

2020 Federal Tax & Benefit Reference Guide



1292 Route 28, Unit #3
S. Yarmouth, MA 02664
fairwayfinancial.net • (508) 398-3337

Federal Income Tax

Single Filers

\$0 – \$9,875	10.0%
\$9,876 – \$40,125	12.0%
\$40,126 – \$85,525	22.0%
\$85,526 – \$163,300	24.0%
\$163,301 – \$207,350	32.0%
\$207,351 – \$518,400	35.0%
> \$518,400	37.0%

Married Filing Jointly

\$0 – \$19,750	10.0%
\$19,751 – \$80,250	12.0%
\$80,251 – \$171,050	22.0%
\$171,051 – \$326,600	24.0%
\$326,601 – \$414,700	32.0%
\$414,701 – \$622,050	35.0%
> \$622,050	37.0%

Married Filing Separately

\$0 – \$9,875	10.0%
\$9,876 – \$40,125	12.0%
\$40,126 – \$85,500	22.0%
\$85,501 – \$163,300	24.0%
\$163,301 – \$207,350	32.0%
\$207,351 – \$311,025	35.0%
> \$311,025	37.0%

Head of Household

\$0 – \$14,100	10.0%
\$14,101 – \$53,700	12.0%
\$53,701 – \$85,500	22.0%
\$85,501 – \$163,300	24.0%
\$163,301 – \$207,350	32.0%
\$207,351 – \$518,400	35.0%
> \$518,400	37.0%

Trusts and Estates

\$0 – \$2,600	10.0%
\$2,601 – \$9,450	24.0%
\$9,451 – \$12,950	35.0%
> \$12,950	37.0%

Standard Deductions

Single	\$12,400
Married filing jointly	\$24,800
Married filing separately	\$12,400
Head of household	\$18,650
65 or older and/or blind	\$1,300 if married
(additional standard deduction amount)	
	\$1,650 if single and not a surviving spouse
Personal exemption	\$0
Qualifying dependents other than qualifying children	\$500 credit/dependent

Capital Gain & Dividend Rates (Long-Term*)

Single	Married Filing Jointly
\$0 – \$40,000	0%
\$40,000 - \$441,450	15%
> \$441,450	20%
Collectibles	28%

Head of Household Married Filing Separately

\$0 – \$53,600	0%
\$53,601 - \$469,050	15%
> \$469,050	20%

*Short-term gains are taxed as ordinary income.

Gift & Estate Tax

Annual gift tax exclusion	\$15,000
Unified estate and gift tax credit amount	\$11,580,000
Annual exclusion for gift to noncitizen spouse	\$157,000
Estate and gift tax rate	40%
States with separate estate tax:	CT, DC, HI, IL, MA, MD, ME, MN, NY, OR, RI, VT, WA
States with inheritance tax:	IA, KY, NE, PA, MD, NJ
Community property states:	AK*, AZ, CA, ID, LA, NM, NV, TX, WA, WI

*Opt-in community property state

Net Investment Income Tax (3.8% Medicare Surtax Thresholds)

Tax Filing Status

Single/Head of household	\$200,000
Married filing jointly	\$250,000
Married filing separately	\$125,000
Trusts and estates	\$12,950

Education

529 Plan Contributions

\$15,000 per year per child before gift tax	
Accelerate 5 years of gifting into 1 year:	
Per individual	\$75,000
Per couple	\$150,000

Education Phaseouts

Student Loan Interest Deductions

Maximum deduction for student loan interest is \$2,500. Deductions are phased out according to the following:

Phase-out: Single return	\$70,000 – \$85,000
Married, filing jointly	\$140,000 – \$170,000

American Opportunity Credit/ Hope Scholarship Credit

Maximum \$2,500 (100% of first \$2,000 + 25% of next \$2,000 of eligible expenses)

Phase-out: Married filing jointly	\$160,000 – \$180,000
Single	\$80,000 – \$90,000

Lifetime Learning Credits 20% of qualified expenses up to \$10,000

Married filing jointly	\$118,000 – \$138,000
Single or HOH	\$59,000 – \$69,000

Coverdell Education Savings Accounts

Maximum Contribution of \$2,000

Married filing jointly	\$190,000 – \$220,000
Others	\$95,000 – \$110,000

Retirement Plans

Traditional IRA

Contribution limit	\$6,000
50+ catch-up	\$7,000

Trad. IRA Deductibility Phaseout (MAGI)

(Participants in employer plans)

Married filing jointly	\$104,000 – \$124,000
Married filing separately	\$0 – \$10,000
Single/Head of household	\$65,000 – \$75,000
Spousal IRA deduction phase out	\$196,000 – \$206,000

Roth IRA Deductibility Phaseout (MAGI)

Married filing jointly	\$196,000 – \$206,000
Married filing separately	\$0 – \$10,000
Single	\$124,000 – \$139,000

Qualified Plans

Employee 401(k), 403(b), 457(b) salary deferral under age 50*	\$19,500
50+ catch-up	\$26,000
SIMPLE salary deferral under age 50	\$13,500
50+ catch-up	+\$3,000
Limit on additions to defined contribution plans	\$57,000
Annual benefit limit on defined benefit plans	\$230,000
Maximum compensation considered	\$285,000
Highly compensated employee	\$130,000
Maximum qualified longevity annuity contract (QLAC)	25% or \$135,000

*Special catch-up rules may apply to some 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last 3 years prior to retirement.

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Social Security

Taxable Wage Base

Maximum earnings (during workings years) subject to payroll tax	\$137,700
Medicare (Hospital Insurance)	No limit

Retirement Earning Test

Under full retirement age	\$18,240
Year reaching full retirement age	\$48,600

Note: \$1 in benefits will be withheld for every \$2 in earnings above the limit.
Note: Applies only to earnings for months prior to attaining full retirement age. \$1 in benefits will be withheld for every \$3 in earnings above the limit.

Taxability of Benefits

(Based on provisional income and filing status)

	Not Taxable	MAGI Up to 50%	MAGI Up to 85%
Individual	< \$25,000	\$25,000 – \$34,000	> \$34,000
Married filing jointly	< \$32,000	\$32,000 – \$44,000 MAGI	> \$44,000 MAGI
Married filing separately	up to 85% of benefits are taxable		

FICA Tax Rates

	Self-Employed	Employee
OASDI (Social Security)	12.40%	6.20%
Medicare	2.90%	1.45%
Additional Medicare Tax*	0.90%	0.90%

*Additional Medicare tax went into effect in 2013 and applies to wages, compensation, and self-employment income above a threshold amount:

Filing Status	Threshold
Married filing jointly	\$250,000+
Married filing separately	\$125,000+
Others	\$200,000+

Age to Receive Full Benefits

Birth Year	Full Retirement Age	% Reduced if Taken at Age 62
1943 – 1954	66	25.00%
1955	66 & 2 mos.	25.83%
1956	66 & 4 mos.	26.67%
1957	66 & 6 mos.	27.50%
1958	66 & 8 mos.	28.33%
1959	66 & 10 mos.	29.17%
1960 & later	67	30.00%

Delayed Retirement Credits

Accrues starting at full retirement age, until you start receiving benefits or reach age 70

Birth Year	Annual Rate of Increase
1943 or later	8.00% (% of 1% per month)

Health Savings Accounts

Contribution Limits

Single	\$3,550
Family	\$7,100
Age 55+ catch-up	+\$1,000

High Deductible Health Plans

	Min. Deductible	Max. Out of Pocket
Self-only	\$1,400	\$6,900
Family	\$2,800	\$13,800

General Sources: IRS Revenue Procedure 2018-57, Social Security Administration website www.SSA.gov, IRS Publication 590

https://www.ssa.gov/policy/docs/quickfacts/prog_highlights/RatesLimits2020.pdf

<https://www.actec.org/resources/state-death-tax-chart/>

<https://www.uhc.com/employer/news/mid-sized-business/irs-sets-new-2020-limits-for-group-plans-and-hdhp-hsa-plans>

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1. Under age 19 with net unearned income, or under age 24 if a full-time student whose earned income does not exceed half of his or her own support for the year