

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 contribution¹ | |
| 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)², 457³ 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 | | |
|---|-------------------------|----------------------------|
| Taxable wage base | | |
| Social Security (OASDI) | | \$142,800 |
| Medicare (HI only) | | No Limit |
| Quarter of Coverage | | \$1,470 |
| Retirement earning base | | |
| 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> | | |
| Taxability of benefits (Based on Provisional Income) | | |
| | 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 |
| Married Filing Separately | | |
| Up to 85% of benefits are taxable | | |
| Provisional Income = Adjusted Gross Income + Nontaxable Income + ½ Social Security Benefits | | |
| Age to receive full benefits | | |
| 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% |
| Delay retirement credits | | |
| 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. | | |
| Maximum compensation Subject to FICA taxes | | |
| 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 |
| Lifetime learning credits | |
| Maximum credit | \$2,000 |
| Phaseout – single | \$59,000-\$69,000 MAGI ¹ |
| Phaseout – joint | \$119,000-\$139,000 MAGI ¹ |
| Coverdell Education Savings Account | |
| Contribution | \$2,000 |
| Phaseout – single | \$95,000-\$110,000 MAGI ¹ |
| Phaseout – joint | \$190,000-\$220,000 MAGI ¹ |
| Student Loan Interest | |
| Deduction Limit | \$2,500 |
| Phaseout – single | \$70,000-\$85,000 MAGI ¹ |
| Phaseout – joint | \$140,000-\$170,000 MAGI ¹ |
| Phaseout of tax-free savings bonds interest | |
| Single | \$83,200-\$98,200 MAGI ¹ |
| Join | \$124,800-\$154,800 MAGI ¹ |
| American opportunity tax credit | |
| Maximum credit | \$2,500 |
| Phaseout – single | \$80,000-\$90,000 MAGI ¹ |
| Phaseout – joint | \$160,000-\$180,000 MAGI ¹ |

| Health Savings Accounts | |
|-------------------------------------|------------------|
| Contribution limits | |
| Single/Family | \$3,600/\$7,200 |
| Age 55+catch-up | \$1,000 |
| High deductible health plans | |
| 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 |



2139 NW Military Hwy, Ste 100
 San Antonio, TX 78213
 www.kelmfinancialservices.com
 kfsinfo@kelmgroupp.com
 Office 210.679.1530
 Fax 210.519.2875