

# 2021 Tax Reference Sheet

## Tax Brackets For 2021

Taxable income (i.e. income minus deductions and exemptions) between:

Married joint return	
\$0–\$19,900	10%
\$19,901–\$81,050	12%
\$81,051–\$172,050	22%
\$172,751–\$329,850	24%
\$329,851–\$418,850	32%
\$418,851–\$628,300	35%
over \$628,300	37%
Single	
\$0–\$9,950	10%
\$9,951–\$40,525	12%
\$40,526–\$86,375	22%
\$86,376–\$164,925	24%
\$164,926–\$209,425	32%
\$209,426–\$523,600	35%
over \$523,600	37%
Married separate return	
\$0–\$9,950	10%
\$9,951–\$40,525	12%
\$40,526–\$86,375	22%
\$86,376–\$164,925	24%
\$164,926–\$209,425	32%
\$209,426–\$314,150	35%
over \$314,150	37%
Head of household	
\$0–\$14,200	10%
\$14,201–\$54,200	12%
\$54,201–\$86,350	22%
\$86,351–\$164,900	24%
\$164,901–\$209,400	32%
\$209,401–\$523,600	35%
over \$523,600	37%
Estates & trusts	
\$0–\$2,650	10%
\$2,651–\$9,550	24%
\$9,551–\$13,050	35%
over \$13,050	37%

## Standard Deduction Amount

Standard deduction	
Married joint return	\$25,100
Single	\$12,550
Married separate return	\$12,550
Head of household	\$18,800
Blind or over 65: add \$1,350 if married, \$1,700 if unmarried and not a surviving spouse qualified to use joint tax rates	

## Retirement

IRA & Roth contributions	
Under age 50	\$6,000
Age 50 and over	\$7,000
Phaseout for deducting IRA contribution <sup>1</sup>	
Married joint return	\$105,000–124,999 MAGI
Single, Head of household	\$66,000–\$75,999 MAGI
Married separate return	\$0–\$9,999 MAGI
Spousal IRA	\$198,000–\$207,999 MAGI
Phaseout of Roth IRA contribution eligibility	
Married joint return	\$198,000–\$207,999 MAGI
Single, Head of household	\$125,000–\$139,999 MAGI
Married separate return	\$0–\$9,999 MAGI
SEP contribution	
Up to 25% of compensation, limit	\$58,000
Compensation to participate in SEP	\$650
SIMPLE elective deferral	
Under age 50	\$13,500
Age 50 and over	\$16,500
401(k), 403(b) <sup>2</sup> , 457 <sup>3</sup> and SARSEP	
Under age 50	\$19,500
Age 50 and over	\$26,000
Annual defined contribution limit	\$58,000
Annual defined benefit limit	\$230,000
Highly compensated employee	\$130,000
Key employee	\$185,000
Annual compensation taken into account for qualified plans	\$290,000

## The Need for Tax Planning

*“There is nothing wrong with a strategy to avoid the payment of taxes. The Internal Code doesn’t prevent that.”*

- Chief Justice, **William H. Rehnquist**

## Long-term Capital Gains & Dividend Rates

Married joint return	
\$0–\$80,800	0%
\$80,801–\$501,600	15%
Over \$501,600	20%
Single	
\$0–\$40,400	0%
\$40,401–\$445,850	15%
Over \$445,850	20%
Married separate return	
\$0–\$40,400	0%
\$40,401–\$250,800	15%
Over \$250,800	20%
Head of household	
\$0–\$54,100	0%
\$54,101–\$473,750	15%
Over \$473,750	20%
Estates and trusts	
\$0–\$2,700	0%
\$2,701–\$13,250	15%
Over \$13,250	20%
Collectibles	28%
Unrecaptured 1250 gain (depreciation)	25%

## Surcharge On Net Investment Income

Rate	
	3.8%
Threshold	
Married joint return, surviving spouse	\$250,000
Single	\$200,000
Married separate return	\$125,000

## Gift & Estate Tax

Gift tax annual exclusion	\$15,000
Highest estate and gift tax rate	45%
Estate tax and lifetime gift exemption	\$11,700,000
GST exemption	\$11,700,000
Annual exclusion for gifts to noncitizen spouse	\$159,000

# 2021 Tax Reference Sheet

**Strategic Tax Planning** is the first step to start the process of reducing your tax liability and increasing your cash flow. Proactive Tax Plan is not based on knowing how much you owe; **It Is Knowing How To Pay Less.**

Social Security		
<b>Taxable wage base</b>		
Social Security (OASDI)		\$142,800
Medicare (HI only)		No Limit
Quarter of Coverage		\$1,470
<b>Retirement earning base</b>		
Under full retirement age		\$18,960/yr. (\$1,580/mo.)
<i>Note: One dollar in benefits will be held for every \$2 in earnings above the limit.</i>		
Year reaching full retirement age		\$50,520/yr.
<i>Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.</i>		
<b>Taxability of benefits (Based on Provisional Income)</b>		
	Individual	Married filing jointly
Not taxable	Less than \$25,000	Less than \$25,000
Up to 50% taxable	\$25,000-\$34,000	\$32,000-\$44,000
Up to 85% taxable	Greater than \$34,000	Greater than \$44,000
<b>Married Filing Separately</b>		
Up to 85% of benefits are taxable		
Provisional Income = Adjusted Gross Income + Nontaxable Income + ½ Social Security Benefits		
<b>Age to receive full benefits</b>		
Year of birth	full retirement age	% reduced at age 62
1943-1954	66	25.00%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 and older	67	30.00%
<b>Delay retirement credits</b>		
Year of birth	Yearly rate of increase	
1943 or later	8.0%	\$26,000
Accrues when you reach full retirement age until you start receiving benefits or reach age 70.		
<b>Maximum compensation Subject to FICA taxes</b>		
OASDI (social security) maximum		\$142,800
HI (Medicare) maximum		No limit

Education	
529 plan contributions, per individual	\$15,000 per yr. before a gift tax
529 plan contributions, per couple	\$30,000 per yr. before a gift tax
Accelerate 5 years of Gifting into 1 year per individual	\$75,000
Per Couple	\$150,000
<b>Lifetime learning credits</b>	
Maximum credit	\$2,000
Phaseout – single	\$59,000-\$69,000 MAGI <sup>1</sup>
Phaseout – joint	\$119,000-\$139,000 MAGI <sup>1</sup>
<b>Coverdell Education Savings Account</b>	
Contribution	\$2,000
Phaseout – single	\$95,000-\$110,000 MAGI <sup>1</sup>
Phaseout – joint	\$190,000-\$220,000 MAGI <sup>1</sup>
<b>Student Loan Interest</b>	
Deduction Limit	\$2,500
Phaseout – single	\$70,000-\$85,000 MAGI <sup>1</sup>
Phaseout – joint	\$140,000-\$170,000 MAGI <sup>1</sup>
<b>Phaseout of tax-free savings bonds interest</b>	
Single	\$83,200-\$98,200 MAGI <sup>1</sup>
Join	\$124,800-\$154,800 MAGI <sup>1</sup>
<b>American opportunity tax credit</b>	
Maximum credit	\$2,500
Phaseout – single	\$80,000-\$90,000 MAGI <sup>1</sup>
Phaseout – joint	\$160,000-\$180,000 MAGI <sup>1</sup>

Health Savings Accounts	
<b>Contribution limits</b>	
Single/Family	\$3,600/\$7,200
Age 55+catch-up	\$1,000
<b>High deductible health plans</b>	
Minimum deductible Single/Family	\$1,400/\$2,800
Maximum out of pocket Single/Family	\$7,000/\$14,000

Business Income Taxes	
Corporate tax rate	21%
S Corporations and LLCs	Individual tax rate

Uniform Lifetime Table			
Age of IRA owner	Divisor	Age of IRA owner	Divisor
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115+	1.9

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