

Updated Numbers for 2020

Retirement

| Description | Limit | Notes |
|---|---|--|
| Maximum Pre-Tax Deferral 401(k), 403(b) and most 457 Plans | \$19,500 \$6,500 Catch-Up Age 50+ | Election Available to Treat Deferrals as Roth Contributions (No Income Limits) |
| Maximum Annual Addition for Defined Contribution Plans | Lesser of 100% of Income or \$57,000 | Catch-Up is in Addition to Limit: \$57,000 + \$6,500 = \$63,500 |
| Maximum IRA Contribution (not to exceed earned income) | \$6,000 \$1,000 Catch-Up Age 50+ | Traditional (Deductible or Non-Deductible) or Roth IRA Contributions |
| Traditional Deductible IRA AGI Phase-Out Ranges | Single or Head of Household: \$65,000 to \$75,000 | Phase-Outs Apply to <i>Active Participants</i> in Employer Sponsored Retirement Plans |
| | Married Filing Jointly: \$104,000 to \$124,000 | |
| | Non-Participant Spouse: \$196,000 to \$206,000 | |
| Roth IRA Contribution Phase-Out Ranges | Single or Head of Household: \$124,000 to \$139,000 | Roth IRA Conversions: Re-characterizations are no longer permitted |
| | Married Filing Jointly: \$196,000 to \$206,000 | |
| | Married Filing Separate: \$0 to \$10,000 | |
| Maximum Annual Compensation for Defined Benefit and Defined Contribution Plans | \$285,000 | |
| Maximum Defined Benefit | Lesser of 100% of Income or \$230,000/year | Use Highest Consecutive Three Years of Income |
| SIMPLE Plans: Maximum Deferral | \$13,500 \$3,000 Catch-Up Age 50+ | SIMPLE 401(k) and SIMPLE IRA |
| Maximum Taxable Amount for Social Security OASDI | \$137,700 | OASDI: Old Age, Survivors, and Disability Insurance |

Updated Numbers for 2020: Income Tax

| Column One | Single Individuals | |
|----------------|--------------------|----------------|
| Taxable Income | Tax on Column One | Rate on Excess |
| \$0 | \$0 + | 10% |
| \$9,875 | \$987.50 | 12% |
| \$40,125 | \$4,617.50 | 22% |
| \$85,525 | \$14,605.50 | 24% |
| \$163,300 | \$33,271.50 | 32% |
| \$207,350 | \$47,367.50 | 35% |
| Over \$518,400 | \$156,235.00 | 37% |

| Column One | Married Filing Jointly | |
|----------------|------------------------|----------------|
| Taxable Income | Tax on Column One | Rate on Excess |
| \$0 | \$0 + | 10% |
| \$19,750 | \$1,975 | 12% |
| \$80,250 | \$9,235 | 22% |
| \$171,050 | \$29,211 | 24% |
| \$326,600 | \$66,543 | 32% |
| \$414,700 | \$94,735 | 35% |
| Over \$622,050 | \$167,307.50 | 37% |

| Column One | Head of Household | |
|----------------|-------------------|----------------|
| Taxable Income | Tax on Column One | Rate on Excess |
| \$0 | \$0 + | 10% |
| \$14,100 | \$1,410 | 12% |
| \$53,700 | \$6,162 | 22% |
| \$85,500 | \$13,158 | 24% |
| \$163,300 | \$31,830 | 32% |
| \$207,350 | \$45,926 | 35% |
| Over \$518,400 | \$154,793.50 | 37% |

| Column One | Married Filing Separate | |
|----------------|-------------------------|----------------|
| Taxable Income | Tax on Column One | Rate on Excess |
| \$0 | \$0 + | 10% |
| \$9,875 | \$987.50 | 12% |
| \$40,125 | \$4,617.50 | 22% |
| \$85,525 | \$14,605.50 | 24% |
| \$163,300 | \$33,271.50 | 32% |
| \$207,350 | \$47,367.50 | 35% |
| Over \$311,025 | \$83,653.75 | 37% |

Standard Deduction: Married Filing Jointly \$24,800, Single and Married Filing Separate \$12,400, Head of Household \$18,650. Additional Standard Deduction for Blind and Age 65+: \$1,350 Married and \$1,650 Single and Head of Household. Personal exemptions are now zero.

Updated Numbers for 2020: Social Security

| Description | Amount | Notes |
|---|---|--|
| Maximum Taxable Amount for Social Security OASDI | \$137,700 [3.6% increase from 2019] | OASDI: Old Age, Survivors, and Disability Insurance |
| FICA Tax Rate: OASDI | 6.2% for both Employee and Employer | FICA: Federal Insurance Contributions Act |
| SECA Tax Rate: OASDI | 6.2% for both Employee and Employer | SECA: Self Employed Contributions Act. Tax is assessed on net income from self-employment <i>as adjusted</i> |
| Medicare Tax Rate | 1.45% on all Earned Income for both Employee and Employer | Additional Medicare Tax of .9% > Thresholds (\$200K/\$250K) on EE |
| Earnings Threshold Prior to Year of Full Retirement Age | \$18,240/year \$1,520/month | \$1 is deducted for every \$2 over threshold |
| Earnings Threshold During Months Prior to FRA in the year FRA is attained | \$48,600/year \$4,050/month | \$1 is deducted for every \$3 over the annual threshold in the months prior to month of FRA |
| Reduction in Social Security Benefit for Early Retirement | 5/9% for each month of early retirement during first three years before FRA; 5/12% for each month more than three years prior to FRA. | Reduction is 20% for first three years, and an additional 5% per year for each of the next two years. |

Medicare Part B Monthly Premium

The standard premium amount is \$144.60 per month, but many will pay less, including current beneficiaries. However, if your modified adjusted gross income as reported on your IRS tax return from 2 years ago is above a certain amount, you may pay more.

| If Your Yearly Income in 2018 was | | You pay |
|-----------------------------------|---------------------------------|----------|
| File Individual Tax Return | File Joint Tax Return | |
| \$87,000 or less | \$174,000 or less | \$144.60 |
| above \$87,001 up to \$109,000 | above \$174,000 up to \$218,000 | \$202.40 |
| above \$109,000 up to \$136,000 | above \$218,000 up to \$272,000 | \$289.20 |
| above \$136,000 up to \$163,000 | above \$272,000 up to \$326,000 | \$376.00 |
| above \$163,000 up to \$500,000 | above \$326,000 up to \$750,000 | \$462.70 |
| \$500,000+ | \$750,000+ | \$491.60 |

Updated Numbers for 2020: Miscellaneous

| Description | Amount | | Notes |
|--|---|--------------|---|
| Inflation Adjustments: Chained Consumer Price Index (C-CPI) | Applies to income thresholds, deduction amounts and credit values | | Not applicable to Social Security or Medicare |
| Maximum Tax on Long Term Capital Gains And Qualified Dividends | 15%, unless <i>Taxable Income</i> exceeds \$441,450 Single or \$496,600 Married Filing Joint | | Over Threshold, Maximum Tax is 20% [0% up to \$40K/\$80K] |
| Net Investment Income | 3.8% Tax on Lesser of NII or Excess over MAGI Threshold: Single: \$200,000 MFJ: \$250,000 MFS: \$125,000 | | Erroneously called the Medicare tax. Tax is not applied to earned income. |
| Estate and Gift Tax Applicable Exclusion Amount | \$11,580,000 Single \$23,160,000 Couple | | Also Applies to Generation Skipping Transfer Tax |
| Annual Gift Tax Exclusion | \$15,000 | | Annual Exclusion for non-US Citizen Spouse is \$152,000 |
| Transfer Tax Rate for Amounts in Excess of Applicable Exclusion Amount | 40% | | Deceased Spouse's Unused Exclusion Amount is Portable (Permanent) |
| Key Employee | \$185,000 | | For Top Heavy Plans |
| Highly Compensated Employee | \$130,000 | | For Coverage Rules in Qualified Plans |
| Social Security Cost of Living Increase | 1.6% Increase for 2020 | | Determined Annually |
| Eligible Long Term Care Premiums | Attained Age Before Close of Taxable Year | Dollar Limit | For Individuals, Premiums are an Itemized Deduction. Aggregate Unreimbursed Medical Expenses and Premiums are Subject to a Threshold of 10% of AGI in 2020. |
| | 40 or Less | \$430 | |
| | >40 to 50 | \$810 | |
| | >50 to 60 | \$1,630 | |
| | >60 to 70 | \$4,350 | |
| | >70 | \$5,430 | |

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