



# TAX FACTS 2021

If the uncertainty surrounding the current state of the economy has left you looking for answers in 2021, 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 2021*		
<b>Married Filing Jointly:</b>	<b>\$0 - \$19,900</b>	<b>10%</b>
\$19,901	\$81,050	\$1,900 + 12%
\$81,051	\$172,750	\$9,328 + 22%
\$172,751	\$329,850	\$29,502 + 24%
\$329,851	\$418,850	\$67,206 + 32%
\$418,851	\$628,300	\$95,686 + 35%
\$628,301+	–	\$168,993.50 + 37%
<b>Single:</b>	<b>\$0 - \$9,950</b>	<b>10%</b>
\$9,951	\$40,525	\$995 + 12%
\$40,526	\$86,375	\$4,664 + 22%
\$86,376	\$164,925	\$14,751 + 24%
\$164,926	\$209,425	\$33,603 + 32%
\$209,426	\$523,600	\$47,843 + 35%
\$523,601 +	–	\$157,804.25 + 37%

Actual Blended Tax Range by Income (Married Filing Jointly)		
Taxable Income	Income Tax Bracket	Actual Tax Range (Blended)*
\$0 to \$19,900	10%	0%–10%
\$19,901 to \$81,050	12%	10%–11.5%
\$81,051 to \$172,750	22%	11.5%–17.1%
\$172,751 to \$329,850	24%	17.1%–20.4%
\$329,851 to \$418,850	32%	20.4%–22.8%
\$418,851 to \$628,300	35%	22.8%–26.9%
\$628,301+	37%	26.9%–37%

Source: IRS, Rev. Proc. 2020-45, 2020.

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

† Figures for Actual Tax Range (Blended) column are calculated by Jackson. They are based on taxable dollars and do not account for any deductions or credits.

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Capital Gains Tax		
Single		
Taxable Income	1 year or less	Greater than 1 year
\$0 to \$40,400	Ordinary Income	0%
\$40,401 to \$445,850	Ordinary Income	15%
\$445,851+	Ordinary Income	20%
Married		
Taxable Income	1 year or less	Greater than 1 year
\$0 to \$80,800	Ordinary Income	0%
\$80,801 to \$501,600	Ordinary Income	15%
\$501,601+	Ordinary Income	20%

Standard Deductions	
<b>Married:</b>	\$25,100
<b>Single:</b>	\$12,550

Net Investment Tax		
	Threshold	Tax Rate
<b>Married:</b>	\$250,000	3.8%
<b>Single:</b>	\$200,000	3.8%

Sources: IRS, Rev. Proc. 2020-45, 2020; Tax Foundation, "2021 Tax Brackets," October 27, 2020; IRS, "Questions and Answers on Net Investment Income Tax," January 22, 2021.

Estate Tax Exclusion		
<b>2020</b>	\$11,580,000	40% tax rate
<b>2021</b>	\$11,700,000	40% tax rate
<b>2021 Gift Tax Exclusion:</b>	\$15,000/year	\$11,700,000/lifetime
<b>2021 Generation Skipping Tax:</b>	–	\$11,700,000/lifetime

Estate and Trust Tax Rates		
\$0	\$2,650	10%
\$2,651	\$9,550	\$265 + 24%
\$9,551	\$13,050	\$1,921 + 35%
\$13,051+	–	\$3,146 + 37%

Social Security Tax		
Modified AGI	Up to 50% Taxable	Up to 85% Taxable
<b>Married:</b>	\$32,000 to \$44,000	\$44,000+
<b>Single:</b>	\$25,000 to \$34,000	\$34,000+
<b>FICA Taxable Cap:</b>	\$142,800	

Sources: IRS, "What's New - Estate and Gift Tax," October 28, 2020; IRS, Rev. Proc. 2020-45, 2020; Social Security Administration, "Benefits Planner: Income Taxes and Your Social Security Benefit," 2020; Social Security Administration, "Fact Sheet, Social Security, 2021 Social Security Changes," 2020.

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## Qualified Plans 2021

	Maximum Deferral	50+ Catch-up
401(k)-403(b)-457:	\$19,500	\$6,500
SIMPLE:	\$13,500	\$3,000
SEP (salary reduction):	\$58K/25% of compensation	–
<b>Defined Contribution</b>	<b>\$58,000</b>	<b>\$6,500</b>
Solo 401(k):	\$58,000	\$6,500
<b>Defined Benefit</b>		
Maximum Compensation:	\$230,000	None
<b>Traditional IRA</b>	<b>\$6,000</b>	<b>\$1,000</b>
Deduction Phase Outs		Active Spouse
Married:	\$198,000 - \$208,000	\$105,000 - \$125,000
Single:	\$66,000 - \$76,000	–
<b>Roth</b>	<b>\$6,000</b>	<b>\$1,000</b>
Contribution Phase Outs	Modified Adjusted Gross Income	
Married:	\$198,000 - \$208,000	–
Single:	\$125,000 - \$140,000	–
Conversion Limit:	N/A	–

Sources: IRS, "COLA Increases for Dollar Limitations on Benefits and Contributions," November 10, 2020; IRS, "SEP Plans FAQs - Contributions," May 13, 2019; IRS Notice 2020-79 "2021 Limitations Adjusted as Provided in Section 415 (d), etc.," 2020.

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