

# 2021 TAX UPDATE

INCOME TAXES				ESTATE & GIFT TAXES							
2020				2021				For deaths / gifts occurring in 2021			
If Taxable Income Is:				If Taxable Income Is:				If Taxable Estate Is:			
Over	But not >	The tax is:	Of the amount >	Over	But not >	The tax is:	Of the amount >	Over	But not >	The tax is:	Of the amount >
Married Filing Jointly:				Married Filing Jointly:							
\$0	\$19,750	\$0 + 10%	\$0	\$0	\$19,900	\$0 + 10%	\$0	\$0	\$10,000	\$0 + 18%	\$0
\$19,750	\$80,250	\$1,975 + 12%	\$19,750	\$19,900	\$81,050	\$1,990 + 12%	\$19,900	\$10,000	\$20,000	\$1,800 + 20%	\$10,000
\$80,250	\$171,050	\$9,235 + 22%	\$80,250	\$81,050	\$172,750	\$9,328 + 22%	\$81,050	\$20,000	\$40,000	\$3,800 + 22%	\$20,000
\$171,050	\$326,600	\$29,211 + 24%	\$171,050	\$81,050	\$172,750	\$9,328 + 22%	\$81,050	\$40,000	\$60,000	\$8,200 + 24%	\$40,000
\$326,600	\$414,700	\$66,543 + 32%	\$326,600	\$172,750	\$329,850	\$29,502 + 24%	\$172,750	\$60,000	\$80,000	\$13,000 + 26%	\$60,000
\$414,700	\$622,050	\$94,735 + 35%	\$414,700	\$329,850	\$418,850	\$67,206 + 32%	\$329,850	\$80,000	\$100,000	\$18,200 + 28%	\$80,000
\$622,050	---	\$167,307.50 + 37%	\$622,050	\$418,850	\$628,300	\$95,686 + 35%	\$418,850	\$100,000	\$150,000	\$23,800 + 30%	\$100,000
Single:				\$628,300	---	\$168,993.50 + 37%	\$628,300	\$150,000	\$250,000	\$38,800 + 32%	\$150,000
Single:				Single:				\$250,000	\$500,000	\$70,800 + 34%	\$250,000
\$0	\$9,875	\$0 + 10%	\$0	\$0	\$9,950	\$0 + 10%	\$0	\$500,000	\$750,000	\$155,800 + 37%	\$500,000
\$9,875	\$40,125	\$987.50 + 12%	\$9,875	\$9,950	\$40,525	\$995 + 12%	\$9,950	\$750,000	\$1,000,000	\$248,300 + 39%	\$750,000
\$40,125	\$85,525	\$4,617.50 + 22%	\$40,125	\$40,525	\$86,375	\$4,664 + 22%	\$40,525	\$1,000,000	---	\$345,800 + 40%	\$1,000,000
\$85,525	\$163,300	\$14,605.50 + 24%	\$85,525	\$86,375	\$164,925	\$14,751 + 24%	\$86,375	Subtract applicable credit below from calculated tax.			
\$163,300	\$207,350	\$33,271.50 + 32%	\$163,300	\$164,925	\$209,425	\$33,603 + 32%	\$164,925				
\$207,350	\$518,400	\$47,367.50 + 35%	\$207,350	\$209,425	\$523,600	\$47,843 + 35%	\$209,425				
\$518,400	---	\$156,235 + 37%	\$518,400	\$523,600	---	\$157,804.25 + 37%	\$523,600				
Estates & Trusts:				Estates & Trusts:							
\$0	\$2,600	\$0 + 10%	\$0	\$0	\$2,650	\$0 + 10%	\$0				
\$2,600	\$9,450	\$260 + 24%	\$2,600	\$2,650	\$9,550	\$265 + 24%	\$2,650				
\$9,450	\$12,950	\$1,904 + 35%	\$9,450	\$9,550	\$13,050	\$1,921 + 35%	\$9,550				
\$12,950	---	\$3,129 + 37%	\$12,950	\$13,050	---	\$3,146 + 37%	\$13,050				
CAPITAL GAINS & QUALIFIED DIVIDENDS				C-CORPORATIONS & PROFESSIONAL CORPORATIONS							
S-T < 12 months: Ordinary Income Rate				Flat 21% tax rate							
L-T > 12 months & Qualified Dividends:				PASS-THROUGH ENTITIES				UNEARNED MEDICARE CONTRIBUTION TAX			
0%	15%	20%		Deductible amount is limited to:				3.8% surtax applied to lower of net investment income or MAGI over threshold.			
Married Filing Jointly	0-\$80,800	\$80,801-501,600	>\$501,600	(1) 20% of the taxpayer's qualified business income (QBI) from the qualified trade or business -OR-				MAGI Threshold			
Single	0-\$40,400	\$40,401-445,850	>\$445,850	(2) The greater of: (I) 50% of the W-2 wages relating to the qualified trade or business or (II) the sum of 25% of the W-2 wages relating to the qualified business and 2.5% of the UBIA of all qualified property.				Rate			
Estates & Trusts	0-\$2,700	\$2,701-13,250	>\$13,250					Married Filing Jointly	\$250,000	3.8%	
								Single	\$200,000	3.8%	
KIDDIE TAX								CHILD TAX CREDIT			
The unearned income of a child under age 18 (24 if full time student) between \$1,101 and \$2,200 is subject to the child's tax rate. Unearned income greater than \$2,200 is taxed at the parents' rate of income tax.				For Specified Service Businesses, business income is not considered QBI, but the deduction is still permitted at lower income levels (see table)				Up to \$3,600 per child for children aged 5 and under; Up to \$3,000 per child for children aged 6 - 17.			
								**Final details from the IRS are still pending and subject to change			
								SOCIAL SECURITY & MEDICARE			
				Single	Married	Limitations	Social Security tax rate: 12.4% self-employed, 6.2% employees				
				\$0-\$164,900	\$0-\$329,800	No limitations	Medicare tax rate: 2.9% self-employed, 1.45% employees				
				\$164,901-214,900	\$329,801-429,800	Limitations phased in	Base amount of modified AGI causing Social Security benefits to be taxable:				
				>\$214,900	>\$429,800	Full limitations	50% taxable 85% taxable				
STANDARD DEDUCTIONS				Alternative Minimum Tax Income less exemption amount:				Married Filing Jointly			
Annual Addt'l 65+ or blind				Less than \$199,900 26%				\$32,000 \$44,000			
Married Filing Jointly	2020	\$24,800	\$1,300	Greater than \$199,900 28%				Single			
	2021	\$25,100	\$1,350	Exemption Amounts: 2020 2021				\$25,000 \$34,000			
Single	2020	\$12,400	\$1,650	Married Filing Jointly \$113,400 \$114,600				Maximum earnings before social security benefits are reduced:			
	2021	\$12,550	\$1,700	Single \$72,900 \$73,600				FRA = Full Retirement Age 2020 2021			
PERSONAL EXEMPTIONS*				Estates & Trusts \$25,400 \$25,700				Under FRA (lose \$1 per \$2 earned) \$18,240 \$18,960			
Suspended for years 2018 to 2025.				Phase-out Thresholds*:				YR of FRA (lose \$1 per \$3 earned) \$48,600 \$50,520			
				Married Filing Jointly \$1,047,200				Full Retirement Age No limit No limit			
				Single \$523,600				Maximum compensation subject to FICA taxes:			
				Estates & Trusts \$84,800-\$186,400				Social Security Maximum \$137,700 \$142,800			
FOR MORE INFORMATION CONTACT:								Medicare Maximum No limit No limit			
EXECUTIVE BENEFITS				QUALIFIED PLANS							
Gene LoVasco   glovasco@lovascogroup.com								2020 2021			
Chris Schuppe   cschuppe@lovascogroup.com				Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)				\$19,500 \$19,500			
EMPLOYEE BENEFITS				Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans				\$13,500 \$13,500			
Mike LoVasco   mlovasco@lovascogroup.com				Maximum elective deferral to 457 plans of tax-exempt employers				\$19,500 \$19,500			
Aaron Loiselle   aloiselle@lovascogroup.com				Annual compensation threshold requiring SEP IRA contribution				\$600 \$650			
Laura Eames   leames@lovascogroup.com				Maximum annual compensation taken into account for contributions				\$285,000 \$290,000			
RETIREMENT PLANNING CONSULTING				Annual benefit limit under defined benefit plans				\$230,000 \$230,000			
Mike Iley   miley@lovascogroup.com				Threshold amount for definition of highly compensated employee				\$130,000 \$130,000			
Chris Burke   cburke@lovascogroup.com				Threshold amount for definition of key employee in top-heavy plans				\$185,000 \$185,000			
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\* Applicable for tax years 2018 to 2025

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ROTH IRAS					IRA CONTRIBUTION LIMITS								
MAGI Phase-Out Range for Contributions to Roth IRAs:					Contribution Limits for both Traditional and Roth IRAs:								
Married Filing Jointly		\$198,000-\$208,000					2020	2021					
Single		\$125,000-\$140,000			Regular		\$6,000	\$6,000					
					Catch-Up *		\$1,000	\$1,000					
					* Only taxpayers age 50 and over are eligible.								
TRADITIONAL IRA DEDUCTIBILITY RULES					UNIFORM LIFETIME TABLE								
Filing Status	Covered by Employer's Retirement Plan?	Modified AGI		Deductibility	For calculating required minimum distributions (RMDs) from qualified plans and traditional IRAs:								
		2020	2021		Current Age	Distribution Period	Current Age	Distribution Period					
Single	No	Any amount	Any amount	Full deduction	70	27.4	85	14.8					
	Yes	Less than \$65,000	Less than \$66,000	Full deduction	71	26.5	86	14.1					
		\$65,000 - \$74,999	\$66,000 - \$75,999	Partial deduction	72	25.6	87	13.4					
		\$75,000 or more	\$76,000 or more	No deduction	73	24.7	88	12.7					
Married Filing Jointly	Neither Spouse Covered	Any amount	Any amount	Full deduction	74	23.8	89	12.0					
	Both Spouses Covered	Less than \$104,000	Less than \$105,000	Full deduction	75	22.9	90	11.4					
		\$104,000 - \$123,999	\$105,000 - \$124,999	Partial deduction	76	22.0	91	10.8					
		\$124,000 or more	\$125,000 or more	No deduction	77	21.2	92	10.2					
	One Spouse Covered For Covered Spouse	Less than \$104,000	Less than \$105,000	Full deduction	78	20.3	93	9.6					
		\$104,000 - \$123,999	\$105,000 - \$124,999	Partial deduction	79	19.5	94	9.1					
		\$124,000 or more	\$125,000 or more	No deduction	80	18.7	95	8.6					
	One Spouse Covered For Non-Covered Spouse	Less than \$196,000	Less than \$198,000	Full deduction	81	17.9	96	8.1					
		\$196,000 - \$205,999	\$198,000 - \$207,999	Partial deduction	82	17.1	97	7.6					
		\$206,000 or more	\$208,000 or more	No deduction	83	16.3	98	7.1					
					84	15.5	99	6.7					
EDUCATION INCENTIVES					CATCH-UP CONTRIBUTION LIMITS FOR OTHER QUALIFIED PLAN TYPES								
COVERDELL EDUCATION SAVINGS ACCOUNTS (EDUCATION IRAS)					Only taxpayers age 50 and over are eligible.								
Contribution Limit of \$2,000.													
Modified AGI phase-out range for contributions to Coverdell Education Savings Accounts:					401(k), 403(b), SARSEP & 457 Plans								
Married Filing Jointly		\$190,000 - \$220,000											
Single		\$95,000 - \$110,000			SIMPLE IRA & SIMPLE 401(k) Plans								
AMERICAN OPPORTUNITY TAX CREDIT/HOPE LEARNING CREDITS					SAVER'S TAX CREDIT								
Up to \$2,500 per student for first four years of higher education tuition paid.					Contributions to Employer Plans & IRAs. Maximum credit \$1,000 per taxpayer - AGI limits below:								
Modified AGI Phase-Outs:					Married Filing Jointly		Single		Credit				
Married Filing Jointly		\$160,000 - \$180,000			\$0 - \$39,500		\$0 - \$19,750		50% of contribution				
Single		\$80,000 - \$90,000			\$39,501 - \$43,000		\$19,751 - \$21,500		20% of contribution				
					\$43,001 - \$66,000		\$21,501 - \$33,000		10% of contribution				
					Over \$66,000		Over \$33,000		not available				
LIFETIME LEARNING CREDITS					HEALTH SAVINGS ACCOUNTS (HSAs)								
Up to 20% of first \$10,000 of tuition paid (maximum credit is \$2,000) calculated per tax payer:					An "eligible individual" is defined as (1) one covered by a high deductible health plan (HDHP) (an annual deductible of \$1,400 for single coverage and \$2,800 for family coverage where the maximum out of pocket cannot exceed \$7,000 for single coverage and \$14,000 for family coverage), (2) is not covered by any other health insurance except for some permitted coverages, (3) is not eligible for and enrolled in Medicare, and (4) cannot be claimed as a dependent on someone else's income tax return.								
Modified AGI Phase-Outs:		2020		2021	Contribution Limits:								
Married Filing Jointly		\$118,000-\$138,000		\$160,000-\$180,000	Single		\$3,550		\$3,600				
Single		\$59,000-\$69,000		\$80,000-\$90,000	Family		\$7,100		\$7,200				
EXCLUSION OF U.S. SAVINGS BOND INCOME FOR QUALIFIED HIGHER EDUCATION EXPENSES					Catch-up contributions of \$1,000 permitted for ages 55 and older.								
Modified AGI Phase-Outs:		2020		2021	LONG TERM CARE INSURANCE								
Married Filing Jointly		\$123,550-\$153,550		\$124,800-\$154,800	Maximum qualified LTC premiums eligible for deductions:								
Single		\$82,350-\$97,350		\$83,200-\$98,200	Age				<41	41-50	51-60	61-70	Over 70
					2020		\$430		\$810	\$1,630	\$4,350	\$5,430	
					2021		\$450		\$850	\$1,690	\$4,520	\$5,640	
STUDENT LOAN INTEREST DEDUCTION					Qualified LTC contract per diem limit: \$400 (\$380 in 2020)								
Maximum deduction is \$2,500.					Information on this tax update is as of 03/15/2021 and is subject to modification.								
Modified AGI Phase-Outs:		2020		2021									
Married Filing Jointly		\$140,000-\$170,000		\$140,000-\$170,000									
Single		\$70,000-\$85,000		\$70,000-\$85,000									
Deductibility Period		No time limit		No time limit									
SECTION 529 QUALIFIED TUITION PLANS													
Distributions for qualified higher education expenses are income-tax free.													
Effective 2018: Includes expenses for elementary or secondary public, private or religious school.													
Limited to \$10,000/yr. Higher education unlimited.													
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