

Key	IRAs & Retirement Plan Contributions	Key
	Retirement Plan Distributions	
	Tax Rates	
	Misc. Deductions & Exemptions	
	Estate / Gift Tax Rates & Exclusions	
	Social Security	

EmPower

wealth advisors

4358 Lockhill Selma Rd. | Bldg. 1, Suite 200
Shavano Park, TX. 78249

(210) - EMPOWER

www.EmPowerWealthAdvisors.com



IRA Contributions

	2020	2021
Traditional & Roth	\$6,000	\$6,000
Catch-up Contribution (Age 50 and older)	\$1,000	\$1,000

Traditional IRA Deduction Phase Outs

	2020		2021	
	Active participants (active participant in a qualified plan)	Single or Head of HH	MFJ	MFS
Single or Head of HH	\$65,000-\$75,000	\$65,000 - \$76,000	\$104,000-\$124,000	\$105,000 - \$125,000
MFJ	\$0-\$10,000	\$0-\$10,000		
MFS				

Non-active participants full contribution is deductible (if married, neither spouse active)

Spousal contributions - If one spouse is an active participant, deductibility for non-active spouse phases out: \$193,000- \$203,000

Roth IRAs

Roth IRA contribution phase outs		
	2020	2021
Single or Head of HH	\$124,000 - \$139,000	\$125,000 - \$140,000
MFJ	\$196,000-\$206,000	\$198,000-\$208,000
MFS	\$0-\$10,000	\$0-\$10,000

IRS Guidance Publications

Contributions to IRAs	Publication 590-A
Distributions from IRAs	Publication 590-B
Employer Sponsored Retirement Plan (SEP, SIMPLE, and Qualified Plans)	Publication 560

This information is a general discussion of the relevant and projected federal tax laws for 2020 provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

Securities and advisory services offered through Commonwealth Financial Network, Member FINRA/SIPC, a Registered Investment Advisor.

RMD

RMD Formula = Prior Year 12/31 Account Balance

Life Expectancy

Life Expectancy = distribution period for age you will turn in the distribution year

Employer Plan / IRA Distributions

Uniform Life Expectancy Table (ULET)

Age	Distribution Period	%	Age	Distribution Period	%
70	27.4	3.65	93	9.6	10.42
71	26.5	3.77	94	9.1	10.99
72*	25.6	3.91	95	8.6	11.63
73	24.7	4.05	96	8.1	12.35
74	23.8	4.20	97	7.6	13.16
75	22.9	4.37	98	7.1	14.08
76	22.0	4.55	99	6.7	14.93
77	21.2	4.72	100	6.3	15.87
78	20.3	4.93	101	5.9	16.95
79	19.5	5.13	102	5.5	18.18
80	18.7	5.35	103	5.2	19.23
81	17.9	5.59	104	4.9	20.41
82	17.1	5.85	105	4.5	22.22
83	16.3	6.13	106	4.2	23.81
84	15.5	6.45	107	3.9	25.64
85	14.8	6.76	108	3.7	27.03
86	14.1	7.09	109	3.4	29.41
87	13.4	7.46	110	3.1	32.26
88	12.7	7.87	111	2.9	34.48
89	12.0	8.33	112	2.6	38.46
90	11.4	8.77	113	2.4	41.67
91	10.8	9.26	114	2.1	47.62
92	10.2	9.80	115+	1.9	52.63

* If you reach age 70 1/2 in 2020 or later you must take your first RMD by April 1 of the year after you reach 72. Everyone who turned 70 1/2 in 2019, continues under old rules.

Employer Retirement Plans

	2020	2021
Elective Deferrals 401k, 403b, 457	\$19,500	\$19,500
Catch-Up 401(k), 403(b), 457 (Age 50 & older)	\$6,500	\$6,500
Defined Contribution Plan Limit	\$57,000	\$58,000
Highly Compensated Employee	\$130,000	\$130,000
Maximum Includable Compensation	\$285,000	\$290,000
Annual Benefit Limit	\$230,000	\$230,000
Key Employee	\$185,000	\$185,000
SEP IRA Annual Addition Limit	\$57,000	\$58,000
Simple IRA Limit	\$13,500	\$13,500
Simple IRA Catch-up	\$3,000	\$3,000

2021 Health Savings Account Deduction/Contribution Limits

	Minimum Deductible	Maximum Out-of-Pocket	Deduction/Contribution Limit	55+ Catch-up
Single	\$1,400	\$7,000	\$3,600	\$1,000
Family	\$2,800	\$14,000	\$7,200	\$1,000

Life Expectancy

IRS Life Expectancy Tables

Age	Single	Joint	Age	Single	Joint
50	34.2	40.4	71	16.3	20.9
51	33.3	39.5	72	15.5	20.9
52	32.3	38.5	73	14.8	19.2
53	31.4	37.5	74	14.1	18.4
54	30.5	36.6	75	13.4	17.6
55	29.6	35.6	76	12.7	16.8
56	28.7	34.7	77	12.1	16.0
57	27.9	33.7	78	11.4	15.2
58	27.0	32.8	79	10.8	14.5
59	26.1	31.8	80	10.2	13.8
60	25.2	30.9	81	9.7	13.1
61	24.4	29.9	82	9.1	12.4
62	23.5	29.0	83	8.6	11.7
63	22.7	28.1	84	8.1	11.1
64	21.8	27.1	85	7.6	10.5
65	21.0	26.2	86	7.1	9.9
66	20.2	25.3	87	6.7	9.4
67	19.4	24.4	88	6.3	8.8
68	18.6	23.5	89	5.9	8.3
69	17.8	22.6	90	5.5	7.8
70	17.0	21.8			

Joint = Joint life expectancy of male and female of the same age

Required Distribution Options After Death

Designated Beneficiary	Death Prior to RBD	Death on or After RBD
Spouse	Treat as Own Life Expectancy	Treat as Own Life Expectancy
	5-Year Rule	Life Expectancy
Non-Spouse	Life Expectancy	Life Expectancy
Non-Spouse (After 12/31/19)	10-Year Rule	10-Year Rule

RBD = Required Beginning Date for RMD's

Plans may require faster payout than RMD rules require

Exceptions to the 10% penalty for distributions prior to age 59 1/2

	NQ Annuity	Qual Plans	IRAs
Death	X	X	X
Disability	X	X	X
SEPP 72(t)	X	X	X
Medical Expenses (> 7.5% AGI)		X	X
Birth or Adoption of Child		X	X
College Expenses			X
Health Ins. Prem. for Unemployed			X
Qual. First Time Homebuyer / Reservist			X
Age 55: Separated From Service/QDRO		X	

Standard Deduction

Filing Status	2020	2021
Single	\$12,400	\$12,550
MFJ	\$24,800	\$25,100
Head of Household	\$18,650	\$18,800
Married filing separate	\$12,400	\$12,550
Additional \$1300 if >65 or blind. Additional \$1,650 if unmarried.		

2021 Misc. Exemption & Deductions

Personal Exemption	Eliminated
Mortgage Interest Deduction	Debt Limit: \$750,000
Medical Expenses	Deductible If > 10% AGI
Moving Expenses	Only For Military
Miscellaneous Deductions	No longer deductible
Income Phaseout for Itemizing	No phase-out

Long Term Care Insurance Deduction

Exceeding 10% of the AGI			
Age	2020	2021	
< 40	\$430	\$450	
41-50	\$810	\$850	
51-60	\$1,630	\$1,690	
61-70	\$4,350	\$4,520	
> 70	\$5,430	\$5,640	

FICA/Social Security & Medicare

	Social Security	Medicare	FICA Tax (total)
Employee portion	6.2%	1.45%	7.65%
Employer portion	6.2%	1.45%	7.65%
Totals	12.4%	2.9%	15.3%
Self-employed	12.4%	2.9%	15.3%
Totals	12.4%	2.9%	15.3%

Earned Income Subject to Tax

Year	Max Earned Income Subject to Social Security Tax
2018	\$128,000
2019	\$132,900
2020	\$137,700
2021	\$142,800

Capital Gain/Dividend Rates

	Single:	MFJ:	HoH:	MFS:	Over
ST <12 mo	<\$40,400	\$40,401 - \$445,850	<\$80,800	\$80,801 - \$501,600	
LT >12 mo	<\$40,400	\$40,401 - \$250,800	<\$54,100	\$54,101 - \$473,750	
Qualified Dividends	0%	15%	0%	15%	20%

Medicare Tax & Net Investment Income Tax (NIIT)

Medicare Tax - 0.9% & NIIT - 3.8% on the lesser of net investment income or MAGI over the following thresholds:

Single	Married Filing Joint (MFJ)	Head of Household (HoH)	Married Filing Separate Returns (MFS)	Qualifying widow(er) with dependent child
\$200,000	\$250,000	\$200,000	\$125,000	\$250,000

2021 Alternative Minimum Tax (AMT) Exemptions

Individuals	Married Filing Jointly & Surviving Spouses	Married Filing Separately	Trusts & Estates
\$73,600	\$114,600	\$57,300	\$25,700

2021 Income Tax Rates for Trusts & Estates

Taxable Income				Of Amount	
Over	Not Over	Tax is	Plus	Over	Over
\$0	\$2,650	\$0	10%	0	
\$2,651	\$9,550	\$265	24%	\$2,650	
\$9,551	\$13,050	\$1,921	35%	\$9,550	

Social Security

Full Retirement Age (FRA)

Year of Birth	Full Retirement Age	Number of Reduction Months	Percent of Reduction
1943-1954	66	48	25.00%
1955	66 and 2 months	50	25.83%
1956	66 and 4 months	52	26.67%
1957	66 and 6 months	54	27.50%
1958	66 and 8 months	56	28.33%
1959	66 and 10 months	58	29.17%
1960 or later	67	60	30.00%

Max SS Benefit Per Month	2020	2021
	\$3,790	\$3,895

Early Retirement Reduction

Starting Age for Benefits	Percent benefit reduction for those born 1943-1954
62	25.0%
63	20.0%
64	13.3%
65	6.7%
66	0%

* 5/9 of 1%: Benefits are reduced by 5/9 of 1% per month, up to a maximum of 36 months, depending on how many months remain until the taxpayer reaches FRA.

* 5/12 of 1%: If a taxpayer is more than 36 months from FRA, the reduction above is applied and for the remaining months until retirement the benefits are reduced to 5/12 of 1%.

Earnings Cap

Retirement Profile	2020	2021
Under full retirement age*	\$18,240	\$18,960
Retires in year when reaches FRA	\$48,600	\$50,520

Full retirement age No cap No cap

* For workers under full retirement age, \$1 in benefits will be withheld for every \$2 in earnings above the cap.

* In the year you reach full retirement age, \$1 in benefits will be withheld for every \$3 in earnings above the cap.

Delayed Retirement

Benefits increase two-thirds of 1 percent a month, or 8 percent a year, for a taxpayer born in 1942 or later.

Survivor Benefits*

Age of Survivor	Percentage of Benefit
60	71.5%
61	76.3%
62	81.0%
63	85.8%
64	90.5%
65	95.3%

*Based on a FRA of 66

Social Security & Divorce

Benefits for Divorced Spouses*

Ex-spouse must be at least age 62 before applying, but does not have to wait until the other spouse applies for benefits.

Social Security & Divorce Cont.

- An ex-spouse:
 - must have been married at least ten years
 - must have been divorced at least two years

*does not reduce primary ex-spouse's benefit

Reduction for Divorced Spouses Claiming Early

Step 1: Reduce the primary worker's benefit by 50% to get the *base amount*.

Step 2: Determine how many months early the claim is being filed.

Step 3: Calculate the reduction in the spousal benefit

Step 4: Reduce spousal benefit by the percentage calculated in step 3

25/36 of 1% x 36 months = 25%

5/12 of 1% x 12 months = 5%

Total Reduction = 30%

*Based on a FRA of 66

Taxation of Social Security Benefits

Combined Income

Adjusted gross income (AGI, line 37 on Form 1040)

+ Nontaxable interest

+ Half of Social Security benefits

= Combined Income

Filing Status Combined Income Percent of Income Subject to Taxes

Single, Head of Household, Qualifying Widow \$25,000 - \$34,000 Up to 50% of Social Security Benefits

Single, Head of Household, Qualifying Widow More than \$34,000 Up to 85% of Social Security Benefits

Married Filing Joint \$32,000 - \$44,000 Up to 50% of Social Security Benefits

Married Filing Joint More than \$44,000 Up to 85% of Social Security Benefits

Medicare Premiums

The standard Part B premium for 2021 is \$148.50. If you're single and filing an individual tax return, or married and filed a joint tax return, the following chart applies:

Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium	R _x Coverage Premium
Ind.: \$88,000 or less Married: \$176,000 or less	\$148.50	Plan Premium
Ind.: \$88,000 - \$111,000 Married: \$176,000 - \$222,000	Standard Premium + \$59.40	\$12.30 + your plan premium
Ind.: \$111,000 - \$138,000 Married: \$222,000 - \$276,000	Standard Premium + \$148.50	\$31.80 + your plan premium
Ind.: \$138,000 - \$165,000 Married: \$276,000 - \$330,000	Standard Premium + \$237.60	\$51.20 + your plan premium
Ind.: \$165,000 - \$500,000 Married: \$330,000 - \$750,000	Standard Premium + \$326.70	\$70.70 + your plan premium

Medicare Premiums Cont.

If you're married and lived with your spouse at some time during the taxable year, but filed separate tax returns, the following applies:

Modified Adjusted Gross Income (MAGI)	Part B Monthly Premium	R _x Coverage Premium
Ind.: - \$88,000 or less	\$148.50	Plan Premium
Ind.: - \$88,000 - \$412,000	Standard Premium + \$326.70	\$70.70 + your plan premium
Ind.: - \$412,000 or greater	Standard Premium + \$356.40	\$77.10 + your plan premium

2021 Personal Income Tax Rates

Single	Married Filing Joint (MFJ)	Head of Household (HofH)	Married Filing Separate Returns (MFS)
\$0 - \$9,950	\$0 - \$19,900	\$0 - \$14,200	\$0 - \$9,950
\$9,951 - \$40,525	\$19,901 - \$81,050	\$14,201 - \$54,200	\$9,951 - \$40,525
\$40,526 - \$86,375	\$81,051 - \$172,750	\$54,201 - \$86,350	\$40,526 - \$86,375
\$86,376 - \$164,925	\$172,751 - \$329,850	\$86,351 - \$164,900	\$86,376 - \$164,925
\$164,926 - \$209,425	\$329,851 - \$418,850	\$164,901 - \$209,400	\$164,926 - \$209,425
\$209,426 - \$523,600	\$418,851 - \$628,300	\$209,401 - \$523,600	\$209,426 - \$523,600
and over	and over	and over	and over

2021 Taxable Estates & Gifts

Over	Not Over	Tax on Column 1	Rate on Excess
\$0	\$10,000	\$0	18%
\$10,000	\$20,000	\$1,800	20%
\$20,000	\$40,000	\$3,800	22%
\$40,000	\$60,000	\$8,200	24%
\$60,000	\$80,000	\$13,000	26%
\$80,000	\$100,000	\$18,200	28%
\$100,000	\$150,000	\$23,800	30%
\$150,000	\$250,000	\$38,800	32%
\$250,000	\$500,000	\$70,800	34%
\$500,000	\$750,000	\$155,800	37%
\$750,000	\$1,000,000	\$248,300	39%
\$1,000,000	and over	\$345,800	40%

2021 Gift Tax and GST Tax

Annual gift tax exclusion	Per Person	Per Couple
\$15,000	\$15,000	\$30,000

Unified estate and gift tax credit

Unified estate and gift tax credit	Per Person	Per Couple
\$11,700,000	\$11,700,000	\$23,400,000

Subtract applicable credit from tax calculated above

GST Exclusion:

\$11,700,000

Estate Tax Exclusion Rates

Exclusion Equivalent	Top Estate Tax Rate
\$5,120,000	
\$5,255,000	35%
\$5,340,000	35%
\$5,430,000	40%
\$5,450,000	40%
\$5,490,000	40%
\$11,120,000	40%
\$11,400,000	40%
\$11,580,000	40%
\$11,700,000	40%

2021 Personal Income Tax Rates

Single	Married Filing Joint (MFJ)	Head of Household (HofH)	Married Filing Separate Returns (MFS)
\$0 - \$9,950	\$0 - \$19,900	\$0 - \$14,200	\$0 - \$9,950
\$9,951 - \$40,525	\$19,901 - \$81,050	\$14,201 - \$54,200	\$9,951 - \$40,525
\$40,526 - \$86,375	\$81,051 - \$172,750	\$54,201 - \$86,350	\$40,526 - \$86,375
\$86,376 - \$164,925	\$172,751 - \$329,850	\$86,351 - \$164,900	\$86,376 - \$164,925
\$164,926 - \$209,425	\$329,851 - \$418,850	\$164,901 - \$209,400	\$164,926 - \$209,425
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