

# 2020 Tax Reference Guide

## Tax Brackets for 2020

Taxable income (i.e., income minus deductions and credits) between:

<b>Married, Joint</b>	
\$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%
over \$496,600	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 \$518,400	37%

Capital gains/qualified dividends:

\$0–\$40,000	0%
\$40,001–\$441,450	15%
over \$441,450	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 \$311,025	37%

Capital gains/qualified dividends:

\$0–\$40,000	0%
\$40,001–\$248,300	15%
over \$248,300	20%

### Head of Household (HOH)

\$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 \$518,400	37%

Capital gains/qualified dividends:

\$0–\$53,600	0%
\$53,601–\$469,050	15%
over \$469,050	20%

### Estates and Trusts

\$0–\$2,600	10%
\$2,601–\$9,450	24%
\$9,451–\$12,950	35%
over \$12,950	37%

Capital gains/qualified dividends:

\$0–\$2,650	0%
\$2,651–\$13,150	15%
over \$13,150	20%

<b>Corporate Tax Rate</b>	<b>21%</b>
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## Standard Deduction

Married, joint	\$24,800
Single; Married, separate	\$12,400
HOH	\$18,650

Blind or over 65: add \$1,300 if married

\$1,650 if single or HOH

### 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 indebtedness up to \$750,000

for 1st and 2nd homes

No deduction for home equity indebtedness

### State and Local Tax Deduction Limit

State and local income and property tax deduction	\$10,000
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### Alternative Minimum Tax Exemption Amount

Married, joint	\$113,400
Single; HOH	\$72,900
Married, separate	\$56,700

### IRA and Pension Plan Limits

#### IRA contribution

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

#### Phaseout for deducting IRA contribution

Married, joint	\$104,000–\$124,000 MAGI
Single; HOH	\$65,000–\$75,000 MAGI
Married, separate	\$0–\$10,000 MAGI

#### Phaseout for deducting spousal IRA<sup>1</sup>

	\$196,000–\$206,000 MAGI
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#### Phaseout of Roth contribution eligibility

Married, joint	\$196,000–\$206,000 MAGI
Single; HOH	\$124,000–\$139,000 MAGI
Married, separate	\$0–\$10,000 MAGI

#### SEP contribution

Up to 25% of compensation, \$57,000 limit

**Compensation to participate in SEP** \$600

#### SIMPLE elective deferral

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

#### 401(k), 403(b)<sup>2</sup>, 457<sup>3</sup> and SARSEP elective deferral

Under age 50	\$19,500
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)<sup>2</sup> or 457<sup>3</sup> plan contribution, in addition to deduction or exclusion, if

Married, joint	Below \$65,000 AGI
HOH	Below \$48,750 AGI
Single; Married, separate	Below \$32,500 AGI

Maximum qualified longevity annuity contract (QLAC) premium	\$135,000
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## 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 <sup>4</sup>	0.9%
Additional tax on Net Investment Income <sup>5</sup>	3.8%

## Health Care

Eligible Long-Term Care	Deduction Limit
Age 40 or less	\$430
Age 41 to 50	\$810
Age 51 to 60	\$1,630
Age 61 to 70	\$4,350
Ages over 70	\$5,430

**Per Diem Limitation for LTC Benefits** \$380

## 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 phaseout	
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

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

## Social Security<sup>6</sup>

Maximum taxable earnings base	\$137,700
Covered earnings needed to earn 1 credit	\$1,410
Covered earnings needed to earn 4 credits	\$5,640
Social Security and Medicare 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 <sup>7</sup> (in retirement) causing Social Security benefits to be taxable	
Married, joint	
50% taxable	\$32,000 MAGI
85% taxable	\$44,000 MAGI
Single	
50% taxable	\$25,000 MAGI
85% taxable	\$34,000 MAGI

Reduction of Social Security retirement benefits: In years prior to full retirement age, \$1 in benefits will be reduced for every \$2 of earnings in excess of \$18,240. In the year of full retirement age, \$1 in benefits will be reduced 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)<sup>8</sup>

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

- 6 Source: Social Security Administration, www.ssa.gov, 12/12/2019.
- 7 Provisional income is most income, including muni bond interest and 50% of Social Security benefit.
- 8 Source: *Fast Facts and Figures about Social Security*, 2019.
- 9 RBD defined as "Required Beginning Date" (April 1 following the year a traditional IRA or SIMPLE IRA holder reached age 72). Change in RBD for RMDs made pursuant to the terms of the SECURE Act, effective 1/1/20.
- 10 Method only available if the non-spouse beneficiary is the minor child of the deceased IRA owner (until the child's age of majority), disabled, chronically ill or not more than 10 years younger than the deceased IRA owner.

Information is current as of 12/20/2019, subject to legislative changes and not intended to be legal or tax advice. Consult a tax advisor regarding specific circumstances. Annuities are not bank products, not a deposit, not insured by the FDIC or any federal entity, have no bank guarantee and may lose value. Payment of benefits under an annuity contract is the obligation of, and is guaranteed by, the insurance company issuing the annuity. Guarantees are based on the claims-paying ability of the insurer. Annuities are issued and guaranteed by Western-Southern Life Assurance Company, Cincinnati, OH, Integrity Life Insurance Company, Cincinnati, OH, or National Integrity Life Insurance Company, Greenwich, NY. Western-Southern Life Assurance Company operates in DC and all states except NY. Integrity Life operates in DC and all states except NY, where National Integrity Life operates. W&S Financial Group Distributors, Inc., is an affiliated agency of the issuer. Issuer has sole financial responsibility for its products. All companies are members of Western & Southern Financial Group. ©2018-2019 Western & Southern Financial Group. All rights reserved.

## Uniform Lifetime Table

Use to calculate Required Minimum Distributions<sup>9</sup> 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.

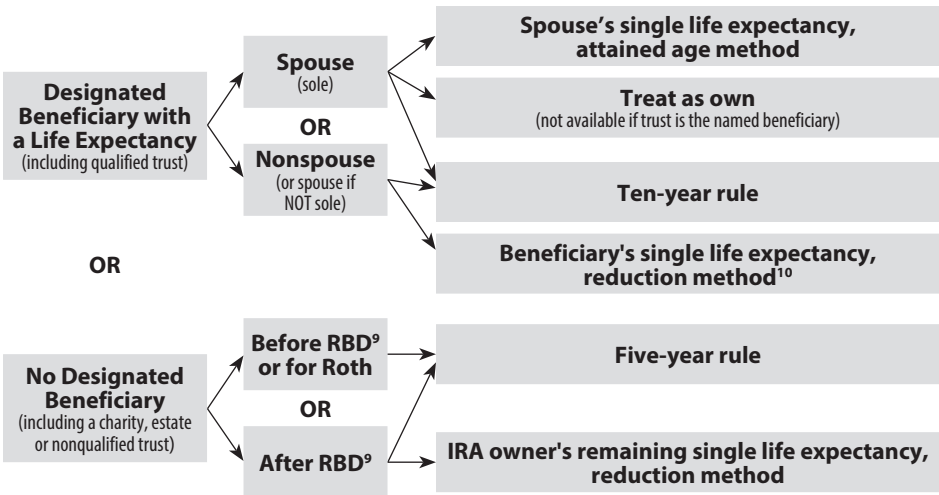
Taxpayer's Age	Life Expectancy	Taxpayer's Age	Life Expectancy
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	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+	1.9

## Single Life Table

Use to calculate Required Minimum Distributions<sup>9</sup> from IRAs and qualified plans **after** owner's death. See IRS Pub. 590 for complete table of ages 0 through 111+

Age	Multiple	Age	Multiple
39	44.6	64	21.8
40	43.6	65	21.0
41	42.7	66	20.2
42	41.7	67	19.4
43	40.7	68	18.6
44	39.8	69	17.8
45	38.8	70	17.0
46	37.9	71	16.3
47	37.0	72	15.5
48	36.0	73	14.8
49	35.1	74	14.1
50	34.2	75	13.4
51	33.3	76	12.7
52	32.3	77	12.1
53	31.4	78	11.4
54	30.5	79	10.8
55	29.6	80	10.2
56	28.7	81	9.7
57	27.9	82	9.1
58	27.0	83	8.6
59	26.1	84	8.1
60	25.2	85	7.6
61	24.4	86	7.1
62	23.5	87	6.7
63	22.7	88	6.3

## IRA Beneficiary Options



## Business-Building Tools for Advisors

