

2021 Tax Guide

Retirement Plan Contribution Limits	
Annual compensation used to determine contribution for most plans	\$290,000
Defined contribution plans	\$58,000
Defined benefit plans	\$230,000
401(k), 403(b), 457(b) plans	\$19,500
Catch-up provision for individuals 50+	\$6,500
SIMPLE plans	\$13,500
SIMPLE plans - catch-up provision for individuals 50+	\$3,000
Roth 401(k)	\$19,500
Roth 401(k) - catch-up provision for individuals 50+	\$6,500
Maximum ESOP balance subject to 5 year distribution period	\$1,165,000

Individual Retirement Accounts			
IRA type	Contribution limit	Catch-up at 50+	Phaseouts (AGI)
Non-deductible	\$6,000	\$1,000	None
Deductible	\$6,000	\$1,000	Covered by qualified plan:
			\$105,000 to \$125,000 joint
			\$66,000 to \$76,000 single, HOH
			\$0 to \$10,000 MFS
Roth	\$6,000	\$1,000	If one spouse covered by a plan:
			\$198,000 to \$208,000 joint
			\$125,000 to \$140,000 single, HOH
			\$0 to \$10,000 MFS
Roth conversion			No Income Limit

Medicare Premiums & Deductibles			
Part B premium	\$148.50		
Part B deductible	\$203		
Part A (inpatient services) deductible < 61 days of hospitalization	\$1,484	per benefit period	
Part A deductible 61 - 90 days of hospitalization	\$352	per day	
Part A deductible > 90 days of hospitalization	\$742	per day	

Part B / Part D Premiums for High-Income Taxpayers			
MAGI single	MAGI joint	Part B premium	Part D premium
< \$88,000	< \$176,000	\$148.50*	\$0.00
\$88,001 to \$111,000	\$176,001 to \$222,000	\$207.90	\$12.30
\$111,001 to \$138,000	\$222,001 to \$276,000	\$297.00	\$31.80
\$138,001 to \$165,000	\$276,001 to \$330,000	\$386.10	\$51.20
\$165,001 to \$499,999	\$330,001 to \$749,999	\$475.20	\$70.70
> \$500,000	> \$750,000	\$504.90	\$77.10

*Most individuals will pay less; however, individuals who are not protected by the Social Security "hold harmless" provision will pay \$148.50.

Social Security		Full Retirement Age			
Benefits		Year of Birth	FRA	% at age 62	% at age 70
Start taking benefits at	Maximum monthly benefit	1943-1954	66	75.0%	132.00%
At age 62	\$2,324	1955	66 + 2 mo	74.2%	130.67%
FRA	\$3,113	1956	66 + 4 mo	73.3%	129.33%
At age 70	\$3,895	1957	66 + 6 mo	72.5%	128.00%
Retirement earnings exempt amounts	\$18,960	Under FRA	1958	66 + 8 mo	71.7%
	\$50,520	During yr. reach FRA	1959	66 + 10 mo	70.8%
		NA After FRA	1960 or later	67	70.0%

Social Security Taxes		
Tax (FICA)	% withheld	Maximum tax payable
SS tax paid on income < \$142,800		
Employer pays	6.20%	\$8,853.60
Employee pays	6.20%	\$8,853.60
Self-employed pays	12.40%	\$17,707.20
Medicare tax paid on all income*		
Employer pays	1.45%	No maximum
Employee pays	1.45%	No maximum
Self-employed pays	2.90%	No maximum

*Additional 0.9% for wages exceeding \$200,000 (single) and \$250,000 (joint).

Filing status	AGI + provisional income*	Taxable portion
Married filing jointly	< \$32,000	0%
	\$32,000 to \$44,000	up to 50%
	> \$44,000	up to 85%
Single, HOH, MFS and living apart from spouse	< \$25,000	0%
	\$25,000 to \$34,000	up to 50%
	> \$34,000	up to 85%
Married filing separately & living w/ spouse	> \$0	up to 85%

*Provisional income = tax-exempt interest + 50% of SS benefit

You Can Work and Receive Social Security Benefits		
If you are	You can make up to	If you make more, some benefits will be withheld
Under FRA* in 2020	\$18,240/yr. (\$1,520/mo.)	\$1 for every \$2
Turning FRA in 2020	\$48,600/yr. (\$4,050/mo.)	\$1 for every \$3
Month you attain FRA	No Limit	No Limit

Deductibility of Long-Term Care Premiums on Qualified Policies				
Attained age before close of tax yr. / Amount of LTC premiums that qualify as medical expenses				
40 or less	\$450	51 to 60	\$1,690	> 70 \$5640
41 to 50	\$850	61 to 70	\$4,520	

Health Savings Accounts			
Household	Max. deductible contribution	Deductible/Co-pay limits	Minimum deductible
Individuals	\$3,600	\$7,000	\$1,400
Families	\$7,200	\$14,000	\$2,800
Catch-up for 55+	\$1,000	-	-

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2021 Tax Rate Schedule						
Taxable income		Base amount of tax		Marginal tax rate		Of the amount over
Single						
<	\$9,950	\$0.00	+	10.0%		\$0
\$9,951	to \$40,525	\$995.00	+	12.0%		\$9,950
\$40,526	to \$86,375	\$4,664.00	+	22.0%		\$40,525
\$86,376	to \$164,925	\$14,751.00	+	24.0%		\$86,375
\$164,926	to \$209,425	\$33,603.00	+	32.0%		\$164,925
\$209,426	to \$523,600	\$47,843.00	+	35.0%		\$209,425
>	\$523,600	\$157,804.25	+	37.0%		\$523,600
Married filing jointly & surviving spouses						
<	\$19,900	\$0.00	+	10.0%		\$0
\$19,901	to \$81,050	\$1,990.00	+	12.0%		\$19,900
\$81,051	to \$172,750	\$9,328.00	+	22.0%		\$81,050
\$172,751	to \$329,850	\$29,502.00	+	24.0%		\$172,750
\$329,851	to \$418,850	\$67,206.00	+	32.0%		\$329,850
\$418,851	to \$628,300	\$95,686.00	+	35.0%		\$418,850
>	\$628,300	\$168,993.50	+	37.0%		\$628,300
Head of household						
<	\$14,200	\$0.00	+	10.0%		\$0
\$14,201	to \$54,200	\$1,420.00	+	12.0%		\$14,200
\$54,201	to \$86,350	\$6,220.00	+	22.0%		\$54,200
\$86,351	to \$164,900	\$13,293.00	+	24.0%		\$86,350
\$164,901	to \$209,400	\$32,145.00	+	32.0%		\$164,900
\$209,401	to \$523,600	\$46,385.00	+	35.0%		\$209,400
>	\$523,600	\$156,355.00	+	37.0%		\$523,600
Married filing separately						
<	\$9,950	\$0.00	+	10.0%		\$0
\$9,951	to \$40,525	\$995.00	+	12.0%		\$9,950
\$40,526	to \$86,375	\$4,664.00	+	22.0%		\$40,525
\$86,376	to \$164,925	\$14,751.00	+	24.0%		\$86,375
\$164,926	to \$209,425	\$33,603.00	+	32.0%		\$164,925
\$209,426	to \$314,150	\$47,843.00	+	35.0%		\$209,425
>	\$314,150	\$84,496.75		37.0%		\$314,150
Estates and trusts						
<	\$2,650	\$0.00	+	10.0%		\$0
\$2,651	to \$9,550	\$265.00	+	24.0%		\$2,650
\$9,551	to \$13,050	\$1,921.00	+	35.0%		\$9,550
>	\$13,050	\$3,146.00	+	37.0%		\$13,050

Standard Deductions & Personal Exemption			
Standard Deduction		Personal exemption	
Filing Status	Deduction	Exemption	Phaseouts
Married filing joint	\$25,100	NA	NA
Single	\$12,550	NA	NA
Married filing separate	\$12,550	NA	NA
Head of household	\$18,800	NA	NA
Additional deductions for non-itemizers			
Blind or > 65	\$1,350		
Blind or > 65 and single	\$1,700		
Gift & Estate Tax			
Maximum estate tax rate			40%
Estate/Gift tax exclusion			\$11,700,000
Gift tax annual exclusion			\$15,000
AMT Exemptions & Phaseouts			
Filing status	Exemption	Income phaseout threshold	
Married filing jointly & qualifying widow(er)	\$114,600	\$1,047,200	
Single & HOH	\$73,600	\$523,600	
Married filing separately	\$57,300	\$523,600	
Capital Gains Tax Rates			
Assets held less than 1 yr.		Marginal income rate	
		0% for joint below \$80,800 and single below \$40,400.	
Assets held longer than 1 yr.		15% for joint at or above \$80,801 and single at or above \$40,401.	
		20% for joint at or above \$501,601 and single at or above \$445,851.	
Unrecaptured Sec. 1250 gains			25%
Collectibles			28%
Education Credits / Deductions / Distributions			
Credit / Deduction / Account	Maximum credit / deduction / distribution	Income phaseouts begin at AGI:	
American Opportunity Tax Credit	\$2,500	\$160,000 to \$180,000	joint
		\$80,000 to \$90,000	all others
Lifetime Learning Credit	\$2,000	\$119,000 to \$139,000	joint
		\$59,000 to \$69,000	all others
Student loan interest deduction	\$2,500	\$140,000 to \$170,000	joint
		\$70,000 to \$85,000	all others
Savings bond interest deduction	limited to amount of qualified expenses	\$123,550 to \$153,550	joint
		\$82,350 to \$97,350	all others
Coverdell	\$2,000 maximum contribution (non-deductible)	\$190,000 to \$220,000	joint
		\$95,000 to \$110,000	all others
529 Plan (K-12)	\$10,000 distribution	None	joint
		None	all others
Kiddie Tax			
Dependent children < age 19 (< 24 for full-time students) pay federal income tax at trust and estate income tax rates on investment income > \$2,200.			

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Individual Tax Rates									
Single					Joint				
Taxable Income	Ordinary Income	Capital Gains and Dividends	Affordable Health Care Act		Taxable Income	Ordinary Income	Capital Gains and Dividends	Affordable Health Care Act	
			Earned Income	Investment Income**				Earned Income	Investment Income**
\$0 to \$9,950	10%	0%	0%	0%	\$0 to \$19,900	10%	0%	0%	0%
\$9,951 to \$40,400	12%				\$19,901 to \$80,800	12%			
\$40,401 to \$40,525	22%				\$80,801 to \$81,050	22%			
\$40,526 to \$86,375	24%	15%	0%	0%	\$81,051 to \$172,750	22%	15%	0%	0%
\$86,376 to \$164,925	24%				\$172,751 to \$250,000	24%			
\$164,926 to \$200,000	32%				\$250,001 to \$329,850	32%			
\$200,001 to \$209,425	32%	20%	0.9%	3.8%*	\$329,851 to \$418,850	32%	0.9%	3.8%*	3.8%*
\$209,426 to \$445,850	35%				\$418,851 to \$501,600	35%			
\$445,851 to \$523,600	35%				\$501,601 to \$628,300	35%			
> \$523,600	37%				> \$628,300	37%			

*3.8% tax is only imposed on modified adjusted gross income (MAGI) in excess of the \$200,000 (\$250,000 joint) threshold

** Investment income for purposes of 3.8% tax = dividends, interest, capital gains, non-qualified annuity distributions, royalties, rents, and passive income (not qualified retirement distributions)

Select Tax Items		
Tax Limits	2021	
Gift tax annual exclusion	\$15,000	
Estate tax exemption	\$11,700,000 + DSUEA*	
Top federal estate tax bracket	40%	
IRA distributions direct to charity (over age 70.5)	\$100,000	
IRA / Roth IRA contribution limit	\$6,000	
IRA / Roth IRA catch-up provisions for individuals 50+	\$1,000	
Health Savings Account contribution limit [Individual, (Family)]	\$3,600, (\$7,200)	
Health Savings Account catch-up provisions for individuals 55+	\$1,000	
Phaseout Items	Single	Joint
Itemized deduction phaseout	N/A	N/A
Personal exemption phaseout	N/A	N/A
Deductible IRA contribution phaseout (qualified plan)	\$66,000 to \$76,000	\$105,000 to \$125,000
<i>If one spouse covered by a plan</i>	\$198,000 to \$208,000	
Roth IRA contribution phaseout	\$125,000 to \$140,000	\$198,000 to \$208,000
AMT exemption	\$73,600	\$114,600
Part B / Part D Premiums begin to increase with MAGI over	\$88,000	\$176,000

*Basic exclusion amount plus deceased spousal unused exclusion amount (DSUEA) -- exclusion is portable for 2011 onward

Retirement Plan Contribution Limits		
Plan	Limit	
Defined contribution plans	\$58,000	
401(k) (Roth/Traditional), 403(b), 457(b) plans	\$19,500	
Catch-up provision for individuals 50+	\$6,500	
SIMPLE plans	\$13,500	
SIMPLE plans - catch-up provision for individuals 50+	\$3,000	
Estates and Trusts		
Income	Rate	
< \$2,650	10%	
\$2,651 to \$9,550	24%	
\$9,551 to \$13,050	35%	
> \$13,051*	37%	
Short (Sold) Options		
Put/Call Action	Taxable Amount	How taxed (long/short)
Option expires worthless	Premium	Short
Option is closed	Net gain/loss of closing	Short
Call option assigned	Premium + strike price - security basis	Short or long**

*Investment income > \$13,051 subject to additional 3.8% surtax

**Underlying security held > 1 year is long term gain/loss, security held < 1 year is short term gain/loss