

# 2021 TAX AND RETIREMENT INFORMATION

## INCOME TAX BRACKETS

Single	
\$0 – \$9,950	10%
\$9,951 – \$40,525	12%
\$40,526 – \$86,375	22%
\$86,376 – \$164,925	24%
\$164,926 – \$209,425	32%
\$209,426 – \$523,600	35%
\$523,601	37%

## Married Filing Jointly

\$0 – \$19,900	10%
\$19,901 – \$81,050	12%
\$81,051 – \$172,750	22%
\$172,751 – \$329,850	24%
\$329,851 – \$418,850	32%
\$418,851 – \$628,300	35%
\$628,301	37%

## Married Filing Separately

\$0 – \$9,950	10%
\$9,951 – \$40,525	12%
\$40,526 – \$86,375	22%
\$86,376 – \$164,925	24%
\$164,926 – \$209,425	32%
\$209,426 – \$314,150	35%
\$314,151	37%

## Head of Household

\$0 – \$14,200	10%
\$14,201 – \$54,200	12%
\$54,201 – \$86,350	22%
\$86,351 – \$164,900	24%
\$164,901 – \$209,400	32%
\$209,401 – \$523,600	35%
\$523,601	37%

## STANDARD DEDUCTIONS

	Annual	Additional age 65+ or blind
Married/Filing Jointly	\$25,100	\$1,350
Single	\$12,550	\$1,700
Head of Household	\$18,800	\$1,700

## KEY TAX RULES

### Kiddie Tax

Unearned income < \$1,100	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 16 and under 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
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## LONG TERM CAPITAL GAIN/QUALIFIED DIVIDEND INCOME

Tax Rate	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Less than \$0 – \$40,400	Less than \$0 – \$80,800	Less than \$0 – \$54,100	Less than \$0 – \$40,400
15%	15%: \$40,401 – 445,850	\$80,801 – \$501,600	\$54,101 – \$473,750	\$40,401 – \$250,800
20%	Over \$445,850	Over \$501,600	Over \$473,750	Over \$250,800
Capital Loss Limit	\$3,000	\$3,000	\$3,000	\$1,500

## ALTERNATIVE MINIMUM TAX (AMT)

### Filing Status

Exemption Amount	Threshold
Single Filers and Head of Household	\$73,600
Married Filing Jointly and Surviving Spouses	\$114,600
Married Filing Separately	\$57,300

## 3.8% SURTAX ON UNEARNED INCOME

The Net Investment Income Tax applies to individuals, trusts and estates. Unearned income includes interest, dividends, annuities, royalties, capital gains and other passive income.

The tax applies to the lesser of 1) net investment income or 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

## TRUST AND ESTATE INCOME TAX RATES

### If Taxable Income is: Your Tax is:

\$0 – \$2,650	10%
\$2,651 – \$9,550	\$265 + 24% on the amount over \$2,650
\$9,551 – \$13,050	\$1,921 + 35% on amount over \$9,550
\$13,051	\$3,146 + 37% on amount over \$13,050

## HEALTH ACCOUNTS

Health flexible spending account maximum (FSA)	\$2,750
Health savings account maximum – self coverage only (HSA)	\$3,600
Health savings account maximum – family coverage	\$7,200
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).

# 2021 TAX AND RETIREMENT INFORMATION

SOCIAL SECURITY		
Annual Figures		
Maximum earnings subject to FICA	\$142,800	
2021 Cost-of-living adjustment	1.3%	
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		
Under FRA in 2021	\$1/\$2 of earnings above annual limit (\$18,960)	
Reach FRA in 2021	\$1/\$3 of earnings above annual limit (\$50,520)	
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	\$66,000 – \$76,000
Married Filing Jointly	\$105,000 – \$125,000
Not Covered by Retirement Plan	
Single or Married Filing Jointly	Unlimited
Spouse Covered	\$198,000 – \$208,000
Roth IRA Contribution Eligibility	
Single	\$125,000 – \$140,000
Married Filing Jointly	\$198,000 – \$208,000
Married Filing Separately	\$0 – \$10,000
SEP Contribution	
Up to 25% of compensation	maximum \$58,000
Compensation to participate in SEP	\$650
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	\$58,000
Defined Benefit 415 Limit	\$230,000
Highly Compensated Employee	\$130,000
Compensation Limit	\$290,000

2021 ESTATE, GIFT AND GENERATION SKIPPING TAX	
Annual Gift Tax Exclusion	\$15,000
Non-Citizen Spouse Annual Exclusion	\$159,000
Gift and Estate Tax Applicable Exclusion Amount	\$11,700,000
Generation Skipping Tax Exemption Amount	\$11,700,000

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 ABL 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	\$80,000 – \$90,000
Married Filing Jointly	\$160,000 – \$180,000
Student Loan Interest	
Deduction limit	\$2,500
Phaseout single	\$70,000 – \$85,000 MAGI
Married Filing Jointly	\$80,000 – \$170,000 MAGI
Phaseout of tax-free saving bonds interest	
Single	\$83,200 – \$98,200* MAGI
Married Filing Jointly	\$124,800 – \$154,800 * MAGI
American Opportunity Tax Credit	
Maximum Credit	\$2,500
Phaseout single	\$80,000 – \$90,000 MAGI
Married Filing Jointly	\$160,000 – \$180,000 MAGI

\*for qualified education expenses

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