

INCOME TAXES

2020				2021			
If taxable income is:				If taxable income is:			
Over	But not >	The tax is	Of the amount >	Over	But not >	The tax is	Of the amount >
Married filing jointly				Married filing jointly			
\$0	\$19,750	\$0 + 10%	\$0	\$0	\$19,900	\$0 + 10%	\$0
19,750	80,250	1,975 + 12%	19,750	19,900	81,050	1,990 + 12%	19,900
80,250	171,050	9,235 + 22%	80,250	81,050	172,750	9,328 + 22%	81,050
171,050	326,600	29,211 + 24%	171,050	172,750	329,850	29,502 + 24%	172,750
326,600	414,700	66,543 + 32%	326,600	329,850	418,850	67,206 + 32%	329,850
414,700	622,050	94,735 + 35%	414,700	418,850	628,300	95,686 + 35%	418,850
622,050	—	167,308 + 37%	622,050	628,300	—	168,994 + 37%	628,300
Single				Single			
\$0	\$9,875	\$0 + 10%	\$0	\$0	\$9,950	\$0 + 10%	\$0
9,875	40,125	988 + 12%	9,875	9,950	40,525	995 + 12%	9,950
40,125	85,525	4,618 + 22%	40,125	40,525	86,375	4,664 + 22%	40,525
85,525	163,300	14,606 + 24%	85,525	86,375	164,925	14,751 + 24%	86,375
163,300	207,350	33,272 + 32%	163,300	164,925	209,425	33,603 + 32%	164,925
207,350	518,400	47,368 + 35%	207,350	209,425	523,600	47,843 + 35%	209,425
518,400	—	156,235 + 37%	518,400	523,600	—	157,804 + 37%	523,600
Estates and trusts				Estates and trusts			
\$0	\$2,600	\$0 + 10%	\$0	\$0	\$2,650	\$0 + 10%	\$0
2,600	9,450	260 + 24%	2,600	2,650	9,550	265 + 24%	2,650
9,450	12,950	1,904 + 35%	9,450	9,550	13,050	1,921 + 35%	9,550
12,950	—	3,129 + 37%	12,950	13,050	—	3,146 + 37%	13,050

ESTATE AND GIFT TAXES

For deaths/gifts occurring in 2021

If taxable estate is:

Over	But not >	The tax is	Of the amount >
\$0	\$10,000	\$0 + 18%	\$0
10,000	20,000	1,800 + 20%	10,000
20,000	40,000	3,800 + 22%	20,000
40,000	60,000	8,200 + 24%	40,000
60,000	80,000	13,000 + 26%	60,000
80,000	100,000	18,200 + 28%	80,000
100,000	150,000	23,800 + 30%	100,000
150,000	250,000	38,800 + 32%	150,000
250,000	500,000	70,800 + 34%	250,000
500,000	750,000	155,800 + 37%	500,000
750,000	1,000,000	248,300 + 39%	750,000
1,000,000	—	345,800 + 40%	1,000,000

Subtract applicable credit below from calculated tax.

	Exclusion amount	Applicable credit
2020	\$11,580,000*	\$4,577,800*
2021	\$11,700,000*	\$4,625,800*

GST and lifetime gift tax exclusion: Same as estate tax exclusion amount.

Annual gift tax exclusion: \$15,000/person (\$15,000 in 2020) \$159,000 for non-U.S. citizen spouses (\$157,000 in 2020)

Portability: An executor can elect to allocate the unused portion of a decedent's exclusion amount to the surviving spouse.

HEALTH SAVINGS ACCOUNTS — HSAs

An "eligible individual" is defined as (1) one covered by a high deductible health plan (HDHP) (an annual deductible of \$1,400 for single coverage and \$2,800 for family coverage where the maximum out of pocket cannot exceed \$7,000 for single coverage and \$14,000 for family coverage), (2) is not covered by any other health insurance except for some permitted coverages, (3) is not eligible for and enrolled in Medicare, and (4) cannot be claimed as a dependent on someone else's income tax return.

Contribution limits	2020	2021
Single	\$3,550	\$3,600
Family	\$7,100	\$7,200

\$1,000 catch-up for individuals 55 & older.

SOCIAL SECURITY

Base amt. of mod. AGI causing Soc. Sec. benefits to be taxable

	50% taxable	85% taxable
Married filing jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000

Maximum earnings before Soc. Sec. benefits are reduced

	2020	2021
Under FRA (lose \$1 for every \$2)	\$18,240	\$18,960
Year FRA is attained	\$48,600	\$50,520
(months prior to FRA lose \$1 for every \$3)		
Once FRA is attained	No limit	No limit

Maximum compensation subject to FICA taxes

Social Security maximum	\$137,700	\$142,800
Medicare maximum	No limit	No limit

FRA: full retirement age

Social Security tax rate: 12.4% self-employed, 6.2% employees

Medicare tax rate: 2.9% self-employed, 1.45% employees

LONG-TERM CARE INSURANCE

Max. qualified LTC premiums eligible for deductions:

	40 or less	41-50	51-60	61-70	Over 70
2020	\$430	\$810	\$1,630	\$4,350	\$5,430
2021	\$450	\$850	\$1,690	\$4,520	\$5,640

Qualified LTC contract per diem limit: \$400 (\$380 in 2020)

*Applicable for tax years 2018 to 2025

BUSINESSES

C-Corps: flat 21% rate including professional corps.

***Pass Through Entities (e.g. S-Corps):** Business owner can deduct up to 20% of Qualified Business Income (QBI), subject to certain limitations as follows:

At higher levels of owner's taxable income (see table), the deduction is limited to the > of: 50% of allocable W-2 wages paid; or 25% of allocable W-2 wages paid plus 2.5% of the unadjusted basis of tangible depreciable property used in the business. In addition, for Specified Service Businesses, business income is not considered QBI, but the deduction is still permitted at lower income levels (see table).

Total Taxable Income of Owner	Limitations	
Single	Married	
0-\$164,900	0-\$329,800	No limitations
\$164,901-\$214,925	\$329,801-\$429,800	Limitations phased in
>\$214,925	>\$429,800	Full limitations

3.8% SURTAX ON UNEARNED INCOME

Married filing jointly with income >\$250,000 and singles >\$200,000 who have investment income will be subject to additional 3.8% tax on the lesser of net investment income or the excess of MAGI over the threshold amount, whichever amount is less. Investment income is defined as the sum of gross income from interest, dividends, annuities, royalties, and rents and net gain attributable to the disposition of property.

PERSONAL ALTERNATIVE MINIMUM TAX

AMTI less exemption amount

<\$199,900	26%
>\$199,900	28%

Exemption amts.	2020	2021
Married filing jointly	\$113,400	\$114,600
Single	\$72,900	\$73,600
Estates and trusts	\$25,400	\$25,700

Phase-out thresholds*

Married filing jointly	\$1,047,200-\$1,505,600
Single	\$523,600-\$818,000
Estates and trusts	\$85,650-\$188,450

STANDARD DEDUCTIONS

	Annual	Add'l 65+ or blind
Married filing jointly	2020	\$24,800
	2021	\$25,100
Single	2020	\$12,400
	2021	\$12,550

CHILD TAX CREDIT*

\$2,000 per child; phases out \$50 for each \$1,000 of MAGI over \$400,000 (married filing jointly) or \$200,000 (single)

CAPITAL GAINS & QUALIFIED DIVIDENDS*: 2021

Cap Gains S-T<12mos. - Ordinary Income Rate
Cap Gains L-T>12mos & Qualified Dividends:

	0%	15%	20%
Married Filled Jointly	0-\$80,800	\$80,801-\$501,600	>\$501,600
Single	0-\$40,400	\$40,401-\$445,850	>\$445,850
Estate & Trusts	0-\$2,700	\$2,701-\$13,250	>\$13,250

KIDDIE TAX

Effective 2021: Unearned inc. <18 (<24 and current FT student)

First	\$1,100	No Tax
Next	\$1,100	10% Tax
Amts over	\$2,200	parents' rate

Note: The SECURE Act of 2019 repealed the changes made to the kiddie tax under the TCJA of 2017.

PERSONAL EXEMPTIONS*

Suspended for years 2018 to 2025.

IRA

MODIFIED AGI PHASE-OUT RANGE FOR CONTRIBUTIONS TO ROTH IRAS

Married filing jointly	\$198,000-\$208,000
Single	\$125,000-\$140,000
Recharacterization of Roth conversions eliminated.	
Recharacterization of Roth contributions still permitted.	

CONTRIBUTION LIMITS — TRADITIONAL AND ROTH

	2008-2012	2013-2018	2019-2021
Regular	\$5,000	\$5,500	\$6,000
Catch-up*	\$1,000	\$1,000	\$1,000

*Only taxpayers age 50 and over are eligible.

TRADITIONAL IRA DEDUCTIBILITY RULES

Filing status	Covered by employer's retirement plan?	Modified AGI		Deductibility
		2020	2021	
Single	No	Any amount	Any amount	Full deduction
	Yes	\$64,999 or less	\$65,999 or less	Full deduction
		\$65,000 - \$74,999 \$75,000 or more	\$66,000-\$75,999 \$76,000 or more	Partial deduction No deduction
Married filing jointly	Neither spouse covered	Any amount	Any amount	Full deduction
	Both spouses covered	\$103,999 or less	\$104,999 or less	Full deduction
		\$104,000 - \$123,999	\$105,000 - \$124,999	Partial deduction
		\$124,000 or more	\$125,000 or more	No deduction
	One spouse covered For covered spouse	\$103,999 or less	\$104,999 or less	Full deduction
		\$104,000 - \$123,999	\$105,000 - \$124,999	Partial deduction
\$124,000 or more		\$125,000 or more	No deduction	
One spouse covered For non-covered spouse	\$195,999 or less	\$197,999 or less	Full deduction	
	\$196,000 - \$205,999	\$198,000 - \$207,999	Partial deduction	
	\$206,000 or more	\$208,000 or more	No deduction	

UNIFORM LIFETIME TABLE

For calculating required minimum distributions (RMDs) from qualified plans and traditional IRAs (table will change in 2022)

Current Age	Dist. Period	Current Age	Dist. Period
70	27.4	85	14.8
71	26.5	86	14.1
72	25.6	87	13.4
73	24.7	88	12.7
74	23.8	89	12.0
75	22.9	90	11.4
76	22.0	91	10.8
77	21.2	92	10.2
78	20.3	93	9.6
79	19.5	94	9.1
80	18.7	95	8.6
81	17.9	96	8.1
82	17.1	97	7.6
83	16.3	98	7.1
84	15.5	99	6.7

EDUCATION INCENTIVES

LIFETIME LEARNING CREDITS

Up to 20% of tuition paid (maximum credit is \$2,000); calculated per taxpayer.

Modified AGI phase-outs	2020	2021
Married filing jointly	\$118,000-\$138,000	\$160,000-\$180,000
Single	\$59,000-\$69,000	\$80,000-\$90,000

EXCLUSION OF U.S. SAVINGS BOND INCOME FOR QUALIFIED HIGHER EDUCATION EXPENSES

Modified AGI phase-outs	2020	2021
Married filing jointly	\$123,550-\$153,550	\$124,800-\$154,800
Single	\$82,350-\$97,350	\$83,200-\$98,200

STUDENT LOAN INTEREST DEDUCTION — MAXIMUM DEDUCTION \$2,500

Modified AGI phase-outs	2020	2021
Married filing jointly	\$140,000-\$170,000	\$140,000-\$170,000
Single	\$70,000-\$85,000	\$70,000-\$85,000
Deductibility period	No time limit	No time limit

Coverdell Education Savings Accounts (Education IRAs) — Contribution Limit \$2,000

Modified AGI phase-out range for contributions to Coverdell Education Savings Accounts

Married filing jointly	\$190,000-\$220,000
Single	\$95,000-\$110,000

Qualified Tuition Programs — Section 529 Plans

Distributions for qualified higher education expenses are income-tax free. Retroactive to 2018, higher education includes registered apprenticeship programs. Effective 2018: Includes expenses for elementary or secondary public, private or religious school. Limited to \$10,000/yr. Higher education unlimited.

American Opportunity Tax Credit/ Hope Learning Credits

Modified AGI phase-out Hope credit — up to \$2,500 per student for first four years of higher education tuition paid.

Married filing jointly	\$160,000-\$180,000
Single	\$80,000-\$90,000

QUALIFIED PLANS

	2020	2021
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)	\$19,500	\$19,500
Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$13,500	\$13,500
Maximum elective deferral to 457 plans of tax-exempt employers	\$19,500	\$19,500
Limit on annual additions to SEP IRA plans	\$57,000	\$58,000
Annual compensation threshold requiring SEP IRA contribution	\$600	\$650
Limit on annual additions to defined contribution plans	\$57,000	\$58,000
Maximum annual compensation taken into account for contributions	\$285,000	\$290,000
Annual benefit limit under defined benefit plans	\$230,000	\$230,000
Threshold amount for definition of highly compensated employee	\$130,000	\$130,000
Threshold amount for definition of key employee in top-heavy plans	\$185,000	\$185,000
Pension Benefit Guaranty Corp. monthly pension amt. (age 65, single life)	\$5,813	\$6,034

SAVER'S TAX CREDIT

Contributions to employer plans and IRAs. Max credit \$1,000 per taxpayer — AGI limits below.

Married filing jointly	Single	Credit
\$0-\$39,500	\$0-\$19,750	50% of contribution
\$39,501-\$43,000	\$19,751-\$21,500	20% of contribution
\$43,001-\$66,000	\$21,501-\$33,000	10% of contribution
Over \$66,000	Over \$33,000	Not available

CATCH-UP CONTRIBUTION LIMITS FOR OTHER QUALIFIED PLAN TYPES

	2020	2021
401(k), 403(b), SARSEP and 457 plans	\$6,500	\$6,500
SIMPLE IRA and SIMPLE 401(k) plans	\$3,000	\$3,000

Life insurance offered through Allstate Life Ins. Co. & Allstate Assurance Co., 3075 Sanders Rd, Northbrook IL 60062; American Heritage Life Ins. Co., 1776 American Heritage Life Dr., Jacksonville FL 32224. In New York, life insurance offered through Allstate Life Insurance Company of New York, Hauppauge NY. Securities offered by Personal Financial Representatives through Allstate Financial Services, LLC (LSA Securities in LA and PA). Registered Broker-Dealer. Member FINRA, SIPC. Main Office: 2920 South 84th Street, Lincoln, NE 68506. (877) 232-2142. Check the background of this firm on FINRA's BrokerCheck website <http://brokercheck.finra.org>. This material is intended for general educational purposes only. Please note that neither the offering insurance company nor any of its agents or representatives can give legal or tax advice. The brief discussion of taxes in this brochure may not be complete or necessarily current. The tax laws and regulations are complex and subject to change. For complete details, consult your attorney or tax advisor.

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