

Robert Gordon & Associates, Inc.

A Registered Investment Advisor – CERTIFIED FINANCIAL PLANNER™

2020 Annual Limits Relating to Financial Planning

Compiled by the faculty of the College for Financial Planning—a Kaplan Company

Retirement Plans	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$19,500
Catch-up contribution	\$6,500
Defined contribution (§415(c)(1)(A))	\$57,000
Defined benefit (§415(b)(1)(A))	\$230,000
SIMPLE plan	\$13,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$285,000
Highly compensated employee	
Lookback to 2019	\$125,000
Lookback to 2020	\$130,000
Key employee (top-heavy plan)	>\$185,000
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$6,000
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants	
Single	\$65,000–\$75,000
Married filing jointly	\$104,000–\$124,000
Married filing separately	\$0–\$10,000
Non-active participant married to active participant	\$196,000–\$206,000
Roth IRA phaseout	
Single	\$124,000–\$139,000
Married filing jointly	\$196,000–\$206,000

Social Security	
SS wage base	\$137,700
FICA tax rate—employee ³	7.65%
SECA tax rate—self-employed	15.3%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$18,240
Persons reaching FRA (\$1 for \$3)	\$48,600
(Applies only to earnings for months prior to attaining FRA)	
Social Security cost-of-living adjustment	1.6%
Quarter of coverage	\$1,410
Maximum benefit: worker retiring at FRA	\$3,011
Estimated average monthly benefit	\$1,503

Social Security FRA			
Year of Birth	Social Security FRA	Year of Birth	Social Security FRA
1943–54	66	1958	66 and 8 months
1955	66 and 2 months	1959	66 and 10 months
1956	66 and 4 months	1960 and later	67
1957	66 and 6 months		

Estate and Gift Tax	
Annual gift tax exclusion	\$15,000
Estate and gift tax basic exclusion	\$11,580,000
Applicable credit amount	\$4,577,800
Generation skipping exemption	\$11,580,000
Maximum estate tax rate ⁴	40%

Medicare	
Monthly premium:	
Part A ¹	\$458
Part B ²	\$144.60
Part A:	
First 60 days—patient pays a deductible	\$1,408
Next 30 days—patient pays per day	\$352
Next 60 days (lifetime reserve days) patient pays per day	\$704
Skilled nursing benefits	
First 20 days—patient pays per day	-0-
Next 80 days—patient pays per day	\$176
Over 100 days—patient pays per day	All costs
Part B:	
Deductible	\$198
Coinsurance	20%
Part D (Prescription Standard Benefit Model):	
Deductible	\$435
25% coinsurance on next	\$4,020
Out-of-pocket (OOP) threshold	\$6,350
Beneficiary then pays coinsurance amount for additional covered expenses.	

2020 Medicare Part B Premium Rates:			
YOU PAY		If your 2018 income was:	
Premium	Part D Surcharge	Single	Married Couple
\$114.00 Hold Harmless		\$87,000 or less	\$174,000 or less
\$144.60—not Hold Harmless		\$87,000 or less	\$174,000 or less
\$202.40	\$12.20	\$87,001–\$109,000	\$174,001–\$218,000
\$289.20	\$31.50	\$109,001–\$136,000	\$218,001–\$272,000
\$376.00	\$50.70	\$136,001–\$163,000	\$272,001–\$326,000
\$462.70	\$70.00	\$163,001–\$500,000	\$326,001–\$750,000
\$491.60	\$76.40	Above \$500,000	Above \$750,000
YOU PAY	Part D Surcharge	If you are married, filing separately, and your 2018 income was:	
\$144.60		\$87,000 or less	
\$462.70	\$70.00	\$87,001–\$413,000	
\$491.60	\$76.40	Above \$413,000	

FIGURE - I

- The Part A premium of \$458 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A Premium is \$252 per month.
- Beneficiaries not subject to the "hold harmless" provision includes persons not receiving Social Security, those who enroll in Part B for the first time in 2020, dual eligible beneficiaries who have their premiums paid by Medicaid, and beneficiaries who pay an additional income-related premium. See Premium Rates (Figure 1)
- The FICA tax rate is comprised of two separate payroll taxes: Employer portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI); Employee portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI). For self-employed, the SECA is 12.40% for OASDI and 2.90% for HI.
- A deceased spouse's unused credit amount is portable to a surviving spouse.

Previous years may be found at:
<https://www.kaplanfinancial.com/wealth-management/resources/>

Standard Mileage Rates (2019)

Business use	57.5¢ per mile
Charitable use (not indexed)	14¢ per mile
Medical use	17¢ per mile

Miscellaneous Items

PBGC maximum monthly benefit (at age 65)	\$5,812.50
LTC per diem limit	\$380
LTC premium as medical expense limitation	
Age 40 or under	\$430
Age 41-50	\$810
Age 51-60	\$1,630
Age 61-70	\$4,350
Age 71 or older	\$5,430
Qualified Transportation Fringes (monthly)	
Commuter highway vehicle/transit pass	\$270
Qualified parking	\$270
Qualified Longevity Annuity Contract	Max \$135,000
Health Care Flexible Spending Account	Max \$2,750

LTCG Rates Based on Taxable Income

Filing Status	0% rate	15% rate	20% rate
Single	up to \$40,000	\$40,001-\$441,450	over \$441,450
Head of household	up to \$53,600	\$53,601-\$469,050	over \$469,050
Married filing jointly	up to \$80,000	\$80,001-\$496,600	over \$496,600
Estates and trusts	up to \$2,650	\$2,651-\$13,150	over \$13,150

2020 Tax Rate Schedules

If Taxable Income Is		Then the Gross Tax Payable Is:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over

Single Taxpayers

(other than surviving spouses and heads of households)

Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
\$0	\$9,875	—	10% of taxable income	—
9,875	40,125	\$987.50	12%	\$9,875
40,125	85,525	4,617.50	22%	40,125
85,525	163,300	14,605.50	24%	85,525
163,300	207,350	33,721.50	32%	163,300
207,350	518,400	47,367.50	35%	207,350
518,400	—	156,253	37%	518,400

Heads of Households

Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
\$0	\$14,100	—	10% of taxable income	—
14,100	53,700	\$1,410	12%	\$14,100
53,700	85,500	6,162	22%	53,700
85,500	163,300	13,158	24%	85,500
163,300	207,350	31,830	32%	163,300
207,350	518,400	45,926	35%	207,350
518,400	—	154,793.50	37%	518,400

Married Individuals (and surviving spouses) Filing Joint Returns

Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
\$0	\$19,750	—	10% of taxable income	—
19,750	80,250	\$1,975	12%	\$19,750
80,250	171,050	9,235	22%	80,250
171,050	326,600	29,211	24%	171,050
326,600	414,700	66,543	32%	326,600
414,700	622,050	94,735	35%	414,700
622,050	—	167,307.50	37%	622,050

Married Individuals Filing Separate Returns

Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
\$0	\$9,875	—	10% of taxable income	—
9,875	40,125	\$987.50	12%	\$9,875
40,125	85,525	4,617.50	22%	40,125
85,525	163,300	14,605.50	24%	85,525
163,300	207,350	33,271.50	32%	163,300
207,350	311,025	47,367.50	35%	207,350
311,025	—	83,653.75	37%	311,025

Fiduciary (estates and trusts) Taxpayers

Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
\$0	\$2,600	—	10% of taxable income	—
2,600	9,450	\$260	24%	\$2,600
9,450	12,950	1,904	35%	9,450
12,950	—	3,129	37%	12,950

Health Savings Account

Minimum Deductible Amount	
Single	\$1,400
Family	\$2,800
Maximum Out-of-Pocket Amount	
Single	\$6,900
Family	\$13,800
HSA Statutory Contribution Maximum	
Single	\$3,550
Family	\$7,100
Catch-up contributions (age 55 or older)	\$1,000

Education

EE bonds for education—exclusion phaseout	
Single	\$82,350-\$97,350
Married filing jointly	\$123,550-\$153,550
Coverdell Education Savings Account (\$2,000 limit) phaseout	
Single	\$95,000-\$110,000
Married filing jointly	\$190,000-\$220,000
Lifetime Learning Credit—20% of qualified expenses up to \$10,000	
Single	\$59,000-\$69,000
Married filing jointly	\$118,000-\$138,000
American Opportunity tax credit—maximum of \$2,500	
100% up to \$2,000 of qualified expenses	
25% on next \$2,000—phaseout:	
Single	\$80,000-\$90,000
Married filing jointly	\$160,000-\$180,000
Education loan deduction (\$2,500) phaseout	
Unmarried	\$70,000-\$85,000
Married filing jointly	\$140,000-\$170,000

Income Tax

Standard deduction	
Single	\$12,400
Married filing jointly	\$24,800
Head of household	\$18,650
Married filing separately	\$12,400
Kiddie tax limited standard deduction	\$1,100
Individual eligible to be claimed as dependent—greater of \$1,100 or earned income plus \$350, not to exceed full standard deduction of \$12,400.	
Elderly or blind additional deduction	
Single	\$1,650
Married	\$1,300
Section 179	
Maximum election	\$1,040,000
Phaseout begins	\$2,590,000
Adoption credit (nonrefundable)	
Maximum	\$14,300
Phaseout	\$214,520-\$254,520
Medicare Contribution tax and additional Medicare tax	
Single	\$200,000
Head of household	\$200,000
Married filing jointly	\$250,000
Child tax credit	
Dependent under age 17	\$2,000
Other dependents	\$500
Phaseout (\$50 for every \$1,000 over)	
Single	\$200,000
Married filing jointly	\$400,000

Alternative Minimum Tax (AMT)	Exemption	Phaseout
Single	\$72,900	\$518,400
Married filing jointly	\$113,400	\$1,036,800
Married filing separately	\$56,700	\$518,400
Trusts and estates	\$25,400	\$84,800

AMT Rates
26% up to \$197,900 of AMT base
28% over \$197,900 of AMT base



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