



# *Quick View* TAX GUIDE

2022 and 2023

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## 2022 INCOME AND PAYROLL TAX RATES

### SINGLE TAXPAYER RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 10,275    | \$ 0               | 10% | \$ 0           |
| 10,275         | 41,775       | 1,027.50           | 12% | 10,275         |
| 41,775         | 89,075       | 4,807.50           | 22% | 41,775         |
| 89,075         | 170,050      | 15,213.50          | 24% | 89,075         |
| 170,050        | 215,950      | 34,647.50          | 32% | 170,050        |
| 215,950        | 539,900      | 49,335.50          | 35% | 215,950        |
| 539,900        | -----        | 162,718.00         | 37% | 539,900        |

### MARRIED FILING JOINTLY RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 20,550    | \$ 0               | 10% | \$ 0           |
| 20,550         | 83,550       | 2,055.00           | 12% | 20,550         |
| 83,550         | 178,150      | 9,615.00           | 22% | 83,550         |
| 178,150        | 340,100      | 30,427.00          | 24% | 178,150        |
| 340,100        | 431,900      | 69,295.00          | 32% | 340,100        |
| 431,900        | 647,850      | 98,671.00          | 35% | 431,900        |
| 647,850        | -----        | 174,253.50         | 37% | 647,850        |

### HEAD OF HOUSEHOLD RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 14,650    | \$ 0               | 10% | \$ 0           |
| 14,650         | 55,900       | 1,465.00           | 12% | 14,650         |
| 55,900         | 89,050       | 6,415.00           | 22% | 55,900         |
| 89,050         | 170,050      | 13,708.00          | 24% | 89,050         |
| 170,050        | 215,950      | 33,148.00          | 32% | 170,050        |
| 215,950        | 539,900      | 47,836.00          | 35% | 215,950        |
| 539,900        | -----        | 161,218.50         | 37% | 539,900        |

### MARRIED FILING SEPARATELY RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 10,275    | \$ 0               | 10% | \$ 0           |
| 10,275         | 41,775       | 1,027.50           | 12% | 10,275         |
| 41,775         | 89,075       | 4,807.50           | 22% | 41,775         |
| 89,075         | 170,050      | 15,213.50          | 24% | 89,075         |
| 170,050        | 215,950      | 34,647.50          | 32% | 170,050        |
| 215,950        | 323,925      | 49,335.50          | 35% | 215,950        |
| 323,925        | -----        | 87,126.75          | 37% | 323,925        |

### TRUSTS AND ESTATES RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 2,750     | \$ 0               | 10% | \$ 0           |
| 2,750          | 9,850        | 275                | 24% | 2,750          |
| 9,850          | 13,450       | 1,979              | 35% | 9,850          |
| 13,450         | -----        | 3,239              | 37% | 13,450         |

### SOCIAL SECURITY PAYROLL TAX

|               | Minimum Taxable Wage Base | Tax Rate | Maximum Tax |
|---------------|---------------------------|----------|-------------|
| Employee      | \$147,000                 | 6.2%     | \$9,114     |
| Self-Employed | \$147,000                 | 12.4%    | \$18,228    |

### MEDICARE PART A PAYROLL TAX

|               | Taxable Wage Base                                | Tax Rate | Maximum Tax  |
|---------------|--|----------|--------------|
| Employee      | Initial \$250,000 (joint filers)                 | 1.45%    | \$3,625.00   |
|               | Initial \$125,000 (married filing separately)    | 1.45%    | \$1,812.50   |
|               | Initial \$200,000 (all others)                   | 1.45%    | \$2,900.00   |
|               | Wages over \$250,000 (joint filers)              | 2.35%    | (no maximum) |
|               | Wages over \$125,000 (married filing separately) | 2.35%    | (no maximum) |
|               | Wages over \$200,000 (all others)                | 2.35%    | (no maximum) |
| Employer      | All wages  | 1.45%    |              |
| Self-Employed | Initial \$250,000 (joint filers)                 | 2.9%     | \$7,250.00   |
|               | Initial \$125,000 (married filing separately)    | 2.9%     | \$3,625.00   |
|               | Initial \$200,000 (all others)                   | 2.9%     | \$5,800.00   |
|               | Wages over \$250,000 (joint filers)              | 3.8%     | (no maximum) |
|               | Wages over \$125,000 (married filing separately) | 3.8%     | (no maximum) |
|               | Wages over \$200,000 (all others)                | 3.8%     | (no maximum) |

## 2023 INCOME AND PAYROLL TAX RATES

### SINGLE TAXPAYER RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 11,000    | \$ 0               | 10% | \$ 0           |
| 11,000         | 44,725       | 1,100.00           | 12% | 11,000         |
| 44,725         | 95,375       | 5,147.00           | 22% | 44,725         |
| 95,375         | 182,100      | 16,290.00          | 24% | 95,375         |
| 182,100        | 231,250      | 37,104.00          | 32% | 182,100        |
| 231,250        | 578,125      | 52,832.00          | 35% | 231,250        |
| 578,125        | -----        | 174,238.25         | 37% | 578,125        |

### MARRIED FILING JOINTLY RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 22,000    | \$ 0               | 10% | \$ 0           |
| 22,000         | 89,450       | 2,200.00           | 12% | 22,000         |
| 89,450         | 190,750      | 10,294.00          | 22% | 89,450         |
| 190,750        | 364,200      | 32,580.00          | 24% | 190,750        |
| 364,200        | 462,500      | 74,208.00          | 32% | 364,200        |
| 462,500        | 693,750      | 105,664.00         | 35% | 462,500        |
| 693,750        | -----        | 186,601.50         | 37% | 693,750        |

### HEAD OF HOUSEHOLD RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 15,700    | \$ 0               | 10% | \$ 0           |
| 15,700         | 59,850       | 1,570.00           | 12% | 15,700         |
| 59,850         | 95,350       | 6,868.00           | 22% | 59,850         |
| 95,350         | 182,100      | 14,678.00          | 24% | 95,350         |
| 182,100        | 231,250      | 35,498.00          | 32% | 182,100        |
| 231,250        | 578,100      | 51,226.00          | 35% | 231,250        |
| 578,100        | -----        | 172,623.50         | 37% | 578,100        |

### MARRIED FILING SEPARATELY RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 11,000    | \$ 0               | 10% | \$ 0           |
| 11,000         | 44,725       | 1,100.00           | 12% | 11,000         |
| 44,725         | 95,375       | 5,147.00           | 22% | 44,725         |
| 95,375         | 182,100      | 16,290.00          | 24% | 95,375         |
| 182,100        | 231,250      | 37,104.00          | 32% | 182,100        |
| 231,250        | 346,875      | 52,832.00          | 35% | 231,250        |
| 346,875        | -----        | 93,300.75          | 37% | 346,875        |

### TRUSTS AND ESTATES RATES

| Taxable Income |              | Tax Before Credits |     |                |
|----------------|--------------|--------------------|-----|----------------|
| Over           | But not over | Flat amount        | +   | Of excess over |
| \$ 0           | \$ 2,900     | \$ 0               | 10% | \$ 0           |
| 2,900          | 10,550       | 290                | 24% | 2,900          |
| 10,550         | 14,450       | 2,126              | 35% | 10,550         |
| 14,450         | -----        | 3,491              | 37% | 14,450         |

### SOCIAL SECURITY PAYROLL TAX

|               | Minimum Taxable Wage Base | Tax Rate | Maximum Tax |
|---------------|---------------------------|----------|-------------|
| Employee      | \$160,200                 | 6.2%     | \$9,932.40  |
| Self-Employed | \$160,200                 | 12.4%    | \$19,864.80 |

### MEDICARE PART A PAYROLL TAX

|               | Taxable Wage Base                                | Tax Rate | Maximum Tax  |
|---------------|--|----------|--------------|
| Employee      | Initial \$250,000 (joint filers)                 | 1.45%    | \$3,625.00   |
|               | Initial \$125,000 (married filing separately)    | 1.45%    | \$1,812.50   |
|               | Initial \$200,000 (all others)                   | 1.45%    | \$2,900.00   |
|               | Wages over \$250,000 (joint filers)              | 2.35%    | (no maximum) |
|               | Wages over \$125,000 (married filing separately) | 2.35%    | (no maximum) |
|               | Wages over \$200,000 (all others)                | 2.35%    | (no maximum) |
| Employer      | All wages  | 1.45%    |              |
| Self-Employed | Initial \$250,000 (joint filers)                 | 2.9%     | \$7,250.00   |
|               | Initial \$125,000 (married filing separately)    | 2.9%     | \$3,625.00   |
|               | Initial \$200,000 (all others)                   | 2.9%     | \$5,800.00   |
|               | Wages over \$250,000 (joint filers)              | 3.8%     | (no maximum) |
|               | Wages over \$125,000 (married filing separately) | 3.8%     | (no maximum) |
|               | Wages over \$200,000 (all others)                | 3.8%     | (no maximum) |

## CORPORATE TAX RATE

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Taxable income is taxed at a flat rate of 21%.

## ALTERNATIVE MINIMUM TAX

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Taxpayers are subject to an “alternative minimum tax” (AMT) instead of the regular income tax when they have substantial “preference income.” This is income that is treated favorably under the regular income tax. Basically, the taxpayer must pay whichever tax is higher—the regular tax or the AMT.

| Filing Status               | 2022 Exemption | 2023 Exemption |
|-----------------------------|----------------|----------------|
| Single or head of household | \$75,900       | \$81,300       |
| Married filing jointly      | \$118,100      | \$126,500      |
| Married filing separately   | \$59,050       | \$63,250       |

The exemption amounts are phased out for higher-income taxpayers. The income thresholds are:

|      |                                      |                                 |
|------|--------------------------------------|---------------------------------|
| 2022 | Married filing jointly - \$1,079,800 | All other taxpayers - \$539,900 |
| 2023 | Married filing jointly - \$1,156,300 | All other taxpayers - \$578,150 |

| AMT Income in Excess of Exemption 2022 / 2023 | AMT Rate |
|---|----------|
| First \$206,100 / \$220,700                   | 26%      |
| Above \$206,100 / \$220,700                   | 28%      |

(\$103,050 / \$110,350 for married persons filing separately)

## KIDDIE TAX ON UNEARNED INCOME

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|              | 2022    | 2023    | Income Tax Bracket |
|--------------|---------|---------|--------------------|
| First        | \$1,150 | \$1,250 | No Tax             |
| Next         | \$1,150 | \$1,250 | Child's Bracket    |
| Amounts Over | \$2,300 | \$2,500 | Parent's Bracket   |

The “kiddie tax” applies to: a) a child under age 18; b) a child age 18 whose earned income does not exceed one-half of his or her support; or c) a child age 19-23 whose earned income does not exceed one-half of his or her support, and who is a full-time student. Furthermore, the child does not file a joint income tax return and has at least one living parent at the end of the tax year.

## INCOME TAXATION OF SOCIAL SECURITY BENEFITS

Retired taxpayers with incomes over certain threshold amounts are subject to income tax on their Social Security retirement benefits. The special tax base for determining whether a taxpayer's benefits are subject to tax equals one-half of Social Security benefits plus all other income (including tax-exempt income).

| Filing Status               | Tax Base   | % of Benefits Taxed |
|-----------------------------|--|---------------------|
| Single or head of household | \$25,000 - \$34,000  | 50%                 |
|                             | Over \$34,000  | 85%                 |
| Married filing jointly      | \$32,000 - \$44,000  | 50%                 |
|                             | Over \$44,000  | 85%                 |
| Married filing separately   | Depends on whether the spouses live together during the tax year |                     |

For example, a married couple filing jointly has an adjusted gross income of \$30,000, tax-exempt interest of \$3,000, and receives \$24,000 in Social Security benefits. The special tax base for the couple equals \$45,000, and \$6,850 of the Social Security benefits are taxable ( $.50 \times \$12,000 = \$6,000$ ;  $.85 \times \$1,000 = \$850$ ; total \$6,850).

## STANDARD DEDUCTION

**Amount** - The standard deduction is a flat amount that a taxpayer may deduct in lieu of itemizing deductions. The standard deduction amount for each taxpayer category is:

| Taxpayer Status           | 2022     | 2023     |
|---------------------------|----------|----------|
| Single                    | \$12,950 | \$13,850 |
| Married filing jointly    | \$25,900 | \$27,700 |
| Head of household         | \$19,400 | \$20,800 |
| Married filing separately | \$12,950 | \$13,850 |

**Age 65 or Blind** - Taxpayers who are age 65 or over, or who are blind, may take an additional standard deduction (provided they do not itemize). For 2022, the additional standard deduction amount is \$1,400 if married or \$1,750 if the person is unmarried and not a surviving spouse. For 2023, the additional standard deduction amount is \$1,500 if married or \$1,850 if the person is unmarried and not a surviving spouse.

## ITEMIZED DEDUCTIONS

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**Interest Expense** - Most personal interest paid is not deductible, with certain important exceptions:

### Deductible

1. Mortgage interest on one or two residences up to \$750,000 of indebtedness (applies only to new mortgages taken out after December 15, 2017; older mortgages remain tied to the \$1,000,000 cap)
2. Points on home mortgages
3. Business interest
4. Investment interest up to net investment income

### Not Deductible

1. Auto loan interest
2. Credit card interest
3. Home equity loan interest
4. Most other consumer loan interest
5. Prepaid interest other than points on home mortgages

**State and Local Taxes** - Itemizers may deduct either state and local income taxes, or state and local sales taxes. Also, itemizers may deduct state and local real property taxes and personal property taxes. The combined deduction for state property and income taxes is capped at \$10,000. Taxpayers may not deduct state and local taxes in calculating the AMT unless they are deductible in computing adjusted gross income (“above-the-line” deductions, not itemized).

**Medical and Dental Expenses** - Expenses paid for nearly all medical, dental and vision care during the year, and not reimbursed by insurance or other means, are deductible by itemizers to the extent that the total of such expenses exceeds 7.5% of AGI.

**Losses** - Individuals can deduct two basic types of losses: 1) business losses incurred in the taxpayer’s unincorporated business, or 2) investment losses if the investment was originally motivated by profit. Casualty and theft losses are not deductible except for declared national disasters.

## DEDUCTION FOR QUALIFIED BUSINESS INCOME

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Owners of pass-through entities are taxed on business income at their individual income tax rates, but may claim a 20% deduction of their share of the business income—even if they elect to use the standard deduction instead of itemizing.

A number of “specified service trades or businesses” do not qualify for the deduction, subject to the following thresholds on qualified business income:

|                           | 2022      | 2023      |
|---------------------------|-----------|-----------|
| Married filing jointly    | \$340,100 | \$364,200 |
| Married filing separately | \$170,050 | \$182,100 |
| Single/Head of Household  | \$170,050 | \$182,100 |

These business owners face a deduction limitation phase-in equal to \$100,000 for married filing jointly and \$50,000 for all other filers.

## CAPITAL GAINS AND DIVIDENDS

### 2022 Maximum Tax Rate on Long-Term Capital Gains and Most Corporate Dividends

| Tax Rate | Single               | Married (Joint)      | Married (Separate)   | Head of Household    | Estate or Trust    |
|----------|----------------------|----------------------|----------------------|----------------------|--------------------|
| 0%       | \$0 - \$41,675       | \$0 - \$83,350       | \$0 - \$41,675       | \$0 - \$55,800       | \$0 - \$2,800      |
| 15%      | \$41,676 - \$459,750 | \$83,351 - \$517,200 | \$41,676 - \$258,600 | \$55,801 - \$488,500 | \$2,801 - \$13,700 |
| 20%      | over \$459,750       | over \$517,200       | over \$258,600       | over \$488,500       | over \$13,700      |

### 2023 Maximum Tax Rate on Long-Term Capital Gains and Most Corporate Dividends

| Tax Rate | Single               | Married (Joint)      | Married (Separate)   | Head of Household    | Estate or Trust    |
|----------|----------------------|----------------------|----------------------|----------------------|--------------------|
| 0%       | \$0 - \$44,625       | \$0 - \$89,250       | \$0 - \$44,625       | \$0 - \$59,750       | \$0 - \$3,000      |
| 15%      | \$44,626 - \$492,300 | \$89,251 - \$553,850 | \$44,626 - \$276,900 | \$59,751 - \$523,050 | \$3,001 - \$14,650 |
| 20%      | over \$492,300       | over \$553,850       | over \$276,900       | over \$523,050       | over \$14,650      |

**Holding Period** - The long-term rate generally applies to gains on the sale of capital assets held for more than one year.

**Short-Term Capital Gains** - Net short-term capital gains (on sales of capital assets held for one year or less) are taxed at ordinary income rates.

**Collectibles** - Long-term capital gain from the sale of collectibles is taxed at a top rate of 28%.

**Capital Losses** - After capital gains and losses are netted against one another, any remaining net capital loss may be used to offset ordinary income up to \$3,000 per year. Any excess net capital loss may be carried over and used in future years.

**Sale of a Principal Residence** - A seller of any age who has owned and used real property as a principal residence for at least two of the last five years can exclude from gross income up to \$250,000 (\$500,000 if married filing jointly) of gain realized on a sale.

**Additional Tax on High-Income Taxpayers** - Individuals with more than \$200,000 in income (\$250,000 for a married couple filing jointly), who also have investment income, will pay an additional tax of 3.8% on net investment income or the excess of modified adjusted gross income over the threshold amount (whichever amount is less). Investment income is defined as the sum of gross income from items such as interest, dividends, annuities, royalties, and rents, as well as net gain attributable to the disposition of property (i.e., capital gains).

## LONG-TERM CARE INSURANCE PREMIUMS - Deductibility Limits

| Age          | 2022    | Age          | 2023    |
|--------------|---------|--------------|---------|
| 40 and under | \$450   | 40 and under | \$480   |
| 41-50        | \$850   | 41-50        | \$890   |
| 51-60        | \$1,690 | 51-60        | \$1,790 |
| 61 - 70      | \$4,510 | 61 - 70      | \$4,770 |
| 71 and over  | \$5,640 | 71 and over  | \$5,960 |

Benefits received under a qualified long-term care insurance policy generally are excludable from gross income as amounts received for personal injuries and sickness, subject to a per diem limit. The per diem limit was \$390 for 2022 and \$420 for 2023.



## DEDUCTIONS FOR CONTRIBUTIONS TO PUBLIC CHARITIES

| Type of Property Contributed   | Deemed Amount of Contribution | Percentage Limitation <sup>1</sup> 2022 and 2023 |
|--|-------------------------------|--|
| Cash   | Actual dollar amount          | 60%  |
| Appreciated ordinary income property <sup>2</sup> or appreciated short-term capital gain property <sup>3</sup> | Donor's tax basis             | 50%  |
| Appreciated long-term capital gain property <sup>4</sup>   |                               |  |
| (a) General rule   | Fair market value             | 30%  |
| (b) Election made to reduce amount of contribution   | Donor's tax basis             | 50%  |
| (b) Tangible personal property put to unrelated use by donee charity   | Donor's tax basis             | 50%  |

1 The applicable "percentage limitation" applies to the donor's contribution base, which is the donor's adjusted gross income (AGI) determined without regard to any net operating loss carryback. The limitation is applied on an annual basis. Any deductible contributions that exceed the current year's limitations may be carried over and deducted in the five succeeding tax years, subject to the percentage limitations in those years.

2 "Ordinary income property" is property that would produce ordinary income if sold by the individual.

3 "Short-term capital gain property" is property that would produce short-term capital gain if sold by the individual.

4 "Long-term capital gain property" is property that would produce long-term capital gain if sold by the individual.

## INDIVIDUAL RETIREMENT ACCOUNTS

### Traditional IRA

**Contribution Limit** - \$6,000 (\$7,000 for taxpayers age 50+) in 2022 and \$6,500 (\$7,500 for taxpayers age 50+) in 2023. Note: For tax years beginning in 2020, the age 70½ limit on making traditional IRA contributions is eliminated.

### Deduction Limit on Qualified Retirement Plan Participants -

- Taxpayers who do not participate in qualified retirement plans can deduct contributions to an IRA.
- Taxpayers who do participate in qualified retirement plans are subject to a reduced deduction based on modified adjusted gross income (MAGI).
- In 2022, the MAGI phase-out of the deduction for single taxpayers begins at \$68,000 and the deduction is lost at \$78,000. The MAGI phase-out of the deduction for married taxpayers filing jointly begins at \$109,000 and the deduction is lost at \$129,000.
- In 2023, the MAGI phase-out of the deduction for single taxpayers begins at \$73,000 and the deduction is lost at \$83,000. The MAGI phase-out of the deduction for married taxpayers filing jointly begins at \$116,000 and the deduction is lost at \$136,000.



## INDIVIDUAL RETIREMENT ACCOUNTS (continued)

### Roth IRA

**Contribution Limit** - \$6,000 (\$7,000 for taxpayers age 50+) in 2022 and \$6,500 (\$7,500 for taxpayers age 50+) in 2023.

**Contribution Limit Based on Modified Adjusted Gross Income** - The amount taxpayers can contribute to a Roth IRA is subject to a MAGI phase-out.

- In 2022, the MAGI phase-out on Roth IRA contributions by single taxpayers begins at \$129,000 and no contribution is permitted if MAGI is \$144,000 or more. The MAGI phase-out on Roth IRA contributions for married taxpayers filing jointly begins at \$204,000 and no contribution is permitted if MAGI is \$214,000 or more.
- In 2023, the MAGI phase-out on Roth IRA contributions by single taxpayers begins at \$138,000 and no contribution is permitted if MAGI is \$153,000 or more. The MAGI phaseout on Roth IRA contributions for married taxpayers filing jointly begins at \$218,000 and no contribution is permitted if MAGI is \$228,000 or more.

**Deduction Limit** - There is no deduction for a contribution to a Roth IRA.

## DOLLAR LIMITS FOR QUALIFIED RETIREMENT PLANS

|   | 2022      | 2023      |
|---|-----------|-----------|
| Defined Contribution Plans - Annual additions limit for defined contribution plans [IRC Sec. 415(c)]  | \$61,000  | \$66,000  |
| Defined Benefit Plans - Annual benefit limit for defined benefit plans [IRC Sec. 415(b)]  | \$245,000 | \$265,000 |
| 401(k) - Annual limit on deferrals [IRC Sec. 402(g)]  | \$20,500  | \$22,500  |
| Plus: age 50+ catch-up  | \$6,500   | \$7,500   |
| 403(b) - Annual limit on deferrals [IRC Sec. 402(g)]  | \$20,500  | \$22,500  |
| Plus: age 50+ catch-up  | \$6,500   | \$7,500   |
| Salary Reduction SEPs (SARSEPs) - Annual limit on elective deferral [IRC Sec. 402(g)]   | \$20,500  | \$22,500  |
| Plus: age 50+ catch-up  | \$6,500   | \$7,500   |
| Annual Limit on Elective Deferrals to 457 Plans [IRC Sec. 457(b)(2)(c)(1)]  | \$20,500  | \$22,500  |
| Plus: age 50+ catch-up  | \$6,500   | \$7,500   |
| Maximum Annual Compensation - Amount of employee compensation that may be taken into account by plan formula (QRPs, 403(b), SEPs) [IRC Sec. 401(a)(17)] | \$305,000 | \$330,000 |

## **DOLLAR LIMITS FOR QUALIFIED RETIREMENT PLANS (continued)**

|  | <b>2022</b> | <b>2023</b> |
|--|-------------|-------------|
| Nondiscrimination Rules - For “highly compensated employees”<br>[IRC Sec. 414(q)(1)] | \$135,000   | \$150,000   |
| Annual Compensation Subject to SEP Discrimination Rules<br>[IRC Sec. 408(k)(3)(c)]   | \$305,000   | \$330,000   |
| Compensation Threshold for SEP Participation<br>[IRC Sec. 408(k)(2)(c)]              | \$650       | \$750       |
| Annual Limit on Elective Deferrals to SIMPLE Plans<br>[IRC Sec. 408(p)]              | \$14,000    | \$15,500    |
| Plus: age 50+ catch-up   | \$3,000     | \$3,500     |

## **REQUIRED MINIMUM DISTRIBUTIONS (RMDs)**

Starting in 2023, the required beginning date for RMDs is age 73 (up from age 72). This change to the RMD rules did not affect the rules for making Qualified Charitable Distributions—donors may still make QCDs directly from an IRA to charity starting at age 70<sup>1/2</sup>. This includes a new QCD option beginning in 2023—a one-time QCD up to \$50,000 to fund a new charitable remainder trust or charitable gift annuity.

An individual who inherits retirement account assets must distribute those assets within 10 years of the account owner’s death, with no RMDs required during those 10 years. However, the following “Eligible Designated Beneficiaries” are excluded from this change and remain subject to the previous rules, which allow them to “stretch” payments over their life expectancy:

- Surviving spouses
- Minor children (until they reach the age of majority)
- Disabled or chronically ill individuals
- Individuals less than 10 years younger than the decedent

## ESTATE & GIFT TAXES

### 2022 and 2023 Gift and Estate Tax Rates:

| Over        | But not over | Flat Amount | +%  | Of excess over |
|-------------|--------------|-------------|-----|----------------|
| \$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    |

|                                      |              |              |
|--------------------------------------|--------------|--------------|
| Estate Tax                           | 2022         | 2023         |
| Top Estate Tax Rate                  | 40%          | 40%          |
| Estate Tax Applicable Exclusion Rate | \$12,060,000 | \$12,920,000 |

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

|   |                    |                    |
|---|--------------------|--------------------|
| Gift Tax  | 2022               | 2023               |
| Top Gift Tax Rate                                 | 40%                | 40%                |
| Annual Gift Tax Exclusion                         | \$16,000 per donee | \$17,000 per donee |
| Annual Gift Tax Exclusion for a Noncitizen Spouse | \$164,000          | \$175,000          |
| Lifetime Gift Tax Applicable Exclusion Amount     | \$12,060,000       | \$12,920,000       |

## **Quick View** TAX GUIDE

**2022 and 2023**

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