

Investments

Maximum long-term capital gains tax rates		
	0% tax rate	15% tax rate
Marrieds filing jointly or surviving spouse	\$80,800	\$501,600
Head of household	\$54,100	\$473,750
Single	\$40,400	\$445,850
Estate or trust	\$2,700	\$13,250

At higher income levels the maximum tax rate on long-term capital gains is 20%.

IRA Required Minimum Distributions					
Age	Divisor	Percentage	Age	Divisor	Percentage
72.0	25.6	3.9%	94.0	9.1	11.0%
73.0	24.7	4.0%	95.0	8.6	11.6%
74.0	23.8	4.2%	96.0	8.1	12.3%
75.0	22.9	4.4%	97.0	7.6	13.2%
76.0	22.0	4.5%	98.0	7.1	14.1%
77.0	21.2	4.7%	99.0	6.7	14.9%
78.0	20.3	4.9%	100.0	6.3	15.9%
79.0	19.5	5.1%	101.0	5.9	16.9%
80.0	18.7	5.3%	102.0	5.5	18.2%
81.0	17.9	5.6%	103.0	5.2	19.2%
82.0	17.1	5.8%	104.0	4.9	20.4%
83.0	16.3	6.1%	105.0	4.5	22.2%
84.0	15.5	6.5%	106.0	4.2	23.8%
85.0	14.8	6.8%	107.0	3.9	25.6%
86.0	14.1	7.1%	108.0	3.7	27.0%
87.0	13.4	7.5%	109.0	3.4	29.4%
88.0	12.7	7.9%	110.0	3.1	32.3%
89.0	12.0	8.3%	111.0	2.9	34.5%
90.0	11.4	8.8%	112.0	2.6	38.5%
91.0	10.8	9.3%	113.0	2.4	41.7%
92.0	10.2	9.8%	114.0	2.1	47.6%
93.0	9.6	10.4%	115+	1.9	52.6%

Retirement Plans and Social Security

Social Security for 2021	
Social Security wage base	\$142,800

Retirement Earnings Test Exempt Amounts	
Under full retirement age (\$1 in benefits is withheld for every \$2 in earnings above the limit.)	\$18,960
The year in which full retirement age is reached (\$1 in benefits is withheld for every \$3 in earnings above the limit but only for months prior to reaching full retirement age.)	\$50,520
After full retirement age is reached	no limit

Taxation of Social Security Benefits	
Singles with <i>Provisional Income</i> *	
below \$25,000	pay no tax on benefits
from \$25,000 to \$34,000	pay tax on 50% of benefits
over \$34,000	pay tax on up to 85% of benefits
Marrieds filing a joint return with <i>Provisional Income</i> *	
below \$32,000	pay no tax on benefits
from \$32,000 to \$44,000	pay tax on 50% of benefits
over \$44,000	pay tax on up to 85% of benefits

*The IRS defines *Provisional Income* as your modified adjusted gross income (MAGI) plus one-half of your Social Security benefits. (MAGI is AGI plus tax-exempt income.)

Maximum Retirement Plan Contribution Limits for 2021		
	Maximum contribution	Maximum contribution for those age 50 and over
Traditional IRA/ Roth IRA	\$6,000	\$7,000
401(k) plans	\$19,500	\$26,000

Phaseout of Deductibility of IRA Contributions Based on MAGI (If you are an active participant in a company retirement plan)	
Singles and Heads of Household	\$66,000 to \$76,000
Marrieds filing joint returns and both spouses are active plan participants	\$105,000 to \$125,000
Marrieds filing joint returns and one spouse is active plan participant	\$198,000 to \$208,000
Married filing separately	\$0 to \$10,000

Phaseout of Roth IRA Contributions Based upon MAGI	
Singles	\$125,000 to \$140,000
Marrieds filing a joint return	\$198,000 to \$208,000



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Facts You Need to Know About Taxes

Your Reference Guide to:

2021 Tax Rates

College Savings Incentives

IRA and 401(k) Contributions

Social Security Benefits



2021 Income Tax Rates

Marrieds Filing Jointly or a Qualifying Widow(er)		
If your taxable income is over:	But not over:	The tax is:
\$0	\$19,900	10% of the taxable income
\$19,900	\$81,050	\$1,990 plus 12% of the excess over \$19,900
\$81,050	\$172,750	\$9,328 plus 22% of the excess over \$81,050
\$172,750	\$329,850	\$29,502 plus 24% of the excess over \$172,750
\$329,850	\$418,850	\$67,206 plus 32% of the excess over \$329,850
\$418,850	\$628,300	\$95,686 plus 35% of the excess over \$418,850
\$628,300		\$168,993.50 plus 37% of the excess over \$628,300

Head of Households		
If your taxable income is over:	But not over:	The tax is:
\$0	\$14,200	10% of the taxable income
\$14,200	\$54,200	\$1,420 plus 12% of the excess over \$14,200
\$54,200	\$86,350	\$6,220 plus 22% of the excess over \$54,200
\$86,350	\$164,900	\$13,293 plus 24% of the excess over \$86,350
\$164,900	\$209,400	\$32,145 plus 32% of the excess over \$164,900
\$209,400	\$523,600	\$46,385 plus 35% of the excess over \$209,400
\$523,600		\$156,355 plus 37% of the excess over \$523,600

Singles		
If your taxable income is over:	But not over:	The tax is:
\$0	\$9,950	10% of the taxable income
\$9,950	\$40,525	\$995 plus 12% of the excess over \$9,950
\$40,525	\$86,375	\$4,664 plus 22% of the excess over \$40,525
\$86,375	\$164,925	\$14,751 plus 24% of the excess over \$86,375
\$164,925	\$209,425	\$33,603 plus 32% of the excess over \$164,925
\$209,425	\$523,600	\$47,843 plus 35% of the excess over \$209,425
\$523,600		\$157,804.25 plus 37% of the excess over \$523,600

Married Filing Separately		
If your taxable income is over:	But not over:	The tax is:
\$0	\$9,950	10% of the taxable income
\$9,950	\$40,525	\$995 plus 12% of the amount over \$9,950
\$40,525	\$86,375	\$4,664 plus 22% of the amount over \$40,525
\$86,375	\$164,925	\$14,751 plus 24% of the amount over \$86,375
\$164,925	\$209,425	\$33,603 plus 32% of the amount over \$164,925
\$209,425	\$314,150	\$47,843 plus 35% of the amount over \$209,425
\$314,150		\$84,496.75 plus 37% of the amount over \$314,150

Trusts and Estates		
If your taxable income is over:	But not over:	The tax is:
\$0	\$2,650	10% of the taxable income
\$2,650	\$9,550	\$265 plus 24% of the excess over \$2,650
\$9,550	\$13,050	\$1,921 plus 35% of the excess over \$9,550
\$13,050		\$3,146 plus 37% of the excess over \$13,050

Standard Deduction Amounts for 2021	
Marrieds filing jointly	\$25,100
Singles	\$12,550
Married filing separately	\$12,550
Heads of households	\$18,800

Additional Standard Deductions	
At least age 65 and single	\$1,700
At least age 65 and married	\$1,350
Married, both over 65	\$2,700
Blind	\$1,350

Child and Family Credits	
Qualifying child (under 17)	\$2,000
Other dependent	\$500
Refundable amount	\$1,400
Credit phaseout Married, filing jointly	AGI over \$400,000
All other taxpayers	AGI over \$200,000

2021 Business Tax Rates	
Corporate Tax Rate	21%
Deduction for Pass-Through Business Income	20%

Estate and Gift Taxes

Estates. The federal estate tax exemption in 2021 is \$11,700,000. With appropriate tax filings and tax elections, married couples may secure a \$23,400,000 exemption regardless of which spouse dies first or how the couple owns their property (assuming that they both die in 2021). Amounts in excess of the exemption are taxed at a 40% rate.

Gifts. The lifetime federal gift tax exemption in 2021 is \$11,700,000. Amounts transferred in excess of the exemption are taxed at 40%.

For 2021, the annual exclusion from the gift tax is \$15,000. A gift no larger than \$15,000 may be given to each of as many people as you wish without incurring gift tax or using up your lifetime federal gift tax exclusion. To qualify for the annual exclusion, the gift must be of a "present interest," meaning that the person receiving the gift must have the immediate right to use and enjoy the gift, without strings attached. Couples may "split" their gifts to secure a \$30,000 annual exclusion.

Developments occurring after January 1, 2021, are not reflected in this guide.

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Alternative Minimum Tax

AMT Tax Rates for 2021		
Rate	Married filing separately	All other filers
26%	Up to \$99,950	Up to \$199,900
28%	More than \$99,950	More than \$199,900

AMT Exemption Amounts	
Single individual	\$73,600
Marrieds filing jointly	\$114,600
Marrieds filing separately	\$57,300

AMT Exemption Phaseout	
	Begins above
Marrieds Filing Jointly	\$1,047,200
Singles	\$523,600
Married Filing Separately	\$523,600

Affordable Care Act (ACA) Taxes

Additional Medicare Tax	0.9% tax on wages and self-employment income over:
Marrieds 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:
Marrieds filing jointly	\$250,000
Singles	\$200,000
Marrieds filing separately	\$125,000
Head of household	\$200,000
Qualifying widow(er)	\$250,000

College Savings Incentives

Section 529 plans. No federal tax need 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) or up to \$10,000 (lifetime limit per individual) used to pay principal or interest on qualified education loan, 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 (marrieds 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 \$160,000 for marrieds filing jointly (\$80,000 for singles).

U.S. Savings Bonds income exclusion. For 2021 the income from certain U.S. Savings Bonds used to pay qualified higher education expenses may be excluded from tax. Eligibility for the exclusion phases out from \$124,800 to \$154,800 for marrieds filing jointly, \$83,200 and \$98,200 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 \$70,000 and \$85,000 (singles); between \$140,000 and \$170,000 (marrieds filing jointly).

Other Credits and Deductions

Long-term care insurance premiums. In some instances, portions of the premiums paid for qualified long-term care insurance may be tax deductible. For 2021 they are: \$450 for those who are age 40 or under at the end of the tax year; \$850, if older than 40 but not older than 50; \$1,690, older than 50 but not older than 60; \$4,520, older than 60 but not older than 70; \$5,640, older than 70.

Adoption credit. You may be able to take a tax credit of up to \$14,400 for qualifying expenses paid to adopt an eligible child. Phaseout begins at modified adjusted gross income of \$216,660, and is phased out completely at \$256,660.

Charitable contributions. For 2021, those who itemize their deductions may take a deduction of up to 100% of adjusted gross income (AGI) for their charitable gifts. Those who do not itemize will be permitted to take an "above-the-line" adjustment to AGI in addition to the standard deduction. The maximum adjustment is \$300 for singles, \$600 for marrieds filing jointly.