

Robert Gordon & Associates, Inc.

A Registered Investment Advisor – CERTIFIED FINANCIAL PLANNER™

2021 ANNUAL LIMITS RELATING TO FINANCIAL PLANNING

Compiled by the faculty of the College for Financial Planning

RETIREMENT PLANS	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$19,500
Catch-up contribution	\$6,500
Defined contribution (§415(c)(1)(A))	\$58,000
Defined benefit (§415(b)(1)(A))	\$230,000
SIMPLE plan	\$13,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$290,000
Highly compensated employee	
Lookback to 2020	\$130,000
Lookback to 2021	\$130,000
Key employee (top-heavy plan)	>\$185,000
SEP participation limit	\$650
IRA or Roth IRA contribution limit	\$6,000
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants	
Single	\$66,000-\$76,000
Married filing jointly	\$105,000-\$125,000
Married filing separately	\$0-\$10,000
Non-active participant married to active participant	\$198,000-\$208,000
Roth IRA phaseout	
Single	\$125,000-\$140,000
Married filing jointly	\$198,000-\$208,000

SOCIAL SECURITY	
SS wage base	\$142,800
FICA tax rate—employee ³	7.65%
SECA tax rate—self-employed	15.3%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$18,960
Persons reaching FRA (\$1 for \$3)	\$50,520
(Appplies only to earnings for months prior to attaining FRA)	
Social Security cost-of-living adjustment	1.3%
Quarter of coverage	\$1,470
Maximum benefit: worker retiring at FRA	\$3,148
Estimated average monthly benefit	\$1,543

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	\$11,700,000
Applicable credit amount	\$4,625,800
Generation skipping exemption	\$11,700,000
Maximum estate tax rate ⁴	40%

MEDICARE	
Monthly premium:	
Part A ¹	\$471
Part B ²	\$148.50
Part A:	
First 60 days—patient pays a deductible	\$1,484
Next 30 days—patient pays per day	\$371
Next 60 days (lifetime reserve days) patient pays per day	\$742
Skilled nursing benefits	
First 20 days—patient pays per day	-0-
Next 80 days—patient pays per day	\$185.50
Over 100 days—patient pays per day	All costs
Part B:	
Deductible	\$203
Coinsurance	20%
Part D (Prescription Standard Benefit Model):	
Deductible	\$445
25% coinsurance on next	\$4,130
Out-of-pocket (OOP) threshold	\$6,550
Beneficiary then pays coinsurance amount for additional covered expenses.	

2021 MEDICARE PART B PREMIUM RATES:			
YOU PAY		If your 2019 income was:	
Premium	PART D Surcharge	SINGLE	MARRIED COUPLE
\$115.48 Hold Harmless		\$88,000 or less	\$176,000 or less
\$148.50-not Hold Harmless		\$88,000 or less	\$176,000 or less
\$207.90	\$12.30	\$88,001–\$111,000	\$176,001–\$222,000
\$297.00	\$31.80	\$111,001–\$138,000	\$222,001–\$276,000
\$386.10	\$51.20	\$138,001–\$165,000	\$276,001–\$330,000
\$475.20	\$70.70	\$165,001–\$500,000	\$330,001–\$750,000
\$504.90	\$77.10	Above \$500,000	Above \$750,000
YOU PAY	PART D Surcharge	If you are married filing separately and your 2019 income was:	
\$148.50		\$88,000 or less	
\$475.20	\$70.70	\$88,001–\$412,000	
\$504.90	\$77.10	Above \$412,000	

FIGURE - I

- The Part A premium of \$471 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 \$259 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 2021, 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.

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STANDARD MILEAGE RATES	
Business use	58¢ per mile
Charitable use (not indexed)	14¢ per mile
Medical use	20¢ per mile

MISCELLANEOUS ITEMS	
PBGC maximum monthly benefit (at age 65)	\$6,034.09
LTC per diem limit	\$400
LTC premium as medical expense limitation	
Age 40 or under	\$450
Age 41-50	\$850
Age 51-60	\$1,690
Age 61-70	\$4,520
Age 71 or older	\$5,640
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 \$40,400	\$40,401-\$445,850	over \$445,850
Head of household	up to \$54,100	\$54,101-\$473,750	over \$473,750
Married filing jointly	up to \$80,800	\$80,801-\$501,600	over \$501,600
Married filing separately	up to \$40,400	\$40,401-\$250,800	over \$250,800
Estates and trusts	up to \$2,700	\$2,701-\$13,250	over \$13,250

2021 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)				
\$0	\$9,950	----- 10% of taxable income -----		
9,950	40,525	\$995	12%	\$9,950
40,525	86,375	4,664	22%	40,525
86,375	164,925	14,751	24%	86,375
164,925	209,425	33,603	32%	164,925
209,425	523,600	47,843	35%	209,425
523,600	--	157,804	37%	523,600

HEADS OF HOUSEHOLDS				
\$0	\$14,200	----- 10% of taxable income -----		
14,200	54,200	\$1,420	12%	\$14,200
54,200	86,350	6,220	22%	54,200
86,350	164,900	13,293	24%	86,350
164,900	209,400	32,145	32%	164,900
209,400	523,600	46,385	35%	209,400
523,600	--	156,355	37%	523,600

MARRIED INDIVIDUALS (and surviving spouses) FILING JOINT RETURNS				
\$0	\$19,900	----- 10% of taxable income -----		
19,900	81,050	\$1,990	12%	\$19,900
81,050	172,750	9,328	22%	81,050
172,750	329,850	29,502	24%	172,750
329,850	418,850	67,206	32%	329,850
418,850	628,300	95,686	35%	418,850
628,300	--	168,994	37%	628,300

MARRIED INDIVIDUALS FILING SEPARATE RETURNS				
\$0	\$9,950	----- 10% of taxable income -----		
9,950	40,525	\$995	12%	\$9,950
40,525	86,375	4,664	22%	40,525
86,375	164,925	14,751	24%	86,375
164,925	209,425	33,603	32%	164,925
209,425	314,150	47,843	35%	209,425
314,150	--	84,497	37%	314,150

FIDUCIARY (estates and trusts) TAXPAYERS				
\$0	\$2,650	----- 10% of taxable income -----		
2,650	9,550	\$265	24%	\$2,650
9,550	13,050	1,921	35%	9,550
13,050	--	3,146	37%	13,050

HEALTH SAVINGS ACCOUNT	
Minimum Deductible Amount	
Single	\$1,400
Family	\$2,800
Maximum Out-of-Pocket Amount	
Single	\$7,000
Family	\$14,000
HSA Statutory Contribution Maximum	
Single	\$3,600
Family	\$7,200
Catch-up contributions (age 55 or older)	\$1,000

EDUCATION	
EE bonds for education—exclusion phaseout	
Single	\$83,200-\$98,200
Married filing jointly	\$124,800-\$154,800
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	\$119,000-\$139,000
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	\$12,550
Married filing jointly	\$25,100
Head of household	\$18,800
Married filing separately	\$12,550
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 \$12,550.	
Elderly or blind additional deduction	
Single	\$1,700
Married	\$1,350
Section 179	
Maximum election	\$1,050,000
Phaseout begins	\$2,620,000
Adoption credit (nonrefundable)	
Maximum	\$14,440
Phaseout	\$216,660-\$256,660
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	\$73,600	\$523,600
Married filing jointly	\$114,600	\$1,047,200
Married filing separately	\$57,300	\$523,600
Trusts and estates	\$25,700	\$85,650

AMT RATES
26% up to \$199,900 of AMT base
28% over \$199,900 of AMT base

