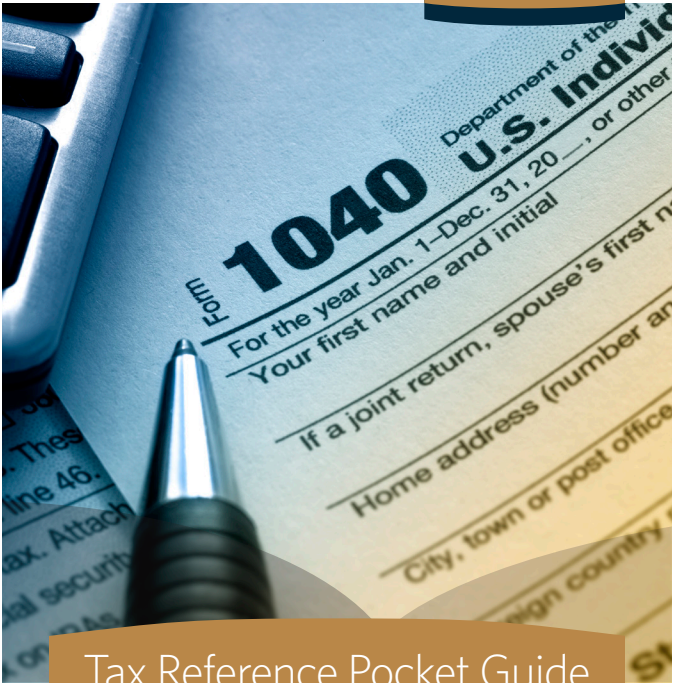


ADVANCED
MARKETS



Tax Reference Pocket Guide
2020

TWGW 

THE WESTERMAN GROUP, LLC
INVESTMENT & WEALTH MANAGEMENT

The Westerman Group, LLC

114 E. Aurora Road, Suite 100
Sagamore Hills, OH 44067-2078
(330) 467-3111 (office)
(330) 467-3112 (fax)

www.thewestermangroup.com

2020 TAX RATE SCHEDULES

If taxable income is:		Then the gross tax payable is:		
Over	But Not Over	Amount	Plus	Of Amount Over
Single taxpayers (other than surviving spouses and heads of households)				
\$0	\$9,875	----- 10% of taxable income -----		
\$9,876	\$40,125	\$987.50	12%	\$9,875
\$40,126	\$85,525	\$4,617.50	22%	\$40,125
\$85,526	\$163,300	\$14,605.50	24%	\$85,525
\$163,301	\$207,350	\$33,217.50	32%	\$163,300
\$207,351	\$518,400	\$47,367.50	35%	\$207,350
\$518,401	--	\$156,235	37%	\$518,400
HEADS OF HOUSEHOLDS				
\$0	\$14,100	----- 10% of taxable income -----		
\$14,101	\$53,700	\$1,410	12%	\$14,100
\$53,701	\$85,500	\$6,162	22%	\$53,700
\$85,501	\$163,300	\$13,158	24%	\$85,500
\$163,301	\$207,350	\$31,830	32%	\$163,300
\$207,351	\$518,400	\$45,926	35%	\$207,350
\$518,401	--	\$154,793.50	37%	\$518,400
MARRIED INDIVIDUALS (AND SURVIVING SPOUSES) FILING JOINT RETURNS				
\$0	\$19,750	----- 10% of taxable income -----		
\$19,751	\$80,250	\$1,975	12%	\$19,750
\$80,251	\$171,050	\$9,235	22%	\$80,250
\$171,051	\$326,600	\$29,211	24%	\$171,050
\$326,601	\$414,700	\$66,543	32%	\$326,600
\$414,701	\$622,050	\$94,735	35%	\$414,700
\$622,051	--	\$167,307.50	37%	\$622,050
MARRIED INDIVIDUALS FILING SEPARATE RETURNS				
\$0	\$9,875	----- 10% of taxable income -----		
\$9,876	\$40,125	\$987.50	12%	\$9,875
\$40,126	\$85,525	\$4,617.50	22%	\$40,125
\$85,526	\$163,300	\$14,605.50	24%	\$85,525
\$163,301	\$207,350	\$33,271.50	32%	\$163,300
\$207,351	\$311,025	\$47,367.50	35%	\$207,350
\$311,026	--	\$83,653.75	37%	\$311,025
FIDUCIARY (ESTATES AND TRUSTS) TAXPAYERS				
\$0	\$2,600	----- 10% of taxable income -----		
\$2,601	\$9,450	\$260	24%	\$2,600
\$9,451	\$12,950	\$1,904	35%	\$9,450
\$12,951	--	\$3,129	37%	\$12,950

LTCG RATES BASED ON TAXABLE INCOME

Filing Status	0% rate	15% rate	20% rate
Single	under \$40,000	\$40,000-441,450	over \$441,550
Head of household	under \$53,600	\$53,600-469,050	over \$469,050
Married filing jointly	under \$80,000	\$80,000-496,600	over \$496,600
Estates and trusts	under \$2,650	\$2,650-12,950	over \$12,950

INCOME TAX EXEMPTIONS, DEDUCTIONS AND CREDITS

Personal exemption	\$0
Standard deduction:	
Single	\$12,400
Married filing jointly	\$24,800
Head of household	\$18,650
Married filing separately	\$12,400
Kiddie tax limited standard deduction	\$1,100
Individual eligible to be claimed as dependent - greater of \$1,100 or earned income plus \$350, not to exceed full standard deduction of \$12,400.	
Elderly or blind additional deduction:	
Single	\$1,650
Married	\$1,300
Section 179:	
Maximum election	\$1,000,000
Phaseout begins	\$2,000,000
Adoption credit (nonrefundable):	
Maximum	\$14,300
Phaseout	\$214,520-254,520
Medicare Contribution tax and additional Medicare Tax	
Single	\$200,000
Head of Household	\$200,000
Married filing jointly	\$250,000
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

MISCELLANEOUS ITEMS

PBGC maximum monthly benefit (at age 65)	\$5,047.16
LTC per diem limit	\$380
LTC premium as medical expense limitation:	
Age 40 or younger	\$430
Age 41-50	\$810
Age 51-60	\$1,630
Age 61-70	\$4,350
Age 71 or older	\$5,430
Qualified transportation fringes (monthly):	
Commuter highway vehicle/transit pass	\$270
Qualified parking	\$270
Qualified Longevity Annuity Contract	\$135,000
Health Care Flexible Spending Account	\$2,750/year

RETIREMENT PLANS

Elective deferrals 401(k), 403(b), 457 and SARSEPs	\$19,500
Catch-up contribution	\$6,500
Defined contribution (§415(c)(1)(A))	\$57,000
Defined benefit (§415(b)(1)(A))	\$230,000
SIMPLE plan	\$13,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$285,000
Highly compensated employee:	
Look back to 2018	\$120,000
Look back to 2019	\$125,000
Key employee (top-heavy plan)	\$185,000
SEP contribution	
Up to 25% compensation, \$57,000 limit	
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$6,000
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants:	
Single	\$65,000 - 75,000
Married filing jointly	\$104,000 - 124,000
Married filing separately	\$0 - 10,000
Non-active participant married to active participant	\$196,000 - 206,000
Roth IRA phaseout:	
Single	\$124,000 - 139,000
Married filing jointly	\$196,000 - 206,000

EDUCATION

EE bonds for education - exclusion phaseout:	
Single	\$82,350 - 97,350
Married filing jointly	\$123,550 - 153,550
Coverdell Education Savings Account (\$2,000 limit) phaseout:	
Single	\$95,000 - 110,000
Married filing jointly	\$190,000 - 220,000
Lifetime Learning credit - 20% of qualified expenses up to \$10,000:	
Single	\$56,000 - 66,000
Married filing jointly	\$112,000 - 132,000
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
Education loan deduction (\$2,500) phaseout:	
Unmarried	\$70,000 - 85,000
Married filing jointly	\$140,000 - 170,000

SOCIAL SECURITY

SS wage base	\$137,700
FICA tax rate—employee ³	7.65%
SECA tax rate—self-employed	15.3%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$18,240/yr
Persons reaching FRA (\$1 for \$3)	\$48,600/yr
<i>(Applies only to earnings for months prior to attaining FRA)</i>	
Social Security cost-of-living adjustment	4.4%
Quarter of coverage	\$1,503
Maximum benefit: worker retiring at FRA *See SS FRA below	\$3,011
Estimated average monthly benefit	\$1,410

SOCIAL SECURITY FRA (FULL RETIREMENT AGE)

Year of Birth	Social Security FRA	Percent Reduced at Age 62 ⁴
1943-1954	66	25%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	28.33%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 and later	67	30%

HEALTH SAVINGS ACCOUNT

Minimum deductible amount:	
Single	\$1,400
Family	\$2,800
Maximum out-of-pocket amount:	
Single	\$6,900
Family	\$13,800
HSA statutory contribution maximum:	
Single	\$3,550
Family	\$7,100
Catch-up contributions (age 55 or older)	\$1,000

ESTATE AND GIFT TAX

Annual gift tax exclusion	\$15,000
Estate and gift tax basic exclusion	\$11,580,000
Applicable credit amount	\$4,577,800
Generation skipping exemption	\$11,580,000
Maximum estate tax rate ⁵	40%

MEDICARE

Monthly premium:

Part A ¹	\$458
Part B ²	\$144.60

Part A:

First 60 days - patient pays a deductible	\$1,408
Next 30 days - patient pays per day	\$352
Next 60 days (lifetime reserve days) patient pays per day	\$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	\$198
Coinsurance	20%

Part D (Prescription Standard Benefit Model):

Deductible	\$435
25% coinsurance on next	\$4,020
Out-of-pocket (OOP) threshold	\$6,350

Beneficiary then pays coinsurance amount for additional covered expenses

2019 MEDICARE PART B PREMIUM RATES:

YOU PAY		If your 2018 income was:	
Premium	Part D Surcharge	Single	Married Couple
\$202.40	\$12.20	\$87,000 or less	\$174,000 or less
\$289.20	\$31.50	\$87,001 - 109,000	\$174,001 - 218,000
\$376.00	\$50.70	\$109,001 - 136,000	\$218,001 - 272,000
\$462.70	\$70.00	\$136,001 - 163,000	\$272,001 - 326,000
\$491.60	\$76.40	\$163,001 - 500,000	\$326,001 - 750,000

YOU PAY	Adjustment Amount	If you are married filing separately and your 2018 income was:
\$144.60	\$0	\$87,000 or less
\$462.70	\$318.10	\$87,001 - 413,000
\$491.60	\$347.00	Above \$413,000

FIGURE 1

STANDARD MILEAGE RATES

Business use	57.5¢ per mile
Charitable use (not indexed)	14¢ per mile
Medical or moving use	17¢ per mile

ALTERNATIVE MIN TAX (AMT)	Exemption	Phaseout
Single	\$72,900	\$518,400
Married filing jointly	\$113,400	\$1,036,800
Married filing separately	\$56,700	\$518,400
Trusts and estates	\$25,400	\$84,800

AMT RATES

26% up to \$197,900 of AMT base
28% over \$197,900 of AMT base

Footnotes

- 1 The Part A premium of \$458 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A premium is \$252 per month.
- 2 Beneficiaries not subject to the "hold harmless" provision includes persons not receiving Social Security, those who enroll in Part B for the first time in 2020, dual eligible beneficiaries who have their premiums paid by Medicaid, and beneficiaries who pay an additional income-related premium. **See Premium rates (Figure 1)**
- 3 The FICA tax rate is comprised of two separate payroll taxes: Employer portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI); Employee portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI). For self-employed, the SECA is 12.40% for OASDI and 2.90% for HI.
- 4 You must be at least 62 for the entire month to receive benefits.
- 5 A deceased spouse's unused credit amount is portable to a surviving spouse.



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