

2016 Tax Guide

Individual Tax Rates						
Taxable Income		Ordinary Income	Capital Gains and Dividends	Medicare Tax	Affordable Health Care Act	
Single	Joint				Earned Income	Investment Income***
\$0 to \$9,275	\$0 to \$18,550	10%	0%	2.9%*	0%	0%
\$9,276 to \$37,650	\$18,551 to \$75,300	15%				
\$37,651 to \$91,150	\$75,301 to \$151,900	25%				
\$91,151 to \$190,150	\$151,901 to \$231,450	28%				
\$190,151 to \$200,000	\$231,451 to \$250,000	33%	15%	0.9%	3.8%**	
\$200,000 to \$413,350	\$250,000 to \$413,350					
\$413,351 to \$415,050	\$413,351 to \$466,950	35%				
> \$415,050	> \$466,950	39.6%	20%			

*2.9% = 1.45% employee paid + 1.45% employer paid

**3.8% tax is only imposed on adjusted gross income (AGI) in excess of the \$200,000 (\$250,000 joint) threshold

*** Investment income for purposes of 3.8% tax = dividends, interest, capital gains, non-qualified annuity distributions, royalties, rents, and passive income (not qualified retirement distributions)

Select Tax Items		
Tax Limits	2016	
Gift tax annual exclusion	\$14,000	
Estate tax exemption	\$5,450,000 + DSUEA*	
Top federal estate tax bracket	40%	
IRA distributions direct to charity (over age 70.5) - Permanent	\$100,000	
IRA / Roth IRA contribution limit	\$5,500	
IRA / Roth IRA catch-up provisions for individuals 50+	\$1,000	
Health Savings Account contribution limit [Individual, (Family)]	\$3,350, (\$6,750)	
Health Savings Account catch-up provisions for individuals 55+	\$1,000	
Phaseout Items	Single	Joint
Itemized deduction phaseout begins at	\$259,400	\$311,300
<i>*Itemized deductions reduced by 3% for every dollar above phaseout, capped at 80% of total itemized deductions</i>		
Personal exemption completely phased-out at	\$381,900	\$433,800
Deductible IRA contribution phaseout (if covered by qualified plan)	\$61,000 to \$71,000	\$98,000 to \$118,000
<i>*If one spouse covered by a plan</i>		
Roth IRA contribution phaseout	\$117,000 to \$132,000	\$184,000 to \$194,000
AMT exemption	\$53,900	\$83,800
Part B Premiums begin to increase with MAGI over	\$85,000	\$170,000

*Basic exclusion amount plus deceased spousal unused exclusion amount (DSUEA) -- exclusion is portable for 2011 onward

Retirement Plan Contribution Limits		
Plan	Limit	
Defined contribution plans	\$53,000	
401(k) (Roth/Traditional), 403(b), 457(b) plans	\$18,000	
Catch-up provision for individuals 50+	\$6,000	
SIMPLE plans	\$12,500	
SIMPLE plans - catch-up provision for individuals 50+	\$3,000	
Estates and Trusts		
Income	Rate	
< \$2,550	15%	
\$2,551 to \$5,950	25%	
\$5,951 to \$9,050	28%	
\$9,051 to \$12,400	33%	
> \$12,400*	39.6%	
Short (Sold) Options		
Put/Call Action	Taxable Amount	Tax Treatment (long/short)
Option expires worthless	Premium	Short
Option is closed	Net gain/loss of closing	Short
Call option assigned	Premium + strike price - security basis	Short or long**

*Investment income > \$12,400 subject to additional 3.8% surtax

**Underlying security held > 1 year is long term gain/loss, security held < 1 year is short term gain/loss

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Retirement Plan Contribution Limits	
Annual compensation used to determine contribution for most plans	\$265,000
Defined contribution plans	\$53,000
Defined benefit plans	\$210,000
401(k), 403(b), 457(b) plans	\$18,000
Catch-up provision for individuals 50+	\$6,000
SIMPLE plans	\$12,500
SIMPLE plans - catch-up provision for individuals 50+	\$3,000
Roth 401(k)	\$18,000
Roth 401(k) - catch-up provision for individuals 50+	\$6,000
Maximum ESOP balance subject to 5 year distribution period	\$1,070,000

Individual Retirement Accounts				
IRA type	Contribution limit	Catch-up at 50+	Phaseouts	
Non-deductible	\$5,500	\$1,000	None	
Covered by qualified plan:				
			\$98,000 to \$118,000	joint
Deductible	\$5,500	\$1,000	\$61,000 to \$71,000	single, HOH
			\$10,000	MFS
If one spouse covered by a plan:				
			\$184,000 to \$194,000	joint
Roth	\$5,500	\$1,000	\$117,000 to \$132,000	single, HOH
			\$0 to \$10,000	MFS
Roth conversion			None	

Medicare Premiums & Deductibles		
Part B premium	\$104.90 / \$121.80*	
Part B deductible	\$166	
Part A (inpatient services) deductible < 61 days of hospitalization	\$1,288	per benefit period
Part A deductible 61 - 90 days of hospitalization	\$322	per day
Part A deductible > 90 days of hospitalization	\$644	per day

Part B Premiums for High-Income Taxpayers		
MAGI single	MAGI joint	Part B premium
< \$85,001	< \$170,001	\$104.90 / \$121.80*
85,001 to \$107,000	\$170,001 to \$214,000	\$170.50
\$107,001 to \$160,000	\$214,001 to \$320,000	\$243.60
\$160,001 to \$214,000	\$320,001 to \$428,000	\$316.70
> \$214,000	> \$428,000	\$389.80

*Most individuals will pay \$104.90; however, individuals who are not subject to the Social Security "hold harmless" provision will pay \$121.80.

Social Security Benefits		
Full retirement age (FRA) if born between 1943 & 1954	66	
Maximum monthly benefit	\$2,639	
Retirement earnings exempt amounts	\$15,720	under FRA
	\$41,880	during yr. reach FRA
	No limit after FRA	
Tax (FICA)	% withheld	Maximum tax payable
SS tax paid on income	< \$118,500	
Employer pays	6.20%	\$7,347
Employee pays	6.20%	\$7,347
Self-employed pays	12.40%	\$14,694
Medicare tax paid on all income		
Employer pays	1.45%	No maximum
Employee pays	1.45%	No maximum
Self-employed pays	2.90%	No maximum

Social Security Taxes		
Filing status	AGI + provisional income*	Taxable portion
Married filing jointly	< \$32,000	0%
	\$32,001 to \$44,000	50%
	> \$44,000	85%
Single, HOH, MFS and living apart from spouse	< \$25,000	0%
	\$25,001 to \$34,000	50%
Married filing separately & living with spouse	> \$34,000	85%
	> \$0	85%

*Provisional income = tax-exempt interest + 50% of SS benefit

Deductibility of Long-Term Care Premiums on Qualified Policies	
Attained age before close of tax yr.	Amount of LTC premiums that qualify as medical expenses
40 or less	\$390
41 to 50	\$730
51 to 60	\$1,460
61 to 70	\$3,900
> 70	\$4,870

Health Savings Accounts			
Annual limit	Max. deductible contribution	Deductible/Co-pay limits	Minimum annual deductible
Individuals	\$3,350	\$6,550	\$1,300
Families	\$6,750	\$13,100	\$2,600
Catch-up for 55+	\$1,000		

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2016 Tax Rate Schedule						
Taxable income	Base amount of tax			Marginal tax rate	Of the amount over	
Single						
<	\$9,275	\$0.00	+	10.0%	\$0	
\$9,276 to	\$37,650	\$927.50	+	15.0%	\$9,275	
\$37,651 to	\$91,150	\$5,183.75	+	25.0%	\$37,650	
\$91,151 to	\$190,150	\$18,558.75	+	28.0%	\$91,150	
\$190,151 to	\$413,350	\$46,278.75	+	33.0%	\$190,150	
\$413,351 to	\$415,050	\$119,934.75	+	35.0%	\$413,350	
>	\$415,050	\$120,529.75	+	39.6%	\$415,050	
Married filing jointly & surviving spouses						
<	\$18,550	\$0.00	+	10.0%	\$0	
\$18,551 to	\$75,300	\$1,855.00	+	15.0%	\$18,550	
\$75,301 to	\$151,900	\$10,367.50	+	25.0%	\$75,300	
\$151,901 to	\$231,450	\$29,517.50	+	28.0%	\$151,900	
\$231,451 to	\$413,350	\$51,791.50	+	33.0%	\$231,450	
\$413,351 to	\$466,950	\$111,818.50	+	35.0%	\$413,350	
>	\$466,950	\$130,578.50	+	39.6%	\$466,950	
Head of household						
<	\$13,250	\$0.00	+	10.0%	\$0	
\$13,251 to	\$50,400	\$1,325.00	+	15.0%	\$13,250	
\$50,401 to	\$130,150	\$6,897.50	+	25.0%	\$50,400	
\$130,151 to	\$210,800	\$26,835.00	+	28.0%	\$130,150	
\$210,801 to	\$413,350	\$49,417.00	+	33.0%	\$210,800	
\$413,351 to	\$441,000	\$116,258.50	+	35.0%	\$413,350	
>	\$441,000	\$125,936.00	+	39.6%	\$441,000	
Married filing separately						
<	\$9,275	\$0.00	+	10.0%	\$0	
\$9,276 to	\$37,650	\$927.50	+	15.0%	\$9,275	
\$37,651 to	\$75,950	\$5,183.75	+	25.0%	\$37,650	
\$75,951 to	\$115,725	\$14,758.75	+	28.0%	\$75,950	
\$115,726 to	\$206,675	\$25,895.75	+	33.0%	\$115,725	
\$206,676 to	\$233,475	\$55,909.25	+	35.0%	\$206,675	
>	\$233,475	\$65,289.25		39.6%	\$233,475	
Estates and trusts						
<	\$2,550	\$0.00	+	15.0%	\$0	
\$2,551 to	\$5,950	\$382.50	+	25.0%	\$2,550	
\$5,951 to	\$9,050	\$1,232.50	+	28.0%	\$5,950	
\$9,051 to	\$12,400	\$2,100.50	+	33.0%	\$9,050	
>	\$12,400	\$3,206.00	+	39.6%	\$12,400	

Standard Deductions & Personal Exemption			
Filing Status	Standard Deduction		Personal exemption
	Deduction	Exemption	Phaseouts*
Married filing joint	\$12,600	\$4,050	\$311,300 to \$433,800
Single	\$6,300	\$4,050	\$259,400 to \$381,900
Married filing separate	\$6,300	\$4,050	\$155,650 to \$216,900
Head of household	\$9,300	\$4,050	\$285,350 to \$407,850
Additional deductions for non-itemizers			*Itemized deductions are limited, but not completely phased out
Blind or > 65	\$1,250		
Blind or > 65 and single	\$1,550		
Gift & Estate Tax			
Maximum estate tax rate			40%
Estate/Gift tax exclusion			\$5,450,000
Gift tax annual exclusion			\$14,000
AMT Exemptions & Phaseouts			
Filing status	Exemption	Income phaseout threshold	
Married filing jointly & qualifying widow(er)	\$83,800	\$159,700	
Single & HOH	\$53,900	\$119,700	
Married filing separately	\$41,900	\$79,850	
Capital Gains Tax Rates			
Assets held less than 1 yr.		Marginal income rate	
Assets held longer than 1 yr.		0% for taxpayers in the 10% or 15% brackets; 15% for taxpayers in 25-35% bracket; 20% for taxpayers in the 39.6% bracket	
Unrecaptured Sec. 1250 gains		25%	
Collectibles		28%	
Education Credits & Deductions			
Credit / Deduction / Account	Maximum credit / deduction	Income phaseouts begin at AGI:	
American Opportunity Tax Credit	\$2,500	\$160,000 to \$180,000	joint
		\$80,000 to \$90,000	all others
Lifetime Learning Credit	\$2,000	\$111,000 to \$131,000	joint
		\$55,000 to \$65,000	all others
Student loan interest deduction	\$2,500	\$130,000 to \$160,000	joint
		\$65,000 to \$80,000	all others
Savings bond interest deduction	limited to amount of qualified expenses	\$116,300 to \$146,300	joint
		\$77,550 to \$92,550	all others
Coverdell	\$2,000 maximum contribution (non-deductible)	\$190,000 to \$220,000	joint
		\$95,000 to \$110,000	all others
Kiddie Tax			
Dependent children < age 19 (< 24 for full-time students) pay federal income tax at their parents' rate on investment income > \$2,100.			