

# 2020 TAX AND RETIREMENT INFORMATION

INCOME TAX BRACKETS	
Single	
Not over \$9,875	10%
over \$9,875 – \$40,125	12%
over \$40,125 – \$85,525	22%
over \$85,525 – \$163,300	24%
over \$163,300 – \$207,350	32%
over \$207,350 – \$518,400	35%
over \$518,400	37%

Married Filing Jointly	
Not over \$19,750	10%
over \$19,750 – \$80,250	12%
over \$80,250 – \$171,050	22%
over \$171,050 – \$326,600	24%
over \$326,600 – \$414,700	32%
over \$414,700 – \$622,050	35%
over \$622,050	37%

Married Filing Separately	
Not over \$9,875	10%
over \$9,875 – \$40,125	12%
over \$40,125 – \$85,525	22%
over \$85,525 – \$163,300	24%
over \$163,300 – \$207,350	32%
over \$207,350 – \$311,025	35%
over \$311,025	37%

Head of Household	
Not over \$14,100	10%
over \$14,100 – \$53,700	12%
over \$53,700 – \$85,500	22%
over \$85,500 – \$163,300	24%
over \$163,300 – \$207,350	32%
over \$207,350 – \$518,400	35%
over \$518,400	37%

STANDARD DEDUCTIONS		
	Annual	Additional age 65+ or blind
Married/Filing Jointly	\$24,800	\$1,300
Single	\$12,400	\$1,650
Head of Household	\$18,650	\$1,650

KEY TAX RULES	
Kiddie Tax	Tax Rate
Unearned income < \$1,100	0%
Unearned Income > \$1,100 < \$2,200	Child's tax rate
Unearned Income > \$2,200	Parent's tax rate. This change can be applied retroactively to tax years after December 31, 2017.

The Kiddie Tax rules apply to unearned income of the following:

- A child under age 18 at the end of each tax year
- An 18-year-old whose earned income does not exceed one-half of his or her support
- A 19-to-23-year-old full-time student whose earned income does not exceed one-half of his or her support

Child Tax Credit	
Child Tax Credit has been increased to \$2,000 per child with \$1,400 being refundable. The Child Tax Credit also phases out beginning at \$400,000 (MFJ) and \$200,000 (all other filing).	
Mortgage Interest Deduction	
\$750,000 deductibility limit for acquisition indebtedness incurred after December 14, 2017. Allowed for up to 2 homes.	
No deduction for home equity loans unless proceeds are used to substantially improve the home that secures the loan, and meet the definition of acquisition debt.	
State and Local Tax Deduction	
State and Local Tax Deduction	\$10,000

LONG TERM CAPITAL GAIN/QUALIFIED DIVIDEND INCOME				
Tax Rate	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Less than \$40,000	Less than \$80,000	Less than \$53,600	Less than \$40,000
15%	\$40,000 – \$441,450	\$80,000 – \$496,600	\$53,600 – \$469,050	\$40,000 – \$248,300
20%	Over \$441,550	Over \$496,600	Over \$469,050	Over \$248,300
Capital Loss Limit	\$3,000	\$3,000	\$3,000	\$1,500

ALTERNATIVE MINIMUM TAX (AMT)		
Filing Status	Exemption Amount	Threshold Phaseout
Single Filers and Head of Household	\$72,900	\$518,400
Married Filing Jointly and Surviving Spouses	\$113,400	\$1,036,800
Married Filing Separately	\$56,700	\$518,400

## 3.8% SURTAX ON UNEARNED INCOME

The Net Investment Income Tax applies to individuals, trusts, and estates. Unearned income is defined as investment income such as income from interest, dividends, annuities, royalties, capital gains and other passive income.

The tax applies to the lesser of 1) net investment income and 2) the excess of MAGI over the threshold amount

This tax applies to taxpayers with MAGI exceeding :

- \$250,000 for taxpayers filing jointly
- \$125,000 for taxpayers filing married filing separately
- \$200,000 for other taxpayers

HEALTH ACCOUNTS	
Health flexible spending account maximum (FSA)	\$2,750
Health savings account maximum – self coverage only (HSA)	\$3,550
Health savings account maximum – family coverage	\$7,100
Annual catch-up for age 55 and older	\$1,000

FICA			
	Employee	Employer	Self Employed
OASDI (Social Security) Maximum	6.2	6.2	12.4
HI (Medicare) Maximum	1.45	1.45	2.9
An additional 0.9% HI tax applies on individuals with wages or self-employment income in excess of \$200,000 (single and qualifying widow(er)s), \$250,000 (married/filing jointly), or \$125,000 (married/filing separately).			

# 2020 TAX AND RETIREMENT INFORMATION

SOCIAL SECURITY		
Annual Figures		
Maximum earnings subject to FICA	\$137,700	
2019 Cost-of-living adjustments	1.6%	
Taxation of Benefits – Determined by Provisional Income		
= Adjusted Gross Income + Tax-Exempt Interest + 1/2 SS Benefits		
Single	Married	% of Benefits Taxed
Less than \$25K	less than \$32K	0%
\$25K – \$34K	\$32K – \$44K	Up to 50%
More than \$34K	More than \$44K	Up to 85%
Benefits Withholding – The Earned Income Test		
Full year prior to retirement age	\$1/\$2 of earnings above annual limit (\$18,240)	
Year you reach to retirement age	\$1/\$3 of earnings above annual limit (\$48,600)	
Month of retirement age and beyond	No limit on earnings. Future benefits increased base on amount of benefits withheld.	

RETIREMENT	
Traditional and Roth IRA Contribution Limits	
Under age 50	\$6,000
Age 50 and over	\$7,000
Deductibility of IRA Contribution (Phaseouts)	MAGI
Covered by Retirement Plan	
Single	\$65,000 – \$75,000
Married Filing Jointly	\$104,000 – \$124,000
Not Covered by Retirement Plan	
Single or Married Filing Jointly	Unlimited
Spouse Covered	\$196,000 – \$206,000
Roth IRA Contribution Eligibility	
Single	\$124,000 – \$139,000
Married Filing Jointly	\$196,000 – \$206,000
Married Filing Separately	\$0 – \$10,000
SEP Contribution	
Up to 25% of compensation	maximum \$57,000
Compensation to participate in SEP	\$600
SIMPLE Elective Deferral	
Under age 50	\$13,500
Age 50 and over	\$16,500

401(k), 403(b), 457 and SARSEP	
Under age 50	\$19,500
Age 50 and over	\$26,000
Defined Contribution 415 Limit	\$57,000
Defined Benefit 415 Limit	\$230,000
Highly Compensated Employee	\$130,000
Compensation Limit	\$285,000

TRUST AND ESTATE INCOME TAX RATES	
If Taxable Income is:	Your Tax is:
Not over \$2,600	10%
over \$2,600 – \$9,450	\$260 + 24%
over \$9,450 – \$12,950	\$1,904 + 35%
over \$12,951	\$3,129 + 37%

2020 ESTATE, GIFT AND GENERATION SKIPPING TAX	
Annual Gift Tax Exclusion	\$15,000
Non-Citizen Spouse Annual Exclusion	\$157,000
Gift and Estate Tax Applicable Exclusion Amount	\$11,580,000
Generation Skipping Tax Exemption Amount	\$11,580,000

Basic exclusion amount plus deceased spousal unused amount (exclusion is portable for 2011 and later years). The estimated tax exemption is not portable.

EDUCATION	
Coverdell Contributions	\$2,000
Phaseout for Contribution	MAGI
Single	\$95,000 – \$110,000
Married Filing Jointly	\$190,000 – \$220,000
529 Plan Contributions	
Accelerates 5 years of gifting into 1 year for individual gift.	\$75,000
Accelerates 5 years of gifting into 1 year for joint gift.	\$150,000
ABLE contribution limit	\$15,000

The Tax Cuts and Jobs Act enables individuals to roll over funds from a Qualified Tuition Plan to an ABLE account of the same beneficiary or beneficiary's family. Rollovers from 529 plans are still subject to \$15,000 annual contribution limits in 2020.

Lifetime Learning Credit	
Maximum Credit	\$2,000
Phaseout single	\$59,000 – \$69,000
Married Filing Jointly	\$118,000 – \$138,000
Student Loan Interest	
Deduction limit:	\$2,500
Phaseout single	\$70,000 MAGI
Married Filing Jointly	\$140,000 MAGI
Phaseout of tax-free saving bonds interest	
Single	\$82,350 – \$97,350 MAGI
Married Filing Jointly	\$123,550 – \$153,550 MAGI
American Opportunity Tax Credit	
Maximum Credit	\$2,500
Phaseout single	\$80,000 – \$90,000 MAGI
Married Filing Jointly	\$160,000 – \$180,000 MAGI

**CONTINUUM PRIVATE WEALTH AT STEWARD PARTNERS**  
 2 Grand Central Tower  
 140 E. 45th Street, 36th Floor // New York, NY 10017  
 O 212.364.0364 // F 212.867.5922  
[continuumprivatewealth.stewardpartners.com](mailto:continuumprivatewealth.stewardpartners.com)  
[continuumprivatewealth@stewardpartners.com](mailto:continuumprivatewealth@stewardpartners.com)



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