

## Retirement & Social Security

### RETIREMENT EARNINGS

Under full retirement age	\$18,240
Full retirement age reached	No limit

*If full retirement age is reached in 2020, the limit is \$48,600 for months prior to attainment.*

### SOCIAL SECURITY

2020 Taxable Wage Base	\$137,700
2021 Taxable Wage Base	\$142,800

### RETIREMENT PLANS

Individual Retirement Account (IRA)	\$6,000
- Age 50+ Additional Contribution	\$1,000
401(k) Plans	\$19,500
- Age 50+ Additional Contribution	\$1,000

## Investments

Capital gain and dividend tax rates

<b>Short-term capital gain rates</b> (capital asset held one year or less):	same as ordinary income, rates up to 37%
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**General long-term capital gain rates**  
(capital asset held more than one year):

#### Taxpayers

in the 10% and 12% tax brackets	0%
in the 22%, 24%, 32% and 35% tax brackets	15%
in the 37% tax bracket	20%

#### Maximum long-term capital gain rate

from the sale of real estate with unrecaptured depreciation (often referred to as unrecaptured Section 1250 property)	25%
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Long-term capital gain rate for collectibles  
and certain small business stock

28%

#### Qualified dividend income tax rates for taxpayers:

in the 10% and 12% tax brackets	0%
in the 22%, 24%, 32% and 35% tax brackets	15%
in the 37% tax bracket	20%

## Estate and Gift Taxes

For 2020, the top estate tax rate is 40% with an estate tax exemption amount of \$11.58 million.

For 2020, the annual gift tax exclusion is \$15,000 of an individual gift. Lifetime gift tax exemption is \$11.58 million.

## College Savings Incentives

### SECTION 529 PLANS

No federal tax need to be paid on the income earned on amounts accumulated in a state-sponsored Section 529 plan. When withdrawals are made and used for qualified education expenses (college or up to \$10,000 of elementary or secondary school expenses), they won't be taxed either.

### COVERDELL EDUCATION SAVINGS ACCOUNTS (CESAs)

You can contribute up to \$2,000 a year per child to a CESA. Earnings grow tax-free as long as withdrawals are used for qualified education expenses. Eligibility to contribute the full amount phases out between a modified adjusted gross income (MAGI) of \$95,000 and \$110,000 (singles), between \$190,000 and \$220,000 (married filing jointly).

### AMERICAN OPPORTUNITY TAX CREDIT

The maximum American Opportunity Tax Credit is 100% of the first \$2,000 and 25% for the next \$2,000 of qualified tuition and related expenses. The credit phases out at MAGI of \$160,000 for marrieds filing jointly (\$80,000 for singles).

### LIFETIME LEARNING CREDIT

The maximum Lifetime Learning Credit is \$2,000, with the credit phasing out at modified adjusted gross income of \$114,000 for marrieds filing jointly (\$57,000 for singles).

### US SAVINGS BONDS INCOME EXCLUSION

For 2018 the income from certain US Savings Bonds used to pay qualified higher-education expenses may be excluded from tax. Eligibility for the exclusion phases out from \$119,550 to \$149,550 for marrieds filing jointly, \$79,700 and \$94,700 for all other returns.

### INTEREST DEDUCTION FOR EDUCATION LOANS

A tax deduction is available for up to \$2,500 in qualified education loan interest. Eligibility for the deduction phases out between MAGI of more than \$65,000 and \$80,000 (singles), between \$135,000 and \$165,000 (marrieds filing jointly).



## 2020 REFERENCE GUIDE

2020 Tax Rates  
Retirement and Social Security  
Affordable Care Act Taxes  
Investments  
College Savings Incentives

*Please note that this guide is intended for informational purposes only and does not constitute legal, accounting or other professional advice and assume no liability in connection with its use.*

## 2020 INCOME TAX RATES

### Married individuals filing jointly or Qualifying Widow(er)

If taxable income is:	The tax is:
Not over \$19,750	10% of the taxable income
Over \$19,750 but not over \$80,250	\$1,975 plus 12% of the excess over \$19,750
Over \$80,250 but not over \$171,050	\$9,235 plus 22% of the excess over \$80,250
Over \$171,050 but not over \$326,600	\$29,211 plus 24% of the excess over \$171,050
Over \$326,600 but not over \$414,700	\$66,543 plus 32% of the excess over \$326,600
Over \$414,700 but not over \$622,050	\$94,735 plus 35% of the excess over \$414,700
Over \$622,050	\$167,307.50 plus 37% of the excess over \$622,050

### Single

If taxable income is:	The tax is:
Not over \$9,876	10% of the taxable income
Over \$9,876 but not over \$40,125	\$988 plus 12% of the excess over \$9,876
Over \$40,125 but not over \$85,525	\$4,618 plus 22% of the excess over \$40,125
Over \$85,525 but not over \$163,300	\$14,606 plus 24% of the excess over \$85,525
Over \$163,300 but not over \$207,350	\$33,218 plus 32% of the excess over \$163,300
Over \$207,350 but not over \$518,400	\$47,368 plus 35% of the excess over \$207,350
Over \$518,400	\$156,235 plus 37% of the excess over \$518,400

### Married filing separately

If taxable income is:	The tax is:
Not over \$9,876	10% of the taxable income
Over \$9,876 but not over \$40,125	\$988 plus 12% of the excess over \$9,876
Over \$40,125 but not over \$85,525	\$4,618 plus 22% of the excess over \$40,125
Over \$85,525 but not over \$163,300	\$14,606 plus 24% of the excess over \$85,525
Over \$163,300 but not over \$207,350	\$33,272 plus 32% of the excess over \$163,300
Over \$207,350 but not over \$311,025	\$47,368 plus 35% of the excess over \$207,350
Over \$311,025	\$83,654 plus 37% of the excess over \$311,025

### Head of Household

If taxable income is:	The tax is:
Not over \$14,101	10% of the taxable income
Over \$14,101 but not over \$53,700	\$1,410 plus 12% of the excess over \$14,100
Over \$53,700 but not over \$85,525	\$6,162 plus 22% of the excess over \$53,700
Over \$85,525 but not over \$163,300	\$13,158 plus 24% of the excess over \$85,500
Over \$163,300 but not over \$207,350	\$31,830 plus 32% of the excess over \$163,300
Over \$207,350 but not over \$518,400	\$45,926 plus 35% of the excess over \$207,350
Over \$518,400	\$154,794 plus 37% of the excess over \$518,400

## BUSINESS

### Standard Mileage Rates

USE	2021	2020
Business	56c per mile	57.5c per mile
Moving	16c per mile*	17c per mile*
Medical	16c per mile	17c per mile
Charitable	14c per mile	14c per mile

### Section 179 Expense

	2021	2020
Maximum expense election	\$1,500,000	\$1,040,000
Phaseout threshold	\$2,620,000	\$2,590,000

### STANDARD DEDUCTION

	2021	2020
Married filing jointly	\$25,100	\$24,800
Singles	\$12,550	\$12,400
Married filing separately	\$12,550	\$12,400
Head of household	\$18,800	\$18,650

### ADDITIONAL STANDARD DEDUCTIONS

At least age 65 and single	\$1,650
At least 65 and married	\$1,300
Married, both over 65	\$2,600
Single and blind	\$1,650
Married and blind	\$1,300
Married and both blind	\$2,600
Married, both blind and over 65	\$5,200

### CHILD CARE AND DEPENDENT CARE CREDITS

Qualifying child (under 17)	\$2000
Other dependent	\$500
Refundable amount	\$1,400
<i>Credit phaseout</i>	
Married filing jointly	AGI over \$400,000
All other taxpayers	AGI over \$200,000

### Affordable Care Act (ACA) Taxes

ADDITIONAL MEDICARE TAX	0.9% tax on wages and self-employment income over:
Married filing jointly	\$250,000
Singles	\$200,000
Married filing separately	\$125,000

### NET INVESTMENT INCOME TAX

Additional 3.8% tax on net investment income if Modified Adjusted Gross Income exceeds:

Married filing jointly	\$250,000
Singles	\$200,000
Married filing separately	\$125,000
Head of Household	\$200,000
Qualifying Widow(er)	\$250,000

\*For certain members of the US Armed Forces