



2021 Tax Facts

ORDINARY TAX RATES AND BRACKETS

	Taxable Income	Pay	% on excess	Of the amount over:
Single	\$0 - \$9,950	\$0	10%	\$0
	9,951 - 40,525	995	12	9,950
	40,526 - 86,375	4,664	22	40,525
	86,376 - 164,925	14,751	24	86,375
	164,926 - 209,425	33,603	32	164,925
	209,426 - 523,600	47,843	35	209,425
	523,601+	157,804.25	37	523,600
Married Filing Jointly	\$0 - \$19,900	\$0	10%	\$0
	19,901 - 81,050	1,990	12	19,900
	81,051 - 172,750	9,328	22	81,050
	172,751 - 329,850	29,502	24	172,750
	329,851 - 418,850	67,206	32	329,850
	418,851 - 628,300	95,686	35	418,850
	628,301+	168,993.50	37	628,300
Married Filing Separately	\$0 - \$9,950	\$0	10%	\$0
	9,951 - 40,525	995	12	9,950
	40,526 - 86,375	4,664	22	40,525
	86,376 - 164,925	14,751	24	86,375
	164,926 - 209,425	33,603	32	164,925
	209,426 - 314,150	47,843	35	209,425
	314,151+	84,496.75	37	314,150
Head of Household	\$0 - \$14,200	\$0	10%	\$0
	14,201 - 54,200	1,420	12	14,200
	54,201 - 86,350	6,220	22	54,200
	86,351 - 164,900	13,293	24	86,350
	164,901 - 209,400	32,145	32	164,900
	209,401 - 523,600	46,385	35	209,400
	523,601+	156,355.35	37	523,600
Estates and Non-Grantor Trusts	\$0 - \$2,650	\$0	10%	\$0
	2,651 - 9,550	265	24	2,650
	9,551 - 13,050	1,921	35	9,550
	13,051+	3,146	37	13,050

The tax rate on long-term capital gains and qualified dividends is also based on a bracketed system using taxable income:

Long-Term Capital Gain Tax Rate	Single	Married Filing Joint	Married Filing Separately	Head of Household	Estates & Non-Grantor Trusts
0%	\$0 - 40,400	\$0 - 80,800	\$0 - 40,400	\$0 - 54,100	\$0 - 2,700
15%	\$40,401 - 445,850	\$80,801 - 501,600	\$40,401 - 250,800	\$54,101 - 473,750	\$2,701 - 13,250
20%	\$445,851+	\$501,601+	\$250,801+	\$473,751+	\$13,251+

- In addition, married taxpayers with Modified AGI over \$250,000 (\$200,000 if Single; \$125,000 if Married Filing Separately) and estates/non-grantor trusts in the top tax bracket are subject to an additional 3.8% tax on Net Investment Income.



2021 Tax Facts, *continued*

STANDARD DEDUCTION / PERSONAL EXEMPTIONS

	2021	2020	2019
Single	\$12,550	\$12,400	\$12,200
Married, filing jointly	\$25,100	\$24,800	\$24,400
Married, filing separately	\$12,550	\$12,400	\$12,200
Head of Household	\$18,800	\$18,650	\$18,350
Additional deduction for aged or blind – married	\$1,350	\$1,300	\$1,300
Additional deduction for aged or blind – single	\$1,700	\$1,650	\$1,650
Personal Exemption	\$0	\$0	\$0
AGI where itemized deduction/personal exemption phase-outs begin	Single	N/A	N/A
	Married Filing Joint	N/A	N/A
	Married Filing Separate	N/A	N/A
	Head of Household	N/A	N/A

- Personal exemptions and the phaseout of itemized deductions are both repealed as of 2018, but are scheduled to be reinstated after 2025.

KIDDIE TAX

	2021	2020	2019
Standard Deduction for dependent with no earned income	\$1,100	\$1,100	\$1,100
Maximum net unearned income taxed at child's rate (<i>using the tax rates & brackets for a single filer</i>)	\$1,100	\$1,100	\$1,100
Floor beyond which additional unearned income is taxed at the parent's tax rate	\$2,200	\$2,200	N/A
Floor beyond which additional unearned income is taxed at the trust tax rates	N/A	N/A	\$2,200

- The standard deduction for a dependent is the greater of (i) \$1,100 or (ii) the sum of \$350 and the individual's earned income.

ALTERNATIVE MINIMUM TAX

	2021 Taxable Income	Pay	Plus % on excess	Of the amount over:
Single, Head of Household, Married Filing Joint, Trusts	\$0 - \$199,900		26%	\$0
	\$199,901 and above	\$51,974	28%	\$199,901
Married Filing Separate	\$0 - \$99,950		26%	\$0
	\$99,951 and above	\$27,986	28%	\$99,951

- For AMT purposes, long-term capital gains and qualified dividends are taxed at either 15% or 20%, using the same income thresholds as for regular tax.

AMT Personal Exemption	2021	2020	2019
Single	\$73,600	\$72,900	\$71,700
Married Filing Joint	\$114,600	\$113,400	\$111,700
Married Filing Separate	\$57,300	\$56,700	\$55,850
Head of Household	\$73,600	\$72,900	\$71,700

- For 2021, the AMT Exemption begins to phase for married couples with Alternative Minimum Taxable Income above \$1,047,200 and above \$523,600 for all other taxpayers. The amount of exemption lost equals 25% of AMTI over the applicable threshold.



2021 Tax Facts, *continued*

RETIREMENT PLAN CONTRIBUTION LIMITS

Traditional & Roth IRAs	2021	2020	2019
IRA and Roth IRA regular contributions	\$6,000	\$6,000	\$6,000
IRA and Roth IRA catch-up contributions	\$1,000	\$1,000	\$1,000
MAGI phaseout range for IRA deduction - single	\$66,000- \$76,000	\$65,000- \$75,000	\$64,000- \$74,000
MAGI phaseout range for IRA deduction - married	\$105,000- \$125,000	\$104,000- \$124,000	\$103,000- \$123,000
Roth IRA contribution AGI range - single	\$125,000- \$140,000	\$124,000- \$139,000	\$122,000- \$137,000
Roth IRA contribution AGI range - married	\$198,000- \$208,000	\$196,000- \$206,000	\$193,000- \$203,000

- Catch-up contributions to IRAs and Roth IRAs are available to taxpayers age 50 and older by 12/31/21.
- MAGI is defined as Adjusted Gross Income plus any deductions taken for: IRA contributions, student loan interest, excluded foreign income, half of SE tax, interest from savings bonds used for education, losses from publicly traded partnerships, passive income/loss, qualified tuition expense, rental losses and adoption expenses.
- For those not covered by an employer retirement plan but whose spouse is covered, the IRA deduction is phased out for MAGI between \$198,000 and \$208,000 for 2021 (\$196,000 and \$206,000 for 2020).

Employer Plans	2021	2020	2019
401(k), 403(b) regular contributions	\$19,500	\$19,500	\$19,000
401(k), 403(b) catch-up contributions	\$6,500	\$6,500	\$6,000
Profit Sharing or MPP	\$58,000	\$57,000	\$56,000
Individual 401(k) (Salary Deferral + Profit Sharing)	\$58,000	\$57,000	\$56,000
Individual 401(k) (Salary Deferral + Profit Sharing) Including Age 50+ Catch-up	\$64,500	\$63,500	\$62,000
SIMPLE IRA regular contributions	\$13,500	\$13,500	\$13,000
SIMPLE IRA catch-up contributions	\$3,000	\$3,000	\$3,000
SEP plan contributions	\$58,000	\$57,000	\$56,000
Total Defined Contribution plan contributions	\$58,000	\$57,000	\$56,000
Maximum compensation for plan benefit	\$290,000	\$285,000	\$280,000

SOCIAL SECURITY TAXES AND BENEFITS

	2021	2020	2019
Maximum wages subject to FICA tax	\$142,800	\$137,700	\$132,900
Maximum earned income before reduction in SS benefits (up to full retirement age)	\$18,960	\$18,240	\$17,640
Maximum SS benefit, retiring at full retirement age	\$3,148/mo	\$3,011/mo	\$2,861/mo

- Earned income above threshold, for taxpayers younger than full retirement age, results in reduced Social Security benefits. Benefit amount is reduced by \$1 for every \$2 over the \$18,960 threshold.

Taxability of Benefits	Single, Head of Household, Married Filing Separate	Married Filing Joint	Taxable Portion of Benefits
Income Level	\$0 - \$25,000	\$0 - \$32,000	0%
	\$25,000 - \$34,000	\$32,000 - \$44,000	Up to 50%
	Over \$34,000	Over \$44,000	Up to 85%

- Income for purposes of this test includes:
 1. All income included on lines 1, 2b, 3b, 4b, 4d, 6 and 7a of the 2019 Form 1040
 2. Any tax-exempt interest included on line 2a of Form 1040
 3. Half the gross Social Security benefit itself (Line 5a)



2021 Tax Facts, *continued*

HEALTH SAVINGS ACCOUNTS

	2021	2020	2019
Contribution Limit – Single Coverage	\$3,600	\$3,550	\$3,500
Contribution Limit – Family Coverage	\$7,200	\$7,100	\$7,000
Catch-up Contribution	\$1,000	\$1,000	\$1,000
Minimum Deductible – Single	\$1,400	\$1,400	\$1,350
Minimum Deductible – Family	\$2,800	\$2,800	\$2,700

- Catch-up contributions to HSAs are available to account holders age 55 and older by 12/31/21.
- The Minimum Deductible shown above is the minimum amount allowed for the plan to be considered a High Deductible Plan
- Out of pocket expenses under the plan can't exceed \$7,000 for singles, \$14,000 for a family.

ESTATE PLANNING

Decedents Dying In:	Lifetime Exemption Amount	Tax Rate
2009	\$3,500,000	45%
2010	\$5 million, but estates may elect no estate tax, with capital gain tax on appreciation above \$1.3 million	35%
2011	\$5,000,000	35%
2012	\$5,120,000	35%
2013	\$5,250,000	40%
2014	\$5,340,000	40%
2015	\$5,430,000	40%
2016	\$5,450,000	40%
2017	\$5,490,000	40%
2018	\$11,180,000	40%
2019	\$11,400,000	40%
2020	\$11,580,000	40%
2021	\$11,700,000	40%

2026+ reverts back to 2017 number. May be indexed from 2017

- Individuals may use the full \$11,700,000 million exemption to make lifetime gifts without incurring gift tax (married couples up to \$23,400,000). The 40% gift tax rate will apply to gifts above the exemption amount.

	2021	2020	2019
Annual Gift Tax exclusion	\$15,000	\$15,000	\$15,000

- The annual exclusion is indexed for inflation, but increases are only made in \$1,000 increments, and adjustments typically occur every few years.

3000 Woodcreek Drive • Suite 100 • Downers Grove, IL 60515 | P 630.836.3300 | vertexpartners.com

*LPL and its representatives do not offer tax and legal advice. Please consult your CPA and legal professionals. LPL financial representatives offer access to Trust Services through the Private Trust Company N.A. an affiliate of LPL Financial.

Securities offered through LPL Financial, member FINRA/SIPC. Investment advice offered through HighPoint Advisor Group, LLC, a registered investment advisor. Vertex Planning Partners, LLC and HighPoint Advisor Group are separate entities from LPL Financial.

