

Financial Intelligence

April 2021

A Financial Planning Update

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There is no doubt that last year was unlike any other. The coronavirus pandemic impacted us in many ways, and fortunately, the vaccine rollout has brought hope for a brighter 2021. As life hopefully gets slowly back to normal for you and your loved ones, this may be a good time to review your finances. Here are some general tips that may help you along the way.

Rethink Your Financial Goals

While the pandemic may have sidelined or stalled some of the progress on meeting your financial goals, now may be a good time to regain your focus. Your financial goals may need to be changed or reprioritized. Your emergency fund may need to be built back up. You may need to revisit insurance coverage to protect you and your family from potential loss of life, income, property, and lawsuits. Your investment allocations may need to be changed. You may have to catch up on retirement plan contributions. Finally, the pandemic has reinforced the need to keep your estate planning up to date.

One way to start the year off right financially is to examine your expenses and sources of cash flow both now and in the future. You may find that your expenses have been tracking well within plan especially since discretionary spending like travel and dining out have been severely restricted. If, on the other hand, you find that your expenses are trending higher and/or that you have experienced a loss of income due to the pandemic, you may need to cut back on certain discretionary spending and/or look for ways to lower your fixed costs. For those early or mid-way through a working career, are you keeping your high interest debt down? Are you putting away money in savings or investment type accounts that meet lump sum purchase goals over the next 5-10 years? Are you consistently contributing at least 15% of your gross income towards long term goals such as those related to retirement? For those that need to catch up on retirement sav-

ing goals, can you maximize contributions to retirement plans and/or IRA accounts? The “Key Numbers 2021” insert to this newsletter will detail the opportunity to make retirement plan contributions, which include the following highlights.

IRA Contribution Limits

Subject to potential income limits, the maximum amount you can contribute to a traditional IRA or a Roth IRA in 2021 is \$6,000 (or 100% of your earned income, if less), unchanged from 2020. The maximum catch-up contribution for those age 50 or older remains at \$1,000.

Employer Retirement Plans

Most of the significant employer retirement plan limits for 2020 have stayed the same for 2021. The maximum amount you can contribute (your “elective deferrals”) to a 401(k), 403(b), and 457(b) plan stays the same at \$19,500. If you’re age 50 or older, you can also make catch-up contributions of up to \$6,500 to these plans (no change). (Special catch-up limits apply to certain participants in 403(b) and 457(b) plans).

If you participate in more than one retirement plan, your total elective deferrals can’t exceed the annual limit (\$19,500 in 2021 plus any applicable catch-up contributions). Deferrals to 401(k) plans, 403(b) plans, and SIMPLE plans are included in this aggregate limit, but deferrals to Section 457(b) plans are not. The amount you can contribute to a SIMPLE IRA stays the same at \$13,500, and the catch-up limit for those age 50 or older remains at \$3,000.

The maximum combined employee and employer contributions that can be allocated to your account in a defined contribution plan (for example, a 401(k) plan or profit-sharing plan) in 2021 is \$58,000 (up from \$57,000 in

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2020) plus age 50 catch-up contributions (e.g., \$6,500 for a 401(k) plan, for a maximum combined \$64,500).

Note: Although not considered a retirement account, the triple tax advantaged **Health Savings Account (HSA)** maximums increased by \$50 for a single plan to \$3,600 (\$4,600 if age 55 or older). For family plans, maximums are increased by \$100 to \$7,200 (\$8,200 if age 55 or older.)

Make Sure Your Investment Portfolio Is Still On Target

Despite the pandemic, the U.S. stock market ended 2020 at an all-time high. That doesn't necessarily mean your investment portfolio is still targeting your financial goals. When evaluating your investment portfolio, you'll want to ask yourself the following questions and discuss any concerns or changes with your investment advisor:

- Do I still have the same time horizon for investing as I did last year or prior to the pandemic?
- Has my tolerance for risk changed?
- Do I currently have an increased need for liquidity?
- Does any investment now represent too large (or too small) a part of my portfolio?
- Are you saving into or withdrawing from the appropriate account type?

Tax Planning and Government Programs

This area of planning has been quite complex as many new laws and programs have been introduced. Anyone suffering economically through the pandemic may have had access to several programs to help get through the downturns. Business owners especially have had a big challenge to stay on top of government programs to hopefully get them and their employees through the pandemic. New tax laws are being proposed that could have a significant impact on long-term tax planning strategies. Consulting with your tax and accounting professionals will be most important in leveraging new tax laws and government programs. For most clients, we suggest that you securely upload a PDF copy of your tax returns such that we can better communicate when discussing planning strategies.

Federal Income Tax Returns Postponed From April 15 To May 17

The recent change in due date to file one's 2020 federal income tax return and pay any amount due was a relief to many. Tax filers needing even more time to complete their returns could still file an extension and pay an estimate of any 2020 taxes due by May 17. For those filers needing to pay 2021 estimated taxes, the quarterly due dates have not yet changed (e.g., 1st quarter payment still due April 15). Most states (e.g., CO) are following the federal guidelines.

IRA And HSA Contribution Deadline Also Extended

The postponement of the 2020 tax filing due date also generally extended the time to make IRA contributions for 2020 to May 17, 2021. Contributions to Health Savings Accounts (HSAs) were also similarly extended. Note: if your tax return is already filed, and you did not contribute to any IRA but could have, consider that Roth IRA contributions (if qualified) could still be done by May 17. There's no tax deduction for Roth IRA contributions but qualified withdrawals of the contributions and earnings come out tax free, making this one of the best long-term savings vehicles available.

Employer Contribution Deadline For SEP IRAs, SIMPLE IRAs, Solo 401(k)s

For self-employed business owners the employer contribution deadline for such plans is the tax-filing deadline, plus any extension that you might have. If you have an extension filed to Oct 15, 2021, you can make employer contributions until that date. Without an extension, the deadline for 2020 contributions is May 17, 2021, as compared to the normal April 15.

Continue Past Planning Strategies

Despite all the government stimulus programs and prospects of future tax law changes, most of the tax and retirement planning strategies documented in past newsletters (posted on our website) should still apply for 2021.

While working, one should make strategic contributions to company retirement plans and/or IRA type accounts based on availability, qualifications, and retirement goals. Marginal tax bracket analysis and years from retirement should be considered in determining if Roth type contributions should be utilized versus deductible contributions. Saving and/or investing conservatively in taxable accounts for emergencies (typically funding at least 3 months of expenses) and/or planned one-time expenses should also be done such that retirement accounts are mostly that, saved for expenses in retirement. In years where taxable income is temporarily down, utilize the lower tax brackets to consider strategies such as realizing capital gains on appreciated investments held in taxable accounts, taking taxable IRA withdrawals (if not subject to penalties), and/or making **IRA to Roth conversions**.

In higher taxable income years, consider **tax loss harvesting** if available to capture losses in investment holdings while strategically reinvesting in similar or other investments. For those so able and so inclined, charitable donation strategies mentioned in past newsletters are still available and include the donation of appreciated assets held over a year directly to charity or to a **Donor Advised Fund (DAF)**. Donations to a DAF allows for the "bunching" of multiple years of charitable deductions in one year where-

as one might not benefit tax wise if reporting donations without “bunching”. **Qualified Charitable Distributions (QCDs)** out of taxable IRA accounts for IRA owners or beneficiaries over age 70 ½ remain an excellent charitable tax saving strategy, especially since required minimum distributions (RMDs) are back in play for this year. This non-taxable distribution will count as part or all of one’s RMD thus reducing taxable income whether you itemize or not. Such reduction of adjusted gross income (AGI) may also have a positive impact on taxable social security, healthcare cost deductions, Medicare premiums, and other tax breaks and/or credits. For those taking the standard deduction, there is a **2021 tax law** where individuals can claim an “above-the-line” deduction of up to \$300 (\$600 for joint filers) for cash contributions made directly to operating charities.

American Rescue Plan

On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law. This \$1.9 trillion emergency relief package includes payments to individuals and funding for federal programs, vaccines and testing, state and local governments, and schools. It is intended to assist individuals and businesses during the ongoing coronavirus pandemic and accompanying economic crisis. For families with children, the combination of recovery rebates and child credits can be substantial especially for lower and middle-income families. Higher earners can also benefit from some changes, such as expanded tax breaks for child-care costs. Major relief provisions are summarized here.

Recovery Rebates

Most tax filers, if they have not already, will receive another direct payment from the federal government. Technically a 2021 refundable income tax credit, an advanced rebate amount will be calculated based on 2019 tax returns filed (or on 2020 tax returns if filed and processed by the IRS at the time of determination) and sent automatically via check, direct deposit, or debit card to qualifying individuals. To qualify for a payment, individuals generally must have a Social Security number and must not qualify as the dependent of another individual. If a taxpayer receives no or partial payments due to the phaseout based on 2019 income, then the IRS can issue a higher adjusted advanced payment based on a lower 2020 income assuming the return is filed by May 17 if not extended or September 1 if extended. If payments based on a 2019 and 2020 return are still fully or partially phased out, then one could be eligible for a full or adjusted higher payment based on a lower 2021 income, which is received as a tax credit on the 2021 tax return. This is the same process for which 2020 returns potentially provided a credit based on the recovery rebates for

the 1st two stimulus programs. Like the prior programs, a taxpayer does not have to pay back any advanced amount received based on 2019 or 2020 income if income is higher in 2021.

The amount of the recovery rebate is \$1,400 (\$2,800 if married filing a joint return) plus \$1,400 for each dependent. Unlike the first two rounds of stimulus payments where a dependent was defined as an eligible child under the age of 17, this round simply defines a dependent as someone who can be claimed as a dependent on the tax return which includes dependent children over the age of 16 and qualifying relatives. Recovery rebates start to phase out for those with an adjusted gross income (AGI) exceeding levels shown below. The phaseouts are faster than the prior (2) stimulus programs.

Rebate Amounts and AGI Phaseout Ranges

Filing Status	Payment \$	Phaseout Start	Phaseout End
Married Filing Jointly	\$2800	\$150,000	\$160,000
+ 1 Child	\$4200	\$150,000	\$160,000
+2 Children	\$5600	\$150,000	\$160,000
Head of Household	\$1400	\$112,500	\$120,000
+ 1 Child	\$2800	\$112,500	\$120,000
+2 Children	\$4200	\$112,500	\$120,000
All Others	\$1400	\$75,000	\$80,000

Child Tax Credit (Reduces Taxes Dollar For Dollar)

- For 2021, the credit amount increases from \$2,000 to \$3,000 if over six or \$3,600 if under six, both subject to phaseout based on modified adjusted gross income. The legislation also makes 17-year-olds eligible as qualifying children in 2021 instead of age 16 in prior years.
- For the extra tax credit above \$2,000, the taxpayer loses \$50 of credit per \$1,000 of income above the phaseout starting points above. The base \$2,000 credit still applies where that phaseout doesn’t start until reaching \$400,000 Joint (\$200,000 single and head of household) income. As an example of credit amounts, if a married couple with two children ages eight and four have an AGI of \$175,000, they would receive \$5,350 out of a maximum \$6,600 in tax credits. The same couple having between \$225,000 and \$400,000 AGI would still get a \$4,000 credit.
- For most individuals, the credit is fully refundable for 2021 if it exceeds tax liability.
- The Treasury Department is expected to send out peri-

odic advance payments for up to one half of the credit during 2021 based on select criteria.

Dependent Care Expense Credit

- For 2021, the legislation increases the maximum credit up to \$4,000 for one qualifying individual and up to \$8,000 for two or more (based on an increased applicable percentage of 50% of costs paid and increased dollar limits). Such credit reduces taxes dollar for dollar.
- The credit can be reduced from 50% to 20% if AGI exceeds \$125,000 in 2021. As an example, if a married couple having three children and an AGI of \$150,000 had \$20,000 of day care expenses while both were at work, their credit would be \$5,920. The applicable percentage can now be reduced from 20% (holds up to \$400,000 AGI) down to 0% if AGI exceeds \$438,000. If higher income families (e.g., above \$160K AGI) have access to Dependent-care FSAs, this benefit has been enhanced such that this may be the first strategy to pursue.
- For most individuals, the credit is fully refundable for 2021 if it exceeds tax liability.

Maximizing Rebates And/Or Child/Dependent Care Credits

For the 2021 recovery rebates, your 2019 or 2020 return may have provided for the maximum advanced rebate amount; however, if they did not and your AGI for 2021 might be in the range where you could still get the rebates, then certain strategies might be available to reduce your AGI to qualify for the recovery credit upon filing your return next spring. These same potential strategies could help in increasing child credits and dependent care credits for 2021 if you have qualified dependents.

- Increase or maximize qualified retirement plan contributions.
- Maximize qualified IRA, HSA, and Flexible Spending Account (FSAs) contributions.
- Defer bonus/business income until 2022.
- Maximize business deductions.
- Do Qualified Charitable Contributions (QCDs) if past age 70 ½ and taking Required Minimum Distributions (RMDs) out of taxable IRA accounts.
- Make taxable account decisions that reduce AGI (e.g., avoid realizing capital gains or do tax loss harvesting).

It's important to know that any short-term strategy to target a certain AGI should always be in line with your long-term financial goals, and you should discuss the potential use of select strategies with your tax professional and financial advisor.

Health Insurance Relief

- Persons who bought or will buy their own health insurance through a government exchange may qualify for a higher premium tax credit (often referred to as a subsidy) through December 31, 2022. In the past, if one's Modified Adjusted Gross Income (AGI plus tax-exempt interest for those not taking Social Security) fell below 400% of the poverty line, one could qualify for a lower adjusted premium payment when buying insurance through an exchange. The new tax law changes the percentages to increase the "subsidy" amounts for health insurance for 2021 and 2022. Even those having a higher MAGI than 400% of the poverty line could receive a "subsidy" if the cost of insurance premiums would exceed 8.5% of one's household income.
- For those who lost a job and qualify for health insurance under the federal COBRA continuation coverage program, the federal government will generally pay the entire COBRA premium for health insurance from April 1, 2021, through September 30, 2021.
- For 2021, if a taxpayer receives unemployment compensation, the taxpayer is treated as an applicable taxpayer for purposes of the premium tax credit, and the household income of the taxpayer is favorably treated for purposes of determining the amount of the credit.

Unemployment Provisions

- An additional \$300 weekly benefit to those collecting unemployment benefits, through September 6, 2021.
- Unemployment benefits through September 6, 2021, for many who would not otherwise qualify, including independent contractors and part-time workers.
- For 2020, the first \$10,200 of unemployment is nontaxable if Modified AGI is less than \$150,000. If a return is already filed and benefit reported as taxable, the IRS will send refunds.

Business Relief (More Detail Available Upon Request)

- The **employee retention tax credit** has been extended through December 31, 2021. It is available to employers that were significantly impacted by the crisis and is applied to offset Social Security payroll taxes. As in the previous extension, the credit is increased to 70% of qualified wages, up to a certain maximum per quarter.
- The employer **tax credits** for providing emergency **sick and family leave** have been extended through September 30, 2021.
- Eligible small businesses can receive targeted **economic injury disaster loan** advances from the Small Business Administration. The advances are not included in taxable income.
- The **Paycheck Protection Program** allows for more funds and minor modifications to prior rules.

Housing Relief

- The legislation allocates additional funds to state and local governments to provide emergency rental and utility assistance through December 31, 2021.
- The legislation allocates funds to help homeowners with mortgage payments and utility bills.

Student Loan Tax Relief

For student loans forgiven or cancelled between January 1, 2021, and December 31, 2025, discharged amounts are not included in taxable income.

Earned Income Tax Credit Improved

This is another credit that is expanded in 2021 to benefit more low-paid working Americans.

Retirement Account Distribution Options That Applied In 2020

The CARES Act allowed IRA owners and employer-plan participants who were adversely affected by COVID-19 to withdraw up to \$100,000 of their vested account balance in 2020 without having to pay the 10% tax penalty (25% for SIMPLE IRAs) that normally applies prior to age 59½. To help manage the tax liability from such withdrawals, qualified individuals had the option to choose to spread the income from a coronavirus-related distribution (CRD) equally over three years or report it in full for the 2020 tax year, with up to three years to reinvest the money in an eligible employer plan or an IRA.

Another option for retirement account holders passed into to law in early summer 2020 (but not allowed in 2021) was the ability to postpone required minimum distributions (RMDs), and if already taken early in the year, possibly return the distribution prior to August 31. Returning any distribution would have been treated as a “Rollover” on the 2020 tax return with the taxable amount reduced from the amount shown on the 1099R tax form received from the custodian of the account.

Beware Of Pandemic Scams

This past year, scam artists have taken advantage of peoples’ concerns over the coronavirus pandemic to defraud them of money. According to the Federal Trade Commission (FTC), consumers reported losing more than \$3.3 billion to fraud in 2020, up from \$1.8 billion in 2019. Here are some of the latest ones to watch out for.

Unemployment Benefit Scams

According to the U.S. Department of Labor, there has been a surge in identity theft related to unemployment insurance

claims. Typically, these types of scams involve a fraudster trying to use your personal information to claim unemployment benefits. If you receive an unexpected prepaid card for unemployment benefits, see an unexpected deposit from your state in your bank account, or receive a Form 1099-G for 2020 unemployment compensation that you did not apply for, report it to your state unemployment insurance office as soon as possible.

Economic Impact Payment Scams

Scammers have come up with a number of schemes related to the economic impact payments sent to taxpayers by the federal government. Although most payments have gone out, the IRS is warning taxpayers to be aware of scammers who:

- Use words such as “stimulus check” or “stimulus payment” instead of the official term, “economic impact payment”.
- Ask you to “sign up” for your economic impact payment check.
- Contact you by phone, email, text or social media for verification of personal and/or banking information to receive or speed up your economic impact payment.

In most cases, the IRS will have deposited economic impact payments directly into accounts that taxpayers previously provided on their tax returns. If the IRS does not have a taxpayer’s direct-deposit information, a check or prepaid debit card will be mailed to the taxpayer’s address on file with the IRS. For more information visit [irs.gov](https://www.irs.gov).

Protecting Yourself From All Scams

Fortunately, there are some things you can do to protect yourself from scams, including those related to the coronavirus pandemic:

- Don’t click on suspicious or unfamiliar links in emails, text messages or instant messaging services — visit government websites directly for important information.
- Don’t answer a phone call if you don’t recognize the phone number — instead, let it go to voicemail and check later to verify the caller.
- Keep device and security software up-to-date, maintain strong passwords and use multi-factor authentication when available.
- Never share unprotected personal or financial account information via email, text message or over the phone.
- If you see a scam, be sure to report it to the FTC at [ftc.gov](https://www.ftc.gov), the Treasury Inspector General for Tax Administration (TIGTA) at [tigta.gov](https://www.tigta.gov) and your local police department.

The Impact Of Future Legislation

With the current administration and congress, expect to see proposals (e.g., an infrastructure bill) that include tax law changes and other initiatives that could impact one's finances. Some provisions may provide more relief for lower income families; however, the more affluent families (e.g., those with incomes over \$400,000) could see additional taxes. Estate tax provisions (e.g., exemptions, tax rates) are being targeted for possible change, and wealthy families, along with their estate planning advisors, will need to follow developments in this area. For those financially secure and concerned about estate taxes, gifting up to the annual exemptions (\$15,000 per person) either directly or through

529 college plans to children and extended family could be a good strategy no matter what the future holds. For those so inclined, charitable strategies such as those mentioned earlier could also be used to reduce potential exposure to estate taxes.

The political landscape is such that any proposal impacting taxes and other financial planning topics could go through many changes before being passed into law. It is our mission at Peak to follow the changes that do come forth such that we can continue to help you fine tune any financial planning strategies that best meet your financial goals.

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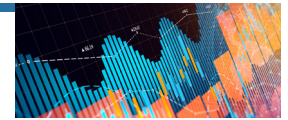
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Key Numbers 2021

Tax reference numbers at a glance.



Income Tax (2021 tax rate tables)

Taxable income	Tax due	plus	% of income*
Single			
Up to \$9,950	\$0	+	10%
\$9,951 to \$40,525	\$995.00	+	12%
\$40,526 to \$86,375	\$4,664.00	+	22%
\$86,376 to \$164,925	\$14,751.00	+	24%
\$164,926 to \$209,425	\$33,603.00	+	32%
\$209,426 to \$523,600	\$47,843.00	+	35%
Over \$523,600	\$157,804.25	+	37%
Married filing jointly			
Up to \$19,900	\$0	+	10%
\$19,901 to \$81,050	\$1,990.00	+	12%
\$81,051 to \$172,750	\$9,328.00	+	22%
\$172,751 to \$329,850	\$29,502.00	+	24%
\$329,851 to \$418,850	\$67,206.00	+	32%
\$418,851 to \$628,300	\$95,686.00	+	35%
Over \$628,300	\$168,993.50	+	37%
Married filing separately			
Up to \$9,950	\$0	+	10%
\$9,951 to \$40,525	\$995.00	+	12%
\$40,526 to \$86,375	\$4,664.00	+	22%
\$86,376 to \$164,925	\$14,751.00	+	24%
\$164,926 to \$209,425	\$33,603.00	+	32%
\$209,426 to \$314,150	\$47,843.00	+	35%
Over \$314,150	\$84,496.75	+	37%
Head of household			
Up to \$14,200	\$0	+	10%
\$14,201 to \$54,200	\$1,420.00	+	12%
\$54,201 to \$86,350	\$6,220.00	+	22%
\$86,351 to \$164,900	\$13,293.00	+	24%
\$164,901 to \$209,400	\$32,145.00	+	32%
\$209,401 to \$523,600	\$46,385.00	+	35%
Over \$523,600	\$156,355.00	+	37%

*The percentage applies to each dollar of taxable income within the range until the next income threshold is reached.

Standard Deduction

Single	\$12,550	Additional deduction for blind or aged (age 65+)	
Married filing jointly	\$25,100		
Married filing separately	\$12,550		
Head of household	\$18,800		
Dependent*	\$1,100*	Single or head of household	\$1,700
		Married filing jointly or separately	\$1,350

*Dependent standard deduction is the greater of \$1,100 or \$350 plus earned income.

Alternative Minimum Tax (AMT)

	Maximum exemption amount	Exemption phaseout threshold
Single or head of household	\$73,600	\$523,600
Married filing jointly	\$114,600	\$1,047,200
Married filing separately	\$57,300	\$523,600
	26% rate applies to AMT income up to \$199,900*	
	28% rate applies to AMT income over \$199,900*	

*\$99,950 if married filing separately.

Education Credits and Deductions

MAGI phaseout ranges	Single or head of household	Married filing jointly
Lifetime Learning credit (\$2,000 max)	\$80,000 to \$90,000	\$160,000 to \$180,000
American Opportunity credit (\$2,500 max)	\$80,000 to \$90,000	\$160,000 to \$180,000
Education loan interest deduction (\$2,500 max)	\$70,000 to \$85,000	\$140,000 to \$170,000
U.S. Savings bond interest exclusion for higher-education expenses	\$83,200 to \$98,200	\$124,800 to \$154,800

Estate Planning

Annual gift tax exclusion	\$15,000
Noncitizen spouse annual gift tax exclusion	\$159,000
Top gift, estate, and GST tax rate	40%
Gift tax and estate tax applicable exclusion amount	\$11,700,000 + DSUEA*
Generation-skipping transfer (GST) tax exemption	\$11,700,000**

* Basic exclusion amount plus deceased spousal unused exclusion amount (exclusion is portable).

**The GST tax exemption is not portable.

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Retirement Planning

Employee contribution limits to employer plans*	
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs (includes Roth contributions to these plans)	\$19,500
Annual catch-up contribution (age 50+)	\$6,500
SIMPLE 401(k) and SIMPLE IRA plans	\$13,500
Annual catch-up contribution (age 50+)	\$3,000
IRA contribution limits**	
Traditional and Roth IRAs (combined)	\$6,000
Annual catch-up contribution (age 50+)	\$1,000

* Lesser of these limits or 100% of participant's compensation.

** Lesser of these limits or 100% of earned income.

MAGI phaseout limits for deductible contributions to a traditional IRA (affects taxpayers covered by an employer-sponsored retirement plan)	
Single or head of household	\$66,000 to \$76,000
Married filing jointly when the spouse who makes the contribution is covered by a workplace plan	\$105,000 to \$125,000
Married filing jointly when the spouse who makes the contribution is not covered by a workplace plan but the other spouse is covered	\$198,000 to \$208,000
Married filing separately	Up to \$10,000

MAGI phaseout limits to contribute to a Roth IRA	
Single or head of household	\$125,000 to \$140,000
Married filing jointly	\$198,000 to \$208,000
Married filing separately	Up to \$10,000



Investment Taxes

Single filer	Married filing jointly	Married filing separately	Head of household	Tax rate
Long-term capital gain & qualified dividend tax (taxable income thresholds)				
Up to \$40,400	Up to \$80,800	Up to \$40,400	Up to \$54,100	0%
\$40,401 up to \$445,850	\$80,801 up to \$501,600	\$40,401 up to \$250,800	\$54,101 up to \$473,750	15%
More than \$445,850	More than \$501,600	More than \$250,800	More than \$473,750	20%
Net investment income tax (MAGI thresholds)				
Over \$200,000	Over \$250,000	Over \$125,000	Over \$200,000	3.8%*

*The 3.8% net investment income tax (also referred to as the unearned income Medicare contribution tax) applies to the lesser of (a) net investment income or (b) modified adjusted gross income (MAGI) exceeding the above thresholds. It does not apply to municipal bond interest or qualified retirement plan/IRA withdrawals.

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Health Care

Flexible spending account (FSA) for health care	
Maximum salary reduction contribution	\$2,750
Health savings account (HSA)	
Annual contribution limit — individual coverage	\$3,600
Annual contribution limit — family coverage	\$7,200
Annual catch-up contribution (age 55+)	\$1,000
High-deductible health plan (HDHP)	
Minimum deductible — individual coverage	\$1,400
Minimum deductible — family coverage	\$2,800
Maximum out-of-pocket amount — individual	\$7,000
Maximum out-of-pocket amount — family	\$14,000



Social Security/Medicare

Maximum taxable earnings	
Social Security (OASDI only)	\$142,800
Medicare (HI only)	No limit



Standard Mileage Rates

Business purposes	56¢ per mile
Medical purposes	16¢ per mile
Charitable purposes	14¢ per mile
Moving purposes	16¢ per mile