

# 2020

## Advanced Tax Planning & Support

Current as of Jan. 29, 2020

### IRAs

#### Traditional and Roth IRA Contribution Limits

	2019	2020
Under age 50 at year end	\$6,000	\$6,000
50 or older at year end	\$7,000	\$7,000

#### Modified Adjusted Gross Income (MAGI) Phaseout Ranges for Roth IRA Contributions


	2019	2020
Married Filing Joint (MFJ)	\$193,000 - \$202,999	\$196,000 - \$205,999
Single, Head of Household (HOH)	\$122,000 - \$136,999	\$124,000 - \$138,999
Married Filing Separate* (MFS)	\$0 - \$9,999	\$0 - \$9,999

\* Shared residence

#### Traditional IRA Deductibility Rules

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI: MAGI 2019	Modified AGI: MAGI 2020	Deductibility
Single, HOH	No	Any amount	Any amount	Full
	Yes	\$64,000 or less	\$65,000 or less	Full
		\$64,001 - \$73,999	\$65,001 - \$74,999	Partial
MFJ	Neither spouse	\$74,000 or more	\$75,000 or more	None
		Any amount	Any amount	Full
	Both spouses	\$103,000 or less	\$104,000 or less	Full
		\$103,001 - \$122,999	\$104,001 - \$123,999	Partial
		\$123,000 or more	\$124,000 or more	None
MFS*	One spouse (covered spouse)	\$103,000 or less	\$104,000 or less	Full
		\$103,001 - \$122,999	\$104,001 - \$123,999	Partial
		\$123,000 or more	\$124,000 or more	None
MFS*	One spouse (non-covered spouse)	\$193,000 or less	\$196,000 or less	Full
		\$193,001 - \$202,999	\$196,001 - \$205,999	Partial
		\$203,000 or more	\$206,000 or more	None
MFS*	Neither spouse	Any amount	Any amount	Full
	Either spouse	Less than \$10,000	Less than \$10,000	Partial
		\$10,000 or more	\$10,000 or more	None

\* Shared residence


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## Education Incentive Limits and MAGI Phaseouts

		Benefit Limit	MAGI Phaseout 2019	MAGI Phaseout 2020
Coverdell Education Savings Account Contributions	MFJ	Up to \$2,000 per student	\$190,001 - \$219,999	\$190,001 - \$219,999
	Others		\$95,001 - \$109,999	\$95,001 - \$109,999
Qualified Tuition Program (Section 529 Plan) Contributions	All filers	Set by plan	None	None
American Opportunity Credit (first four years of higher education)	MFJ	Up to \$2,500 per student	\$160,001 - \$179,999	\$160,001 - \$179,999
	Single, HOH*		\$80,001 - \$89,999	\$80,001 - \$89,999
Lifetime Learning Credit	MFJ	Up to \$2,000 per return	\$116,001 - \$135,999	\$118,001 - \$137,999
	Single, HOH*		\$58,001 - \$67,999	\$59,001 - \$68,999
U.S. Savings Bond Income Exclusion	MFJ	Interest on redeemed bonds is tax-free	\$121,601 - \$151,599	\$123,551 - \$153,549
	Single, HOH*		\$81,101 - \$96,099	\$82,351 - \$97,349
Student Loan Interest Deduction	MFJ	Up to \$2,500 (above the line)	\$140,001 - \$169,999	\$140,001 - \$169,999
	Single, HOH*		\$70,001 - \$84,999	\$70,001 - \$84,999
Higher Education Tuition and Fees Deduction	MFJ	Up to \$4,000 per student	\$0 - \$130,000	\$0 - \$130,000
		Up to \$2,000 per student	\$130,001 - \$160,000	\$130,001 - \$160,000
		\$0	Over \$160,000	Over \$160,000
	Single, HOH*	Up to \$4,000 per student	\$0 - \$65,000	\$0 - \$65,000
		Up to \$2,000 per student	\$65,001 - \$80,000	\$65,001 - \$80,000
		\$0	Over \$80,000	Over \$80,000

\* MFS not eligible

## Uniform Lifetime Table

For calculating required minimum distributions (RMDs) from qualified plans and traditional IRAs

Age*	Distrib. Period	Age*	Distrib. 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 older	1.9

\* At end of distribution year

## Saver's Tax Credit (2020)

Tax credit for contributions to employer retirement plans and IRAs.  
Maximum credit: \$2,000 (MFJ); \$1,000 (others)

Credit Rate	MFJ MAGI	MFS, Single MAGI	HOH MAGI
50%	Up to \$39,000	Up to \$19,500	Up to \$29,250
20%	\$39,001 - \$42,500	\$19,501 - \$21,250	\$29,251 - \$31,875
10%	\$42,501 - \$65,000	\$21,251 - \$32,500	\$31,876 - \$48,750
0%	Over \$65,000	Over \$32,500	Over \$48,750

## Estate, Gift and GST Taxes

	2019	2020
Gift Tax Annual Exclusion	\$15,000	\$15,000
Estate and Gift Tax Exclusion	\$11,400,000*	\$11,580,000*
GST Tax Exemption	\$11,400,000	\$11,580,000

Maximum estate, gift and GST tax rate: 40% in 2019 and 2020

\* Plus the deceased spousal unused exclusion amount, if applicable

## Long-term Care (LTC) Insurance

Maximum LTC insurance premiums eligible for deduction

	40 or under	41-50	51-60	61-70	Over 70
2019	\$420	\$790	\$1,580	\$4,220	\$5,270
2020	\$430	\$810	\$1,630	\$4,350	\$5,430

Qualified LTC contract per diem limit: \$370 in 2019, \$380 in 2020

## Social Security

### Base Provisional Income Amounts for Benefit Taxation

	Taxable up to 50%	Taxable up to 85%
MFJ	\$32,000	\$44,000
Single, HOH, MFS (lived apart)	\$25,000	\$34,000
MFS (shared residence)	N/A	\$0

### Maximum Earnings Before Benefits Are Reduced

	2019	2020
Under full retirement age (FRA) (lose \$1 for every \$2 over limit)	\$17,640	\$18,240
Year FRA reached - months to FRA only (lose \$1 for every \$3 over limit)	\$46,920	\$48,600
Month FRA reached and later	No Limit	No Limit

### Maximum Compensation Subject to FICA

	2019	2020
Social Security Tax	\$132,900	\$137,700
Medicare Tax	No Limit	No Limit

- 2019 & 2020 Social Security tax rate: 12.4% self-employed; 6.2% employees
- 2019 & 2020 Medicare tax rate: 2.9% self-employed; 1.45% employees. Additional 0.9% tax on earned income exceeding \$200,000 (Single/HOH); \$250,000 (MFJ); \$125,000 (MFS)

## Qualified Retirement Plans

	2019	2020
Maximum elective deferral to retirement plans [e.g., 401(k), 403(b)]	\$19,000	\$19,500
Maximum elective deferral to SIMPLE IRAs	\$13,000	\$13,500
Maximum elective deferral to 457 plans of exempt employers	\$19,000	\$19,500
Limit on annual additions to SEPs	\$56,000	\$57,000
Limit on annual additions to defined contribution plans	\$56,000	\$57,000
Maximum annual compensation taken into account for contributions	\$280,000	\$285,000
Annual benefit limit under defined benefit plans	\$225,000	\$230,000
Threshold amount for definition of highly compensated employee	\$125,000	\$130,000
Threshold amount for definition of key employee in top-heavy plans	\$180,000	\$185,000

### Catch-up Contribution Limits

	2019	2020
401(k), 403(b), SARSEP and 457(b)	\$6,000	\$6,500
SIMPLE IRAs	\$3,000	\$3,000

## Health Savings Accounts (HSAs)

Annual Contribution Limits	2019	2020
Individual	\$3,500	\$3,550
Family	\$7,000	\$7,100
Age 55 or older, add catch-up contribution	\$1,000	\$1,000

## AMT Rates for Individuals

AMTI Threshold			
	2019	2020	AMT Rate
Single, MFJ, HOH	\$0 - \$194,800	\$0 - \$197,900	26%
	\$194,801 or more	\$197,901 or more	28%
MFS	\$0 - \$97,400	\$0 - \$98,950	26%
	\$97,401 or more	\$98,951 or more	28%

AMT Exemption		
	2019	2020
Single/HOH	\$71,700	\$72,900
MFJ	\$111,700	\$113,400
MFS	\$55,850	\$56,700

## Long-term Capital Gains and Qualified Dividends Tax

### 2019 Taxpayers with Taxable Income in the Specified Ranges\*

	0%	15%	20%
MFJ/SS	\$0 - \$78,750	\$78,751 - \$488,850	over \$488,850
MFS	\$0 - \$39,375	\$39,376 - \$244,425	over \$244,425
HOH	\$0 - \$52,750	\$52,751 - \$461,700	over \$461,700
Single	\$0 - \$39,375	\$39,376 - \$434,550	over \$434,550
E&T	\$0 - \$2,650	\$2,651 - \$12,950	over \$12,950

### 2020 Taxpayers with Taxable Income in the Specified Ranges\*

	0%	15%	20%
MFJ/SS	\$0 - \$80,000	\$80,001 - \$496,600	over \$496,600
MFS	\$0 - \$40,000	\$40,001 - \$248,300	over \$248,300
HOH	\$0 - \$53,600	\$53,601 - \$469,050	over \$469,050
Single	\$0 - \$40,000	\$40,001 - \$441,450	over \$441,450
E&T	\$0 - \$2,650	\$2,651 - \$13,150	over \$13,150

Short-term gain taxed at ordinary rates.

\* Additional 3.8% tax imposed on the lesser of the individual's Net Investment Income or the excess of the individual's MAGI over certain thresholds (\$250,000 for married couples filing jointly or surviving spouse, \$125,000 for married couples filing separately, \$200,000 for all other taxpayers)

## Corporate Income Tax

### 2019 - 2020

21% Flat Rate

## Flexible Spending Arrangements (FSAs)

	2019	2020
Contribution limitation*	\$2,700	\$2,750

\* Voluntary employee salary reduction for contribution to health FSAs

## Income Taxes

2019 Tax				
If Taxable Income Is:	Over	But Not More Than	The Tax Is	Of the Amount Over
MFJ	\$0	\$19,400	\$0.00 + 10%	\$0
	19,400	78,950	1,940.00 + 12%	19,400
	78,950	168,400	9,086.00 + 22%	78,950
	168,400	321,450	28,765.00 + 24%	168,400
	321,450	408,200	65,497.00 + 32%	321,450
	408,200	612,350	93,257.00 + 35%	408,200
	612,350		164,709.50 + 37%	612,350
MFS	\$0	\$9,700	\$0.00 + 10%	\$0
	9,700	39,475	970.00 + 12%	9,700
	39,475	84,200	4,543.00 + 22%	39,475
	84,200	160,725	14,382.50 + 24%	84,200
	160,725	204,100	32,748.50 + 32%	160,725
	204,100	306,175	46,628.50 + 35%	204,100
	306,175		82,354.75 + 37%	306,175
Head of Household	\$0	\$13,850	\$0.00 + 10%	\$0
	13,850	52,850	1,385.00 + 12%	13,850
	52,850	84,200	6,065.00 + 22%	52,850
	84,200	160,700	12,962.00 + 24%	84,200
	160,700	204,100	31,322.00 + 32%	160,700
	204,100	510,300	45,210.00 + 35%	204,100
	510,300		152,380.00 + 37%	510,300
Single	\$0	\$9,700	\$0.00 + 10%	\$0
	9,700	39,475	970.00 + 12%	9,700
	39,475	84,200	4,543.00 + 22%	39,475
	84,200	160,725	14,382.50 + 24%	84,200
	160,725	204,100	32,748.50 + 32%	160,725
	204,100	510,300	46,628.50 + 35%	204,100
	510,300		153,798.50 + 37%	510,300
Estates & Trusts	\$0	\$2,600	\$0.00 + 10%	\$0
	2,600	9,300	260.00 + 24%	2,600
	9,300	12,750	1,868.00 + 35%	9,300
	12,750		3,075.50 + 37%	12,750

Child Tax Credit				
	Credit	Phaseout Begins at MAGI of:		
		MFJ	MFS	Single, HOH
2019	\$2,000	\$400,000	\$200,000	\$200,000
2020	\$2,000	\$400,000	\$200,000	\$200,000

Kiddie Tax			
	First	Next	Amounts Over
2019	\$1,100	\$1,100	\$2,200
	No Tax	Taxed at child's marginal rate	Taxed at estates and trusts rate*
2020	\$1,100	\$1,100	\$2,200
	No Tax	Taxed at child's marginal rate	Taxed at parent's marginal rate

\* May elect to be taxed at parent's marginal rate.

2020 Tax				
If Taxable Income Is:	Over	But Not More Than	The Tax Is	Of the Amount Over
MFJ	\$0	\$19,750	\$0.00 + 10%	\$0
	19,750	80,250	1,975.00 + 12%	19,750
	80,250	171,050	9,235.00 + 22%	80,250
	171,050	326,600	29,211.00 + 24%	171,050
	326,600	414,700	66,543.00 + 32%	326,600
	414,700	622,050	94,735.00 + 35%	414,700
	622,050		167,307.50 + 37%	622,050
MFS	\$0	\$9,875	\$0.00 + 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	\$0.00 + 10%	\$0
	14,100	53,700	1,410.00 + 12%	14,100
	53,700	85,500	6,162.00 + 22%	53,700
	85,500	163,300	13,158.00 + 24%	85,500
	163,300	207,350	31,830.00 + 32%	163,300
	207,350	518,400	45,926.00 + 35%	207,350
	518,400		154,793.50 + 37%	518,400
Single	\$0	\$9,875	\$0.00 + 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		156,235.00 + 37%	518,400
Estates & Trusts	\$0	\$2,600	\$0.00 + 10%	\$0
	2,600	9,450	260.00 + 24%	2,600
	9,450	12,950	1,904.00 + 35%	9,450
	12,950		3,129.00 + 37%	12,950

Standard Deductions			
	MFJ	MFS, Single	HOH
2019	\$24,400	\$12,200	\$18,350
2020	\$24,800	\$12,400	\$18,650

Age 65 and older or blind, add for each:

- MFJ, MFS: \$1,300 (2019); \$1,300 (2020)
- Single, HOH: \$1,650 (2019); \$1,650 (2020)

Qualified Business Income Deduction Phase-In Thresholds		
	Taxable Income Phase-In 2019	Taxable Income Phase-In 2020
MFJ	\$321,400 - \$421,400	\$326,600 - \$426,600
MFS	\$160,725 - \$210,725	\$163,300 - \$213,300
All Others	\$160,700 - \$210,700	\$163,300 - \$213,300