



# WISDOM WEALTH STRATEGIES

## 2020 ANNUAL TAX & FINANCIAL PLANNING GUIDE

RETIREMENT PLANS	
Elective deferrals 401k, 403b, & 457	\$19,500
Catch-up contribution	\$6,500
Defined contribution §415c	\$57,000
Defined benefit §415b	\$230,000
SIMPLE Plan	\$13,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$285,000
Highly compensated employee	\$130,000
Key employee	>\$185,000
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$6,000
IRA or Roth IRA catch-up	\$1,000
IRA phaseout for active participants	
Single	\$65,000-76,000
Married filing jointly	\$104,000-124,000
Spouse is active participant	\$196,000-206,000
Roth IRA phaseout	
Single	\$124,000-139,000
Married filing jointly	\$196,000-206,000

ESTATE & GIFT TAX	
Annual gift tax exclusion	\$15,000
Estate tax exclusion	\$11,500,000
Generation skipping transfer tax	\$11,500,000
Maximum estate tax bracket	40%

SOCIAL SECURITY	
Social Security wage base	\$137,700
FICA tax rate for individuals	7.65%
Social Security Portion of individual FICA	6.2%
Earned income limit before penalty	
Below Full Retirement Age (\$1 for 2)	\$18,240
Year of Full Retirement Age (\$1 for \$3)	\$48,600
Quarter of coverage	\$1,410
Maximum benefit: worker retiring at FRA	\$3,011
Estimated average monthly benefit	\$1,503

SOCIAL SECURITY FULL RETIREMENT AGE			
Birth year	Full Ret Age	Birth year	Full Ret Age
1942	65 & 10 mo.	1957	66 & 6 mo.
1943-54	66	1958	66 & 8 mo.
1955	66 & 2 mo.	1959	66 & 10 mo.
1956	66 & 4 mo.	≥1960	67

HEALTH SAVINGS ACCOUNTS AND FLEX SAVINGS ACCOUNTS	
Single maximum contribution	\$3,550
Family maximum contribution	\$7,100
Over age 55 catch-up contribution	\$1,000
Minimum health insurance deductible required single	\$1,400
Minimum health insurance deductible required family	\$2,800
FSA contribution max (per person)	\$2,750
Dependent care FSA max (per family)	\$5,000

MEDICARE COSTS			
Filing Single	Part B	Part D Surcharge	Married Filing Joint
\$0-87,000	\$144.60	\$0	\$0-\$174,000
\$87,001-109,000	\$202.40	\$12.20	\$174,001-218,000
\$109,001-\$136,000	\$289.20	\$31.50	\$218,001-272,000
\$136,001-\$163,000	\$376.20	\$50.70	\$272,001-326,000
\$163,001-500,000	\$462.70	\$70.00	\$326,001-750,000
>\$500,000	\$491.60	\$76.40	>\$750,000

STANDARD MILEAGE RATES	
Business use	57.5¢
Charity	14¢
Medical or moving	17¢

QUALIFIED BUSINESS INCOME PHASEOUTS (§199a)	
20% deduction for income from passthrough businesses	
Single taxable income	\$163,300-213,300
Married filing joint taxable income	\$326,600-426,600

These numbers are intended for planning purposes only. The material is intended to serve as educational. Its accuracy and completeness is not guaranteed. It is subject to legislative changes and is not intended to be legal or tax advice. Wisdom Wealth Strategies, LLC is a registered investment advisor offering advisory services in the states of CO and CA, and in other jurisdictions where exempted.



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2020 TAX BRACKETS				
Rate	Single	Married Filing Joint	Married Filing Separate	Head of Household
10%	\$0 - \$9,875	\$0 - \$19,750	\$0 - \$9,875	\$0 - \$14,100
12%	\$9,876 - \$40,125	\$19,751 - \$80,250	\$9,876 - \$40,125	\$14,101 - \$53,700
22%	\$40,126 - \$85,525	\$80,251 - \$171,050	\$40,126 - \$85,525	\$53,701 - \$85,500
24%	\$85,526 - \$163,300	\$171,051 - \$326,600	\$85,526 - \$163,300	\$85,501 - \$163,300
32%	\$163,301 - \$207,350	\$326,601 - \$414,700	\$163,301 - \$207,350	\$163,301 - \$207,350
35%	\$207,351 - 518,400	\$414,701 - \$622,050	\$207,351 - 311,025	\$207,351 - \$518,400
37%	\$518,400+	\$622,050+	\$311,025+	\$518,400+
Note: Percentage applies to taxable income in that bracket only as brackets are graduated, not flat.				
EXAMPLE: Married Filing Joint Couple with \$100,000 of taxable income (after deductions)				
Take the difference between each bracket and multiply. Then add up each bracket for the total tax.				
\$0 to \$19,750	\$19,750		Times 10% Bracket	\$1,975
\$19,751 to \$80,250	\$80,250 - \$19,751 = \$60,499		Times 12% Bracket	\$7,260
\$80,251 to \$100,000	\$100,000 - \$80,251 = \$19,749		Times 22% Bracket	\$4,345
Tax liability before adjustments:				<b>\$13,580</b>

SPECIAL LONG-TERM CAPITAL GAINS RATES				
Rate	Single	Married Filing Joint	Married Filing Separate	Head of Household
0%	\$0 - \$40,000	\$0 - \$80,000	\$0 - \$40,000	\$0 - \$53,600
15%	\$40,001 - \$441,450	\$80,001 - \$496,600	\$40,001 - \$248,300	\$53,601 - \$469,050
20%	Over \$441,450	Over \$496,600	Over \$248,300	Over \$469,050

TAX EXEMPTIONS, DEDUCTIONS, & CREDITS	
Standard deduction	
Single	\$12,400
Married filing jointly	\$24,800
Head of household	\$18,650
Married filing separately	\$12,400
Kiddie tax deduction	\$1,100
Elderly or blind additional deduction	
Single	\$1,650
Married	\$1,300
Section 179	
Max election	\$1,040,000
Phaseout begins	\$2,590,000
Adoption Credit	
Maximum credit	\$14,300
Phaseout	\$214,520-254,520
Child Tax Credit	
Dependents 16 & younger	\$2,000
Other dependents	\$500
Single phaseout	\$200,000
MFJ phaseout	\$400,000

EDUCATIONAL TAX BENEFITS	
EE bonds for education phaseout	
Single	\$82,350-97,350
Married filing jointly	\$123,550-153,550
Coverdell ESA	
Single	\$95,000-110,000
Married filing jointly	\$190,000-220,000
Lifetime Learning Credit	
Single	\$59,000-69,000
Married filing jointly	\$118,000-138,000
American Opportunity Credit (Hope)	
100% up to \$2,000 of qualified expenses	
25% of the next \$2,000	
Single phaseout	\$80,000-90,000
Married filing jointly	\$160,000-180,000
Education loan deduction (max \$2,500)	
Single	\$70,000-85,000
Married filing jointly	\$140,000-170,000