2020 TAX UPDATE

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INCOME TAXES

2019

If Taxable Income Is:

Over	But not >	The tax is:	Of the amount >
Married Filing Jointly:			
$0	$19,400	$0 + 10%	$0
$19,400	$78,950	$1,940 + 12%	$19,400
$78,950	$168,400	$9,086 + 22%	$78,950
$168,400	$321,450	$28,765 + 24%	$168,400
$321,450	$408,200	$65,497 + 32%	$321,450
$408,200	$612,350	$93,257 + 35%	$408,200
$612,350	---	$164,710 + 37%	$612,350
Single:			
$0	$9,700	$0 + 10%	$0
$9,700	$39,475	$970 + 12%	$9,700
$39,475	$84,200	$4,543 + 22%	$39,475
$84,200	$160,725	$14,383 + 24%	$84,200
$160,725	$204,100	$32,749 + 32%	$160,725
$204,100	$510,300	$46,629 + 35%	$204,100
$510,300	---	$153,799 + 37%	$510,300
Estates & Trusts:			
$0	$2,600	$0 + 10%	$0
$2,600	$9,300	$260 + 24%	$2,600
$9,300	$12,750	$1,868 + 35%	$9,300
$12,750	---	$3,076 + 37%	$12,750

2020

If Taxable Income Is:

Over	But not >	The tax is:	Of the amount >
Married Filing Jointly:			
$0	$19,750	$0 + 10%	$0
$19,750	$80,250	$1,975 + 12%	$19,750
$80,250	$171,050	$9,235 + 22%	$80,250
$171,050	$326,600	$29,211 + 24%	$171,050
$326,600	$414,700	$66,543 + 32%	$326,600
$414,700	$622,050	$94,735 + 35%	$414,700
$622,050	---	$167,308 + 37%	$622,050
Single:			
$0	$9,875	$0 + 10%	$0
$9,875	$40,125	$988 + 12%	$9,875
$40,125	$85,525	$4,618 + 22%	$40,125
$85,525	$163,300	$14,606 + 24%	$85,525
$163,300	$207,350	$33,272 + 32%	$163,300
$207,350	$518,400	$47,368 + 35%	$207,350
$518,400	---	$156,235 + 37%	$518,400
Estates & Trusts:			
$0	$2,600	$0 + 10%	$0
$2,600	$9,450	$260 + 24%	$2,600
$9,450	$12,950	$1,904 + 35%	$9,450
$12,950	---	$3,129 + 37%	$12,950

ESTATE & GIFT TAXES

For deaths / gifts occurring in 2020

If Taxable Estate Is:

Over	But not >	The tax is:	Of the amount >
$0	$10,000.00	$0 + 18%	$0
$10,000	$20,000	$1,800 + 20%	$10,000
$20,000	$40,000	$3,800 + 22%	$20,000
$40,000	$60,000	$8,200 + 24%	$40,000
$60,000	$80,000	$13,000 + 26%	$60,000
$80,000	$100,000	$18,200 + 28%	$80,000
$100,000	$150,000	$23,800 + 30%	$100,000
$150,000	$250,000	$38,800 + 32%	$150,000
$250,000	$500,000	$70,800 + 34%	$250,000
$500,000	$750,000	$155,800 + 37%	$500,000
$750,000	$1,000,000	$248,300 + 39%	$750,000
$1,000,000	---	$345,800 + 40%	$1,000,000

Subtract applicable credit below from calculated tax.

	Exclusion Amount	Applicable Credit
2019	$11,400,000 *	$4,505,800 *
2020	$11,580,000 *	$4,577,800 *

GSTT & Lifetime Gift Tax Exclusion: Same as the estate tax exclusion amount.

Annual Gift Tax Exclusion: $15,000/person, $157,000 for non-U.S. citizen spouses

Portability: An executor can elect to allocate the unused portion of a decedent's exclusion amount to the surviving spouse.

CAPITAL GAINS & QUALIFIED DIVIDENDS

S-T < 12 months: Ordinary Income Rate

L-T > 12 months & Qualified Dividends:

	0%	15%	20%
Married Filing Jointly	0-$80,000	$80,001-496,600	>$496,600
Single	0-$40,000	$40,001-441,450	>$441,450
Estates & Trusts	0-$2,650	$2,651-13,150	>$13,150

KIDDIE TAX

The unearned income of a child under age 18 (24 if full time student) between $1,101 and $2,200 is subject to a 10% tax. Unearned income greater than $2,200 is taxed at the parents' rate of income tax.

STANDARD DEDUCTIONS

		Annual	Addt'l 65+ or blind
Married Filing Jointly	**2019**	$24,400 *	$1,300
	2020	$24,800*	$1,300
Single	**2019**	$12,200 *	$1,650
	2020	$12,400*	$1,650

PERSONAL EXEMPTIONS*

Suspended for years 2018 to 2025.

C-CORPORATIONS & PROFESSIONAL CORPORATIONS

Flat 21% tax rate

PASS-THROUGH ENTITIES

Business owner can deduct up to 20% of Qualified Business Income (QBI), subject to certain limitations as follows: At higher levels of owner's taxable income (see table), the deduction is limited to the > of: 50% of allocable W-2 wages paid; or 25% of allocable W-2 wages paid plus 2.5% of the unadjusted basis of tangible depreciable property used in the business. For Specified Service Businesses, business income is not considered QBI, but the deduction is still permitted at lower income levels (see table).

Single	Married	Limitations
$0-$163,300	$0-$326,600	No limitations
$163,300-213,300	$326,600-426,600	Limitations phased in
>$213,300	>$426,600	Full limitations

ALTERNATIVE MINIMUM TAX

AMTI less exemption amount:

Less than $197,900	26%	
Greater than $197,900	28%	
Exemption Amounts:	**2019**	**2020**
Married Filing Jointly	$111,700	$113,400
Single	$71,700	$72,900
Estates & Trusts	$25,000	$25,400
Phase-out Thresholds*:		
Married Filing Jointly	$1,036,800-$1,490,400	
Single	$518,400-$810,000	
Estates & Trusts	$84,800-$186,400	

UNEARNED MEDICARE CONTRIBUTION TAX

3.8% surtax applied to lower of net investment income or MAGI over threshold.

	MAGI Threshold	Rate
Married Filing Jointly	$250,000	3.8%
Single	$200,000	3.8%

CHILD TAX CREDIT*

$2,000 per child; phases out $50 for each $1,000 of MAGI over $400,000 (married filing jointly) or $200,000 (single)

SOCIAL SECURITY & MEDICARE

Social Security tax rate:	12.4% self-employed, 6.2% employees
Medicare tax rate:	2.9% self-employed, 1.45% employees

Base amount of modified AGI causing Social Security benefits to be taxable:

	50% taxable	85% taxable
Married Filing Jointly	$32,000	$44,000
Single	$25,000	$34,000

Maximum earnings before social security benefits are reduced:

FRA = Full Retirement Age	**2019**	**2020**
Under FRA (lose $1 per $2 earned)	$17,640	$18,240
YR of FRA (lose $1 per $3 earned)	$46,920	$48,600
Full Retirement Age	No limit	No limit

Maximum compensation subject to FICA taxes:

Social Security Maximum	$132,900	$137,700
Medicare Maximum	No limit	No limit

QUALIFIED PLANS

	2019	2020
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)	$19,000	$19,500
Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	$13,000	$13,500
Maximum elective deferral to 457 plans of tax-exempt employers	$19,000	$19,500
Annual compensation threshold requiring SEP IRA contribution	$600	$600
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

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* Applicable for tax years 2018 to 2025

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ROTH IRAS

AGI Phase-Out Range for Contributions to Roth IRAs:

Married Filing Jointly	$196,000-$206,000
Single	$124,000-$139,000

Recharacterization of Roth conversions eliminated.

Recharacterization of Roth contributions still permitted.

IRA CONTRIBUTION LIMITS

Contribution Limits for both Traditional and Roth IRAs:

	2013 - 2018	2019 - 2020
Regular	$5,500	$6,000
Catch-Up *	$1,000	$1,000

* Only taxpayers age 50 and over are eligible.

TRADITIONAL IRA DEDUCTIBILITY RULES

Filing Status	Covered by Employer's Retirement Plan?	Modified AGI 2019	Modified AGI 2020	Deductibility
Single	No	Any amount	Any amount	Full deduction
	Yes	$63,999 or less	$64,999 or less	Full deduction
		$64,000 - $73,999	$65,000 - $74,999	Partial deduction
		$74,000 or more	$75,000 or more	No deduction
Married Filing Jointly	Neither Spouse Covered	Any amount	Any amount	Full deduction
	Both Spouses Covered	$102,999 or less	$103,999 or less	Full deduction
		$103,000 - $122,999	$104,000 - $123,999	Partial deduction
		$123,000 or more	$124,000 or more	No deduction
	One Spouse Covered For Covered Spouse	$102,999 or less	$103,999 or less	Full deduction
		$103,000 - $122,999	$104,000 - $123,999	Partial deduction
		$123,000 or more	$124,000 or more	No deduction
	One Spouse Covered For Non-Covered Spouse	$192,999 or less	$195,999 or less	Full deduction
		$193,000 - $202,999	$196,000 - $205,999	Partial deduction
		$203,000 or more	$206,000 or more	No deduction

UNIFORM LIFETIME TABLE

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

Current Age	Distribution Period	Current Age	Distribution Period
70	27.4	85	14.8
71	26.5	86	14.1
72	25.6	87	13.4
73	24.7	88	12.7
74	23.8	89	12.0
75	22.9	90	11.4
76	22.0	91	10.8
77	21.2	92	10.2
78	20.3	93	9.6
79	19.5	94	9.1
80	18.7	95	8.6
81	17.9	96	8.1
82	17.1	97	7.6
83	16.3	98	7.1
84	15.5	99	6.7

EDUCATION INCENTIVES

COVERDELL EDUCATION SAVINGS ACCOUNTS (EDUCATION IRAS)

Contribution Limit of $2,000.

Modified AGI phase-out range for contributions to Coverdell Education Savings Accounts:

Married Filing Jointly	$190,000 - $220,000
Single	$95,000 - $110,000

AMERICAN OPPORTUNITY TAX CREDIT/HOPE LEARNING CREDITS

Up to $2,500 per student for first four years of higher education tuition paid.

Modified AGI Phase-Outs:

Married Filing Jointly	$160,000 - $180,000
Single	$80,000 - $90,000

LIFETIME LEARNING CREDITS

Up to 20% of tuition paid (maximum credit is $2,000) calculated per tax payer:

Modified AGI Phase-Outs:	2019	2020
Married Filing Jointly	$116,000-$136,000	$118,000-$138,000
Single	$58,000-$68,000	$59,000-$69,000

EXCLUSION OF U.S. SAVINGS BOND INCOME FOR QUALIFIED HIGHER EDUCATION EXPENSES

Modified AGI Phase-Outs:	2019	2020
Married Filing Jointly	$121,600-$151,600	$123,550-$153,550
Single	$81,100-$96,100	$82,350-$97,350

STUDENT LOAN INTEREST DEDUCTION

Maximum deduction is $2,500.

Modified AGI Phase-Outs:	2019	2020
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.

CATCH-UP CONTRIBUTION LIMITS FOR OTHER QUALIFIED PLAN TYPES

	2019	2020
401(k), 403(b), SARSEP & 457 Plans	$6,000	$6,500
SIMPLE IRA & SIMPLE 401(k) Plans	$3,000	$3,000

SAVER'S TAX CREDIT

Contributions to Employer Plans & IRAs. Maximum credit $1,000 per taxpayer - AGI limits below:

Married Filing Jointly	Single	Credit
$0 - $39,000	$0 - $19,500	50% of contribution
$39,001 - $42,500	$19,501 - $21,250	20% of contribution
$42,501 - $65,000	$21,251 - $32,500	10% of contribution
Over $65,000	Over $32,500	not available

HEALTH SAVINGS ACCOUNTS (HSAs)

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 $6,900 for single coverage and $13,800 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.

Contribution Limits:	2019	2020
Single	$3,500	$3,550
Family	$7,000	$7,100

Catch-up contributions of $1,000 permitted for ages 55 and older.

LONG TERM CARE INSURANCE

Maximum qualified LTC premiums eligible for deductions:

Age	<41	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: $380 ($370 in 2019)

Information on this tax update is as of 02/04/2020 and is subject to modification.

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