

# 2023 Tax Planning Quick Reference Guide



## FEDERAL INCOME TAX RATES

| Single                | Married, filing jointly | Married, filing separately | Head of household (HOH) | Estates, trusts and unearned income of children   |
|-----------------------|-------------------------|----------------------------|-------------------------|---|
| \$0 - \$11,000        | \$0 - \$22,000          | \$0 - \$11,000             | \$0 - \$15,700          | \$0 - \$2,900   |
| \$11,001 - \$44,725   | \$22,001 - \$89,450     | \$11,001 - \$44,725        | \$15,701 - \$59,850     | \$2,901 - \$10,550  |
| \$44,726 - \$95,375   | \$89,451 - \$190,750    | \$44,726 - \$95,375        | \$59,851 - \$95,350     | \$10,551 - \$14,450   |
| \$95,376 - \$182,100  | \$190,751 - \$364,200   | \$95,376 - \$182,100       | \$95,351 - \$182,100    | \$14,451 or more  |
| \$182,101 - \$231,250 | \$364,201 - \$462,500   | \$182,101 - \$231,250      | \$182,101 - \$231,250   | The amount used to reduce the net unearned income on a child's return subject to the "kiddie tax" is \$1,250. |
| \$231,251 - \$578,125 | \$462,501 - \$693,750   | \$231,251 - \$346,875      | \$231,251 - \$578,100   |   |
| \$578,126 or more     | \$693,751 or more       | \$346,876 or more          | \$578,101 or more       |   |

## FEDERAL INCOME TAX DEDUCTIONS AND CREDITS

### Standard deductions

|  |          |
|--|----------|
| Single   | \$13,850 |
| Married, filing jointly  | \$27,700 |
| Head of household (HOH)  | \$20,800 |
| Married, filing separately   | \$13,850 |
| Additional standard deduction for taxpayers who are age 65 or are blind: |          |
| Single or HOH  | \$1,850  |
| All other statuses   | \$1,500  |

### Child tax credit

The refundable portion of the credit cannot exceed \$1,600 for a qualifying child.

### Long-term care premium deductibility limits<sup>1</sup>

For HSA reimbursement or Section 213 medical deduction (subject to income limits)

| Attained age before end of tax year | Limit   |
|-------------------------------------|---------|
| 40 or less                          | \$480   |
| More than 40 but not more than 50   | \$890   |
| More than 50 but not more than 60   | \$1,790 |
| More than 60 but not more than 70   | \$4,770 |
| More than 70                        | \$5,960 |

## OTHER FEDERAL TAX RATES

### Rates for long-term capital gains and qualified dividends

| Capital gains rate/<br>filing status | Single filer<br>(income amount) | Married, filing jointly<br>(income amounts) |
|--------------------------------------|---------------------------------|---|
| 0%                                   | \$0 - \$44,625                  | \$0 - \$89,250                              |
| 15%                                  | \$44,626 - \$492,300            | \$89,251 - \$553,850                        |
| 20%                                  | \$492,301 or more               | \$553,851 or more                           |

### Investment income Medicare tax

Applies to the lesser of (a) net investment income or (b) modified adjusted gross income (MAGI) exceeding:

|                              |           |
|------------------------------|-----------|
| • Individuals                | \$200,000 |
| • Married, filing jointly    | \$250,000 |
| • Married, filing separately | \$125,000 |
| • Estates and trusts         | \$14,451  |

### Federal gift and estate tax

|  |              |
|--|--------------|
| Gift tax annual exclusion                      | \$17,000     |
| Annual exclusion for gift to noncitizen spouse | \$175,000    |
| Estate tax exclusion amount                    | \$12,920,000 |
| Lifetime gifting exclusion amount              | \$12,920,000 |
| Highest gift tax rate                          | 40%          |
| Highest estate tax rate                        | 40%          |
| Highest generation-skipping transfer tax rate  | 40%          |

### Social Security

|   |           |
|---|-----------|
| Annual cost-of-living adjustment                            | 8.7%      |
| Maximum earnings (during working years) subject to FICA tax | \$160,200 |

Income<sup>2</sup> causing Social Security benefits to be taxable:

|                           |                          |
|---------------------------|--------------------------|
| • Single or HOH           |                          |
| - 50% taxable             | \$25,000 - \$34,000 MAGI |
| - 85% taxable             | More than \$34,000       |
| • Married, filing jointly |                          |
| - 50% taxable             | \$32,000 - \$44,000 MAGI |
| - 85% taxable             | More than \$44,000       |

Maximum earnings (from a job) between age 62 and normal Social Security retirement age before Social Security benefits are reduced \$1 for every additional \$2 earned

## CONTRIBUTION LIMITS

### IRA

|  |                       |
|--|-----------------------|
| IRA contribution (under age 50)                      | \$6,500               |
| IRA contribution (50 and older)                      | \$7,500               |
| IRA deduction phaseout (qualified plan participant): |                       |
| • Single or HOH                                      | \$73,000 - \$83,000   |
| • Married, filing jointly                            | \$116,000 - \$136,000 |
| • Married, filing separately                         | \$0 - \$10,000        |
| • Spousal IRA deduction phaseout                     | \$218,000 - \$228,000 |

### Phaseout of Roth IRA contributions eligibility

|                            |                       |
|----------------------------|-----------------------|
| Single                     | \$138,000 - \$153,000 |
| Married, filing jointly    | \$218,000 - \$228,000 |
| Married, filing separately | \$0 - \$10,000        |

### SEP

|  |          |
|--|----------|
| SEP contribution limit is the lesser of 25% of compensation, or: | \$66,000 |
| Minimum compensation for SEP participant                         | \$750    |

### SIMPLE

|   |          |
|---|----------|
| SIMPLE elective deferral (under age 50) | \$15,500 |
| SIMPLE elective deferral (50 and older) | \$19,000 |

### Retirement plans

|   |           |
|---|-----------|
| 401(k), 403(b), <sup>3</sup> 457 and SARSEP elective deferral (under 50)                  | \$22,500  |
| 401(k), 403(b), <sup>3</sup> 457 <sup>4</sup> and SARSEP elective deferral (50 and older) | \$30,000  |
| Limit on additions to defined contribution plans  | \$66,000  |
| Annual benefit limit on defined benefit plans   | \$265,000 |
| Highly compensated employee threshold   | \$150,000 |
| Maximum compensation taken into account for qualified plans                               | \$330,000 |

### Health savings accounts (HSAs)

|                                      |         |
|--------------------------------------|---------|
| Individual limit (under age 55)      | \$3,850 |
| Family limit                         | \$7,750 |
| Catch-up contribution (55 and older) | \$1,000 |

# 2023 required minimum distribution summary

## Uniform lifetime table

### For use by:

- Unmarried owners
- Married owners whose spouses are not more than 10 years younger
- Married owners whose spouses are not the sole beneficiaries of their IRAs

For married owners whose spouses are more than 10 years younger and are the sole beneficiary of the IRA, use the Joint Life Table from IRS Publication 590.

This uniform lifetime table reflects the new life expectancy factors used to calculate required minimum distributions beginning in 2023.

Under the Setting Every Community Up for Retirement Enhancement (SECURE) Act passed at the end of 2019, participants reaching age 70½ after December 31, 2020, are not required to take required minimum distributions until April 1 of the calendar year following their 72nd birthday.

<sup>1</sup> The IRS considers the premiums for traditional long-term care insurance contracts to be a qualified medical expense that may be paid for or reimbursed from an HSA on a tax-free basis, subject to age-based limitations. LTC riders on life insurance have additional considerations. Consult your tax advisor for additional details.

<sup>2</sup> This is your adjusted gross income, plus nontaxable interest, plus half of your Social Security benefits.

<sup>3</sup> Additional catch-up contributions may be available for 403(b) participants with 15 or more years of service.

<sup>4</sup> In the last 3 years before retirement, 457 plan participants may be able to increase their elective deferrals if needed to catch up on missed contributions.

Source: IRS.gov. Information is accurate as of December 2022. This document is designed to provide general information on the subjects covered.

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

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## Uniform lifetime table

| Age | Distribution period |
|-----|---------------------|
| 72  | 27.4                |
| 73  | 26.5                |
| 74  | 25.5                |
| 75  | 24.6                |
| 76  | 23.7                |
| 77  | 22.9                |
| 78  | 22.0                |
| 79  | 21.1                |
| 80  | 20.2                |
| 81  | 19.4                |
| 82  | 18.5                |
| 83  | 17.7                |
| 84  | 16.8                |
| 85  | 16.0                |
| 86  | 15.2                |
| 87  | 14.4                |
| 88  | 13.7                |
| 89  | 12.9                |
| 90  | 12.2                |
| 91  | 11.5                |
| 92  | 10.8                |
| 93  | 10.1                |
| 94  | 9.5                 |
| 95  | 8.9                 |
| 96  | 8.4                 |
| 97  | 7.8                 |
| 98  | 7.3                 |
| 99  | 6.8                 |
| 100 | 6.4                 |
| 101 | 6.0                 |
| 102 | 5.6                 |
| 103 | 5.2                 |
| 104 | 4.9                 |
| 105 | 4.6                 |
| 106 | 4.3                 |
| 107 | 4.1                 |
| 108 | 3.9                 |
| 109 | 3.7                 |
| 110 | 3.5                 |
| 111 | 3.4                 |
| 112 | 3.3                 |
| 113 | 3.1                 |
| 114 | 3.0                 |
| 115 | 2.9                 |
| 116 | 2.8                 |
| 117 | 2.7                 |