153,550
Others	\$82,350 – \$97,350

Student Loan Interest—Maximum Itemized Deduction \$2,500

Married, Filing Jointly	\$140,000 – \$170,000
Others	\$70,000 – \$85,000

SOCIAL SECURITY

Base Amount of Modified AGI Causing Social Security Benefits to Be Taxable

	50% Taxable	85% Taxable
Married, Filing Jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000

Maximum Earnings Before Social Security Benefits Are Reduced

	2020
If under full retirement age, lose \$1 for every \$2 earned	\$18,240
In the year of retirement, lose \$1 for every \$3 earned in months prior to full retirement	\$48,600
At full retirement age	No Limit

Maximum Compensation Subject to FICA Taxes

	2020
OASDI (Social Security) maximum	\$137,700
HI (Medicare) maximum	No Limit

OASDI tax rate: 12.4% self-employed, 6.2% employees, 6.2% employers. HI tax rate: 2.9% self-employed, 1.45% employees, 1.45% employers.

ACA Medicare surtax: additional. 0.9% on total wages for household income over \$250,000 married filing jointly, \$125,000 married separately, and \$200,000 for others.

¹Personal, estate, and business pass-through tax changes all sunset 12/31/2025. Corporate changes are permanent.

²As of 1/1/2020, the Required beginning date for IRA distributions will be April 1 of the year following the year the taxpayer reaches age 72. However, taxpayers who have not reached age 72 but were subject to a required distribution for 2019 will still be required to take those distributions.

³As of 1/1/2020, taxpayers who have earned income will be able to contribute to a traditional IRA regardless of age. This will mirror the current rules for Roth IRA contributions.

⁴The budget legislation that includes the SECURE Act will repeal the Kiddie Tax on unearned income at Trust/Estate rates and return it to personal tax rates.

[Variable footnote]

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