

# Annual Federal Limits Related to Tax and Financial Planning 2020.

The tax information provided in this guide is a high-level summary of certain tax rules. The rules described below are highly complex and exceptions may apply. In using this guide, you should confirm with a tax adviser whether and how the rules noted below apply to your particular circumstances.

## Financial planning and income tax limits.

### QUALIFIED PLANS

Elective deferrals: 401(k), 403(b), 457(b) & SAR-SEPs	\$ 19,500
Elective deferral catch-up contribution (50 or over at any time in 2020)	\$ 6,500
Defined contribution limit	\$ 57,000
SIMPLE plans	\$ 13,000
SIMPLE plan catch-up contribution (50 or over at any time in 2020)	\$ 3,000
IRA or Roth IRA contribution limit	\$ 6,000
IRA or Roth IRA catch-up contribution (50 or over at any time in 2020)	\$ 1,000

### TRADITIONAL IRA DEDUCTION PHASEOUT

#### ACTIVE EMPLOYER PLAN PARTICIPANTS<sup>1</sup>

Single or head of household	\$65,000–\$75,000
Married filing jointly	\$104,000–\$124,000

NON-ACTIVE EMPLOYER PLAN PARTICIPANTS <sup>1</sup>	\$196,000–\$206,000
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### ROTH IRA CONTRIBUTION PHASEOUT<sup>1</sup>

Single	\$124,000–\$139,000
Married filing jointly	\$196,000–\$206,000

### ESTATE, GIFT, AND GOODS AND SERVICES TAXES

Annual gift tax exclusion	\$ 15,000
Estate/GST/lifetime gift exemption	\$11,580,000
Maximum estate tax rate	40%

### LONG-TERM CAPITAL GAINS (LTCG) RATES BASED ON TAXABLE INCOME

	0% RATE	15% RATE	20% RATE
Single	Up to \$40,000	\$40,001–\$441,450	over \$441,450
Head of household	Up to \$53,600	\$53,601–\$469,050	over \$469,050
Married filing jointly	Up to \$80,000	\$80,001–\$496,600	over \$496,600
Estates and trusts	Up to \$2,650	\$2,651–\$13,150	over \$13,150

### SOCIAL SECURITY (PAYROLL TAXES)

SS taxable wage base	\$ 137,700
SS tax rate (OASDI & HI)—employee <sup>2</sup>	6.2% / 1.45% / 0.9%
SS tax rate (OASDI & HI)—self-employed <sup>3</sup>	2.4% / 2.9% / 0.9%
Max monthly benefit at full retirement age	\$ 3,011

### EARNINGS LIMITATION

Before year of full retirement age (\$1 for \$2)	\$ 18,240
Annual year of full retirement age (\$1 for \$3)	\$ 48,600

## Income tax credit and deductions.

### STANDARD DEDUCTION

Married filing jointly	\$ 24,800
Head of household	\$ 18,650
Single or married filing separately	\$ 12,400
Individual eligible to be claimed as dependent	Greater of \$1,100 or earned income plus \$350 but not more than \$12,400

### ELDERLY (65) OR BLIND ADDITIONAL DEDUCTION

Single	\$ 1,650
Married	\$ 1,300

Foreign earned income exclusion	\$ 107,600
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### STANDARD MILEAGE RATES

Business use	57.5 cents per mile
Charitable use (not indexed)	14 cents per mile
Medical use	17 cents per mile

### EDUCATION

#### Lifetime learning credit—20% of qualified expenses up to \$10,000

Single	\$ 59,000–\$69,000
Married filing jointly	\$ 118,000–\$138,000

#### American opportunity tax credit—maximum of \$2,500

100% up to \$2,000 of qualified expenses

25% on next \$2,000—phaseout:

Single	\$ 80,000–\$90,000
Married filing jointly	\$160,000–\$180,000

### CHILD TAX CREDIT

Dependent under age 17	\$ 2,000
Other dependents	\$ 500
Phaseout (\$50 for every \$1,000 over)	
Single	\$200,000
Married filing jointly	\$400,000

## Income, retirement, estate, gift, and generation-skipping transfer (GST) limits.

### INVESTMENT SURTAX OF 3.8% MAY APPLY AFTER MAGI EXCEEDS<sup>4</sup>

Single, head of household	\$200,000
Married filing jointly or qualifying widow(er)	\$250,000

# Social Security, Medicare, and other benefit limits.

# 2020 tax rate schedules.

## MEDICARE PREMIUMS

Monthly premium: Part A <sup>5</sup>	\$ 458
Monthly premium: Part B <sup>6</sup>	\$144.60–\$491.60
Monthly premium: Part D <sup>7</sup>	\$12.20–\$76.40

## MEDICARE BENEFITS

### Part A

First 60 days—patient pays a deductible	\$ 1,408
Next 30 days—patient pays per day	\$ 352
Maximum of an additional 60 days (per day) (lifetime reserve days)	\$ 704

### Skilled nursing benefits

First 20 days—patient pays per day	\$ 0
Next 80 days—patient pays per day	\$ 176
Over 100 days—patient pays per day	All costs

### Part B

Deductible (per year)	\$ 198
Co-insurance	20%

## HEALTH SAVINGS ACCOUNT (HSA-§223)

HDHP—min. annual deductible—self/family	\$1,400/\$2,800
HDHP—max. annual out-of-pocket—self/family	\$6,900/\$13,800
Max. annual contribution—self/family	\$3,550/\$7,100
Catch-up contribution (turn age 55 or older during calendar year)	\$1,000

IF TAXABLE INCOME IS		THEN GROSS TAXABLE PAYABLE IS:		
OVER	BUT NOT OVER	AMOUNT	PLUS (PERCENT)	OF THE AMOUNT OVER

### Single taxpayers (other than surviving spouses and head of households)

\$0	\$9,875	10% of taxable income		
\$9,875	\$40,125	\$987.50	12%	\$9,875
\$40,125	\$85,525	\$4,617.50	22%	\$40,125
\$85,525	\$163,300	\$14,605.50	24%	\$85,525
\$163,300	\$207,350	\$33,721.50	32%	\$163,300
\$207,350	\$518,400	\$47,367.50	35%	\$207,350
\$518,400	—	\$156,253	37%	\$518,400

### Married individuals (and surviving spouses) filing joint returns

\$0	\$19,750	10% of taxable income		
\$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	—	\$167,307.50	37%	\$622,050

### Fiduciary (estates and trusts) taxpayers

\$0	\$2,600	10% of taxable income		
\$2,600	\$9,450	\$260	24%	\$2,600
\$9,450	\$12,950	\$1,904	35%	\$9,450
\$12,950	—	\$3,129	37%	\$12,950

- 1 Phase out begins if modified adjusted gross income (MAGI) exceeds the lower number. Complete phaseout is reached when MAGI exceeds the upper number.
- 2 This consists of as many as three parts: 6.2% for Old-Age, Survivors, and Disability Insurance, 1.45% for Hospital Insurance, and a Medicare surtax of 0.9%. The first part (6.2%) applies only to the wage base; the second part (1.45%) applies to every dollar of wages; the third part (0.9%) applies to all wages above the applicable threshold.
- 3 This consists of as many as three parts: 12.4% for Old-Age, Survivors, and Disability Insurance, 2.9% for Hospital Insurance, and a Medicare surtax of 0.9%. The first part (12.4%) applies only to the self-employment base; the second part (2.9%) applies to every dollar of self-employment income; the third part (0.9%) applies to all self-employment income above the appropriate threshold.
- 4 Surtax Rate of 3.8% applies to the lesser of (1) net investment income; or (2) MAGI in excess of the amounts shown .
- 5 Most do not pay this premium for Part A. For details, see <http://www.medicare.gov/your-medicare-costs/>.
- 6 Married couples filing jointly with 2020 modified AGI under \$174,000 (singles and married persons filing separately under \$87,000) pay \$144.60 monthly (up from \$135.50 last year), while those with higher incomes pay gradually higher premiums up to a maximum of \$491.60 monthly for married filing jointly with income above \$750,000 (singles above \$500,000).
- 7 In addition to whatever monthly plan premium you pay to your chosen Part D coverage provider, if your MAGI is above a certain limit, you may pay a Part D income- related monthly adjustment amount (Part D-IRMAA).

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