

# Tax Facts 2023

If the uncertainty surrounding the current state of the economy has left you looking for answers in 2023, you may need some guidance for a course of action for your financial planning. The following tables present various tax facts regarding potential tax exposure you might be subject to. Contact a financial professional for help with your tax planning.

Income tax 2023*	
Single	
\$0 to \$11,000	10%
\$11,001 to \$44,725	\$1,100 + 12%
\$44,726 to \$95,375	\$5,147 + 22%
\$95,376 to \$182,100	\$16,290 + 24%
\$182,101 to \$231,250	\$37,104 + 32%
\$231,251 to \$578,125	\$52,832 + 35%
\$578,126+	\$174,238.25 + 37%
Married	
\$0 to \$22,000	10%
\$22,001 to \$89,450	\$2,200 + 12%
\$89,451 to \$190,750	\$10,294 + 22%
\$190,751 to \$364,200	\$32,580 + 24%
\$364,201 to \$462,500	\$74,208 + 32%
\$462,501 to \$693,750	\$105,664 + 35%
\$693,751+	\$186,601.50 + 37%

Actual blended tax range by income (Married filing jointly)		
Taxable income	Income tax bracket	Actual tax range (Blended) <sup>†</sup>
\$0 to \$22,000	10%	0%
\$22,001 to \$89,450	12%	0%–7.8%
\$89,451 to \$190,750	22%	7.8%–13.9%
\$190,751 to \$364,200	24%	13.9%–18.6%
\$364,201 to \$462,500	32%	18.6%–20.9%
\$462,501 to \$693,750	35%	20.9%–25.5%
\$693,751+	37%	25.5%–37%

Source: IRS, Rev. Proc. 2022-38, 2022.

Capital gains tax		
Single		
Taxable income	1 year or less	Greater than 1 year
\$0 to \$44,625	Ordinary income	0%
\$44,626 to \$492,300	Ordinary income	15%
\$492,301+	Ordinary income	20%
Married		
Taxable income	1 year or less	Greater than 1 year
\$0 to \$89,250	Ordinary income	0%
\$89,251 to \$553,850	Ordinary income	15%
\$553,851+	Ordinary income	20%

Standard deductions	
Married:	\$27,700
Single:	\$13,850

Net investment tax		
	Threshold	Tax rate
Married:	\$250,000	3.8%
Single:	\$200,000	3.8%

Sources: IRS, Rev. Proc. 2022-38, 2022; IRS, Topic No. 409, "Capital Gains and Losses," October 4, 2022; IRS, "Questions and Answers on Net Investment Income Tax," September 29, 2022.

\* These figures do not account for the standard deduction or any itemized deductions.

<sup>†</sup> Figures for Actual Tax Range (Blended) column are calculated by Jackson. They are based on taxable dollars and account for the 2023 standard deduction for married filing jointly. They do not account for any other itemized deductions.

<sup>‡</sup> Gifts above \$17,000/year reduce an individual's \$12,920,000 lifetime gift exclusion.

Estate tax exclusion		
2022	\$12,060,000	40% tax rate
2023	\$12,920,000	40% tax rate
2023 gift tax exclusion:	\$17,000/year	\$12,920,000/lifetime <sup>‡</sup>
2023 generation skipping tax:	\$12,920,000	40% tax rate

Estate and trust tax rates		
\$0	\$2,900	10%
\$2,901	\$10,550	\$290 + 24%
\$10,551	\$14,450	\$2,126 + 35%
\$14,451+	–	\$3,491 + 37%

Social Security tax		
Modified AGI	Up to 50% taxable	Up to 85% taxable
Married:	\$32,000 to \$44,000	\$44,000+
Single:	\$25,000 to \$34,000	\$34,000+
FICA taxable cap:	\$160,200	

Sources: IRS, "What's New - Estate and Gift Tax," October 21, 2022; IRS, Rev. Proc. 2022-38, 2022; Social Security Administration, "Benefits Planner: Income Taxes and Your Social Security Benefit," 2022; Social Security Administration, "Fact Sheet, Social Security, 2023 Social Security Changes," 2022.

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401(k)		
	Maximum deferral	50+ catch-up
401(k)-403(b)-457:	\$22,500	\$7,500
SIMPLE:	\$15,500	\$3,500
SEP (salary reduction):	\$66K/25% of compensation	-
Total defined contribution plan cap	\$66,000	\$7,500
Solo 401(k):	\$66,000	\$7,500
Traditional IRA	\$6,500	\$1,000
Roth	\$6,500	\$1,000

Defined Benefit Plans		
Maximum compensation:	\$265,000	

Traditional IRA			
Deduction phase-outs	IRA owner (and spouse) not covered by employer retirement plan	IRA owner covered by employer retirement plan	Spouse covered by employer retirement plan but IRA owner not covered
Married:	No income limit	\$116,000 - \$136,000	\$218,000 - \$228,000
Single:	No income limit	\$73,000 - \$83,000	N/A

Roth IRA		
Contribution phase-outs	Modified adjusted gross income	
Married:	\$218,000 - \$228,000	-
Single:	\$138,000 - \$153,000	-
Conversion limit:	N/A	-

Sources: IRS, "COLA Increases for Dollar Limitations on Benefits and Contributions," October 24, 2022; IRS, "SEP Plans FAQs," September 19, 2022; IRS Notice 2022-55, "2023 Limitations Adjusted as Provided in Section 415 (d), etc.," 2022.

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