

2020 TAX SUMMARY



Tax Brackets for 2020

Taxable income (i.e., income minus deductions and exemptions) 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% |
| Capital gains/qualified dividends | |
| \$0 - \$80,000 | 0% |
| \$80,001 - \$496,600 | 15% |
| \$496,601 and over | 20% |

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 \$518,401 | 37% |
| Capital gains/qualified dividends | |
| \$0 - \$40,000 | 0% |
| \$40,001 - \$441,450 | 15% |
| \$441,451 and over | 20% |

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 \$311,026 | 37% |
| Capital gains/qualified dividends | |
| \$0 - \$40,000 | 0% |
| \$40,001 - \$248,300 | 15% |
| \$248,301 and over | 20% |

Head of Household

| | |
|-----------------------------------|-----|
| \$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 \$518,401 | 37% |
| Capital gains/qualified dividends | |
| \$0 - \$53,600 | 0% |
| \$53,601 - \$469,050 | 15% |
| \$469,051 and over | 20% |

Estates and Trusts

| | |
|-----------------------------------|-----|
| \$0 - \$2,600 | 10% |
| \$2,601 - \$9,450 | 24% |
| \$9,451 - \$12,950 | 35% |
| over \$12,951 | 37% |
| Capital gains/qualified dividends | |
| \$0 - \$2,650 | 0% |
| \$2,651 - \$13,150 | 15% |
| \$13,151 and over | 20% |

Corporate Tax Rate 21%

Standard Deduction

| | |
|--|----------|
| Married, joint | \$24,800 |
| Single | \$12,400 |
| Head of household | \$18,650 |
| Blind or over 65: add \$1,300 if married, \$1,650 if single or head of household | |

Child/Dependent Tax Credit

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

Mortgage Interest Deduction

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

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

Alternative Minimum Tax Exemption Amount

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

IRA & Pension Plan Limits

IRA contribution

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

Phaseout for deducting IRA contribution²

| | |
|--------------------------|---------------------------|
| Married, joint | \$104,000 - \$124,000 AGI |
| Single, HOH ¹ | \$65,000 - \$75,000 AGI |
| Married, separate | \$0 - \$10,000 AGI |

Phaseout for deducting spousal IRA²

\$196,000 - \$206,000 AGI

Phaseout of Roth contribution eligibility

| | |
|--------------------------|----------------------------|
| Married, joint | \$196,000 - \$206,000 MAGI |
| Single, HOH ¹ | \$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

SIMPLE elective deferral

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

401(k), 403(b)³, 457⁴ and SARSEP elective deferral under age 50 \$19,500

401(k), 403(b)³, 457⁴ and SARSEP elective deferral age 50 and over \$26,000

Annual defined contribution limit \$57,000

Annual defined benefit limit \$230,000

Highly compensated employee \$130,000

Key employee in top-heavy plan \$185,000

Annual compensation taken into account for qualified plans \$285,000

Retirement Tax Credit

A percentage tax credit for an IRA, 401(k), 403(b)³ or 457⁴ plan contribution, in addition to deduction or exclusion, if

| | |
|---------------------------|---------------------|
| Married, joint | Below \$65,000 MAGI |
| Head of Household | Below \$48,750 MAGI |
| Single; Married, separate | Below \$32,500 MAGI |

Maximum qualified longevity annuity contract (QLAC) premium \$135,000

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 ⁵ | 0.9% |
| Additional tax on net investment income ⁶ | 3.8% |

Health Care

Eligible Long-Term Care Deduction Limit

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

Per Diem Limitation for LTC Benefits \$380

Affordable Care Act: The Tax Cuts and Jobs Act eliminated the individual mandate penalty.

1. Head of Household
2. Assumes individual or spouse also participates in an employer-sponsored retirement plan.
3. Special increased limit may apply to certain 403(b) contributions with 15 or more years of service.
4. 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.
5. Total Employee Medicare Tax is 1.45%+0.9%=2.35%
6. Including interest, dividends, capital gains and annuity distributions.

ADVISORS EXCEL 2020 TAX REFERENCE SHEET

Education

| | |
|---|----------------------------|
| Coverdell Education Savings Account | \$2,000 |
| Coverdell contribution eligibility phaseout | |
| Married, joint | \$190,000 - \$220,000 |
| All others | \$95,000 - \$110,000 |
| Student loan interest deduction limit | \$2,500 |
| Interest deduction is phased out | |
| 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 Security⁷

| | |
|---|--------------------|
| Maximum wage base | \$137,700 |
| Amount needed to earn one credit | \$1,410 |
| Amount needed to earn four credits | \$5,640 |
| Full retirement age | 66 years, 0 months |
| Social Security 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% |

| | |
|--|---------------|
| Income ⁸ (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 |

Loss of Social Security benefits:
In years prior to full retirement age, \$1 in benefits will be lost for every \$2 of earnings in excess of \$18,240. In the year of full retirement age, \$1 in benefits will be lost 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)⁹

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

Uniform Lifetime Table

*Below table effective until 2021.
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 | Taxpayer's Age | % of acct. | Life Expectancy |
|----------------|------------|-----------------|----------------|------------|-----------------|
| 70 | 3.65 | 27.4 | 93 | 10.42 | 9.6 |
| 71 | 3.77 | 26.5 | 94 | 10.99 | 9.1 |
| 72 | 3.91 | 25.6 | 95 | 11.63 | 8.6 |
| 73 | 4.05 | 24.7 | 96 | 12.35 | 8.1 |
| 74 | 4.20 | 23.8 | 97 | 13.10 | 7.6 |
| 75 | 4.37 | 22.9 | 98 | 14.08 | 7.1 |
| 76 | 4.55 | 22.0 | 99 | 14.93 | 6.7 |
| 77 | 4.72 | 21.2 | 100 | 15.87 | 6.3 |
| 78 | 4.93 | 20.3 | 101 | 16.95 | 5.9 |
| 79 | 5.13 | 19.5 | 102 | 18.18 | 5.5 |
| 80 | 5.35 | 18.7 | 103 | 19.23 | 5.2 |
| 81 | 5.59 | 17.9 | 104 | 20.41 | 4.9 |
| 82 | 5.85 | 17.1 | 105 | 22.22 | 4.5 |
| 83 | 6.13 | 16.3 | 106 | 23.81 | 4.2 |
| 84 | 6.45 | 15.5 | 107 | 25.64 | 3.9 |
| 85 | 6.76 | 14.8 | 108 | 27.03 | 3.7 |
| 86 | 7.09 | 14.1 | 109 | 29.41 | 3.4 |
| 87 | 7.46 | 13.4 | 110 | 32.26 | 3.1 |
| 88 | 7.87 | 12.7 | 111 | 34.48 | 2.9 |
| 89 | 8.33 | 12.0 | 112 | 38.46 | 2.6 |
| 90 | 8.77 | 11.4 | 113 | 41.67 | 2.4 |
| 91 | 9.26 | 10.8 | 114 | 47.62 | 2.1 |
| 92 | 9.80 | 10.2 | 115+ | 52.63 | 1.9 |

Single Life Table After IRA Owner's Death

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+

*This table is generally available only where the IRA owner passed in 2019 or earlier. Some exclusions apply.

| Taxpayer's Age | % of acct. | Life Expectancy | Taxpayer's Age | % of acct. | Life Expectancy |
|----------------|------------|-----------------|----------------|------------|-----------------|
| 39 | 2.24 | 44.6 | 63 | 4.41 | 22.7 |
| 40 | 2.29 | 43.6 | 64 | 4.59 | 21.8 |
| 41 | 2.34 | 42.7 | 65 | 4.76 | 21.0 |
| 42 | 2.40 | 41.7 | 66 | 4.95 | 20.2 |
| 43 | 2.46 | 40.7 | 67 | 5.15 | 19.4 |
| 44 | 2.51 | 39.8 | 68 | 5.38 | 18.6 |
| 45 | 2.58 | 38.8 | 69 | 5.61 | 17.8 |
| 46 | 2.64 | 37.9 | 70 | 5.88 | 17.0 |
| 47 | 2.70 | 37.0 | 71 | 6.13 | 16.3 |
| 48 | 2.78 | 36.0 | 72 | 6.45 | 15.5 |
| 49 | 2.85 | 35.1 | 73 | 6.76 | 14.8 |
| 50 | 2.92 | 34.2 | 74 | 7.09 | 14.1 |
| 51 | 3.00 | 33.3 | 75 | 7.46 | 13.4 |
| 52 | 3.10 | 32.3 | 76 | 7.87 | 12.7 |
| 53 | 3.18 | 31.4 | 77 | 8.26 | 12.1 |
| 54 | 3.28 | 30.5 | 78 | 8.77 | 11.4 |
| 55 | 3.38 | 29.6 | 79 | 9.26 | 10.8 |
| 56 | 3.48 | 28.7 | 80 | 9.80 | 10.2 |
| 57 | 3.58 | 27.9 | 81 | 10.31 | 9.7 |
| 58 | 3.70 | 27.0 | 82 | 10.99 | 9.1 |
| 59 | 3.83 | 26.1 | 83 | 11.63 | 8.6 |
| 60 | 3.97 | 25.2 | 84 | 12.35 | 8.1 |
| 61 | 4.10 | 24.4 | 85 | 13.16 | 7.6 |
| 62 | 4.26 | 23.5 | 86 | 14.08 | 7.1 |



1760 American Drive
Neenah, WI 54956
920.882.1819

www.independentretirementgroup.com
www.inpowerinvestments.com

7. Source: Social Security Administration, www.ssa.gov/12/20/2019

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

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

This document is provided for informational purposes only. It is not intended to provide specific legal or tax advice and cannot be used to avoid tax penalties or to promote, market or recommend any tax plan or arrangement. InPower Investments & Wealth Strategies & Independent Retirement Group do not provide tax or legal advice. All consumers should be encouraged to consult with a qualified professional before making any decisions about their personal situation. This document is not endorsed or sponsored by the U.S. government or any governmental agency.