

# 2023 FEDERAL TAX AMOUNTS & LIMITS

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## Income tax rates for 2023

Marginal Tax Rate	Single	Married, Filing Jointly	Married, Filing Separately	Head of Household	Estates & Trusts
10%	\$0 - \$11,000	\$0 - \$22,000	\$0 - \$11,000	\$0 - \$15,700	\$0 - \$2,900
12%	\$11,001 - \$44,725	\$22,001 - \$89,450	\$11,001 - \$44,725	\$15,701 - \$59,850	N/A
22%	\$44,726 - \$95,375	\$89,451 - \$190,750	\$44,726 - \$95,375	\$59,851 - \$95,350	N/A
24%	\$95,376 - \$182,100	\$190,751 - \$364,200	\$95,376 - \$182,100	\$95,351 - \$182,100	\$2,901 - \$10,500
32%	\$182,101 - \$231,250	\$364,201 - \$462,500	\$182,101 - \$231,250	\$182,101 - \$231,250	N/A
35%	\$231,251 - \$578,125	\$462,501 - \$693,750	\$231,251 - \$578,125	\$231,251 - \$578,100	\$10,551 - \$14,450
37%	Over \$578,125	Over \$693,750	Over \$578,125	Over \$578,100	Over \$14,450

## Long-term capital gains & qualified dividends

Rate	Single	Married, Filing Jointly	Married, Filing Separately	Head of Household	Estates & Trusts
0%	\$0 - \$44,625	\$0 - \$89,250	\$0 - \$44,625	\$0 - \$59,750	\$0 - \$3,000
15%	\$44,625 - \$492,300	\$89,251 - \$553,850	\$44,625 - \$276,900	\$59,751 - \$523,050	\$3,000 - \$14,650
20%	Over \$492,300	Over \$553,850	Over \$276,900	Over \$523,050	Over \$14,650

## Standard deductions & exemptions

Single	\$13,850
Married, filing jointly and qualifying widow(er)s	\$27,700
Married, filing separately	\$13,850
Head of Household (HOH)	\$20,800
Personal/dependent exemption	\$0
Dependent filing own tax return	\$1,250*

## Additional deductions for non-itemizers

Blind or over 65	Add \$1,500
Blind or over 65, unmarried & not a surviving spouse	Add \$1,850

## Exemption amounts for Alternative Minimum Tax\*\*

Single & HOH	\$81,300
Married, filing jointly, or surviving spouses	\$126,500
Married, filing separately	\$63,250
Estates & Trusts	\$28,400

## 28% tax rate applies to income over:

Married, filing separately	\$110,350
All others	\$220,700

## Exemption amounts phase out at:

Married, filing jointly, or surviving spouses	\$1,156,300
Single and married, filing separately	\$578,150
Estates and trusts	\$94,600

## Gift and estate tax

Annual gift tax exclusion	\$17,000
Highest estate & gift tax rate	40%
Estate & lifetime gift exclusion	\$12,920,000
Generation skipping transfer tax exclusion	\$12,920,000
Exclusion on gifts to non-citizen spouse	\$175,000

\*Greater of \$1,250 or \$400 plus the individual's earned income

\*\*Indexed for inflation and scheduled to sunset at the end of 2025

## Education Credits, Deductions, and Distributions

Credit/Deduction/Account	Maximum Credit/deduction/distribution	Income phaseouts begin at AGI of:
<b>American Opportunity Tax Credit/Hope</b>	\$2,500 credit	\$160,000 joint \$80,000 all others
<b>Lifetime learning credit</b>	\$2,000 credit	\$160,000 joint \$80,000 all others
<b>Savings bond interest tax-free if used for education</b>	Deduction limited to amount of qualified expenses	\$137,800 joint \$91,850 all others
<b>Coverdell</b>	\$2,000 maximum; not deductible	\$190,000 joint \$95,000 all others
<b>529 plan (K-12)</b>	\$10,000 distribution	None
<b>529 plan (Higher Ed.)*</b>	Distribution limited to amount of qualified expenses	None

\*\$10,000 lifetime 529 distribution can be applied to student loan debt.

## 3.8% Tax on Lesser of Net Investment Income or Excess MAGI Over

Married, filing jointly	\$250,000
Single	\$200,000
Married, filing separately	\$125,000

## Tax Rates on Long-Term Capital Gains and Qualified Dividends

If taxable income falls below \$44,625 (single/married-filing separately), \$89,250 (joint), \$59,750 (head of household), \$3,000 (estates)	0%
If taxable income falls at or above \$44,625 (single/married-filing separately), \$89,250 (joint), \$59,750 (head of household), \$3,000 (estates)	15%
If income falls at or above \$492,300 (single), \$276,900 (married-filing separately), \$553,850 (joint), \$523,050 (head of household), \$14,650 (estates)	20%

## Child Tax Credit

<b>Credit per child under 17</b>	\$2,000 (\$1,600 refundable)
<b>Income phaseouts begin at AGI of:</b>	\$400,000 joint, \$200,000 all other



## Death benefit options

### Qualified death benefit options – Original owner's date of death after 2019<sup>1</sup>

	Spouse	Eligible designated beneficiary <sup>2</sup>	Non-eligible beneficiary	Entity <sup>3</sup>
<b>Lump Sum</b>	X	X	X	X
<b>Life Annuitization</b>	X	X		
<b>Five-year</b>				X <sup>4</sup>
<b>Ten-year</b>	X	X	X	
<b>Stretch</b>	X	X		
<b>Continue as own IRA</b>	X			

### Qualified death benefit options – Original owner's date of death prior 2020<sup>1</sup>

	Spouse	Non-spouse	Entity
<b>Lump Sum</b>	X	X	X
<b>Life Annuitization</b>	X	X	Some trusts
<b>Five-year<sup>4</sup></b>	X	X	X
<b>Stretch</b>	X	X	Some trusts
<b>Continue as own IRA</b>	X		

### Nonqualified death benefit options<sup>1</sup>

	Spouse	Non-spouse	Entity
<b>Lump Sum</b>	X	X	X
<b>Life Annuitization</b>	X	X	
<b>Five-year</b>	X <sup>5</sup>	X <sup>5</sup>	X <sup>5</sup>
<b>Stretch</b>	X	X	
<b>Continue as own IRA</b>	X		

<sup>1</sup> Chart reflects options permitted by Federal regulations/law; company policies may vary. Note: Options permitted for Roth IRAs are different.

<sup>2</sup> Non-spouse eligible designated beneficiaries: minor child of decedent (until age of majority), disabled, chronically ill, individuals not more than 10 years younger than decedent. Note: A spouse is also considered an eligible designated beneficiary but, for purposes of this chart, we have identified spousal options separately.

<sup>3</sup> Entities may be able to select from the options available to eligible designated beneficiaries if they are acting as an agent for the benefit of an individual who is one. Please consult your tax or legal advisor for specific questions as to applicability.

<sup>4</sup> If death occurred after the owner's Required Beginning Date, the five-year option is not available; however, an entity may continue distributions based on the remaining IRS single life expectancy factor of the owner as of the year of death, non-recalculated.

<sup>5</sup> If death occurs before annuity start date.

Limits such as the amount of income subject to additional Medicare tax, net investment income, IRA max contributions or Medicare premiums are not adjusted for inflation.

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## Defined contribution retirement plan comparison chart

	SEP IRA	SIMPLE IRA	Profit sharing / Money purchase	401(k)	403(b)	Governmental 457(b)
<b>Maximum salary deferral</b>	N/A	\$15,500	N/A	\$22,500	\$22,500	\$22,500
<b>Age 50+ catch-up</b>	N/A	\$7,500	N/A	\$7,500	\$7,500 and special additional catch-up may apply	\$7,500 and special additional catch-up may apply
<b>Maximum employer deductible contribution (based on incorporated business)</b>	Lesser of 25% of compensation or \$66,000	Required contribution of 3% of compensation up to 100% match or 2% non-elective contribution	Lesser of 25% of compensation or \$66,000	25% of compensation; combined employer and employee max. of \$66,000, not including catch-up contributions <sup>6</sup>	100% of compensation; combined employer and employee max. of \$66,000, not including catch-up contributions <sup>6</sup>	Employer contribution is included in \$22,500 limit

<sup>6</sup>Governments, tax-exempt organizations and public schools are not subject to limits on deductible contributions.

<ul style="list-style-type: none"> <li>Maximum compensation amount for qualified plans, SEP IRAs and 403(b) employer-only plans: \$330,000</li> </ul>	<ul style="list-style-type: none"> <li>Highly compensated employee: \$150,000</li> <li>Key employee/top heavy: \$215,000</li> <li>Annual defined benefit limit: \$265,000</li> </ul>	<ul style="list-style-type: none"> <li>QLAC contribution limit: Lesser of 25% of qualified assets or \$155,000</li> </ul>
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IRA Contribution Limits		Phase-out for Roth IRA contributions:	
Under age 50	\$6,500	<ul style="list-style-type: none"> <li>A traditional IRA converted to a Roth IRA may not be recharacterized back to a traditional IRA</li> <li>Contributions to a traditional IRA may be recharacterized as a contribution to a Roth IRA (or vice versa) within the same tax year.</li> </ul>	
Age 50 and over	\$7,500		
Phase-out for deducting IRA contributions if participating in a qualified plan:			
Single & Head of Household	\$73,000-\$83,000		
Joint, participating spouse	\$116,000-\$136,000		
Joint, non-participating spouse	\$218,000-\$228,000		
Phase-out for Roth IRA contributions:			
Single & Head of Household	\$138,000-\$153,000		
Joint	\$218,000-\$228,000		
Married, Filing Separately	\$0-\$10,000		

Medicare Deductibles	
Part B deductible	\$226.00
Part A (inpatient services) deductible for first 60 days of hospitalization	\$1,600.00
Part A deductible for days 61-90 of hospitalization	\$400.00/day
Part A deductible for more than 90 days of hospitalization	\$800.00/day

Medicare Premiums			
2021 MAGI Single	2021 MAGI Joint	Part B premium	Part D income adjustment
\$97,000 or less	\$194,000 or less	\$164.90	\$0
\$97,001-\$123,000	\$194,001-\$246,000	\$230.80	\$12.20
\$123,001-\$153,000	\$246,001-\$306,000	\$329.70	\$31.50
\$153,001-\$183,000	\$306,001-\$366,000	\$428.60	\$50.70
\$183,001-\$500,000	\$366,001-\$750,000	\$527.50	\$70.00
Above \$500,000	Above \$750,000	\$560.50	\$76.40

Deductibility of Long-Term Care Premiums on Qualified Policies	
Attained age before close of tax year	Amount of LTC premiums that qualify as medical expenses in 2022
40 or less	\$480
41 to 50	\$890
51 to 60	\$1,790
61 to 70	\$4,770
Over 70	\$5,960

Health Savings Accounts			
Annual Limit	Maximum deductible contribution	Expense limits (deductibles and co-pays)	Minimum annual deductible
<b>Individuals</b>	\$3,850	\$7,500	\$1,500
<b>Families</b>	\$7,750	\$15,000	\$3,000
<b>Catch-up for 55 and older</b>	\$1,000		

Tax Deadlines	
<b>January 17</b>	4th installment of the previous year's estimated taxes due
<b>April 18</b>	Tax filing deadline, or request extension to Oct. 16. 1st installment of 2023 taxes due. Last day to file amended return for 2019. Last day to contribute to: Roth or traditional IRA for 2022; HSA for 2022; Keogh or SEP for 2022 (unless tax filing deadline has been extended).
<b>June 15</b>	2nd installment of estimated taxes due
<b>September 15</b>	3rd installment of estimated taxes due
<b>October 16</b>	Tax returns due for those who requested an extension. Last day to contribute to SEP or Keogh for 2022 if extension was filed.
<b>December 31</b>	Last day to: 1) pay expenses for itemized deductions; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2023; 4) establish and fund a solo 401(k) for 2022; 5) complete 2023 contributions to employer-sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty.

Social Security		
Benefits		
Estimated maximum monthly benefit if turning full retirement age (66) in 2022	\$3,627/month	
Retirement earnings exempt amounts	\$21,240 under FRA \$56,250 during year reach FRA No limit after FRA	
Tax on Social Security benefits: income brackets		
Filing Status	Provisional Income*	Amount of Social Security subject to tax
Married filing jointly	Under \$32,000	0
	\$32,000 - \$44,000	Up to 50%
	Over \$44,000	Up to 85%
Single, head of household, qualifying widow(er), married filing separately and living apart from spouse	Under \$25,000	0
	\$25,000 - \$34,000 Over \$34,000	Up to 50% Up to 85%
Married filing separately and living with spouse	Over 0	Up to 85%
Tax (FICA)		
SS tax paid on income up to \$160,200	% Withheld	Maximum tax payable
Employer Pays	6.2%	\$9,932.40
Employee pays	6.2%	\$9,932.40
Self-employed pays	12.4%	\$19,864.80
Medicare Tax		
Employer pays	1.45%	Varies per income
Employee pays	1.45% plus 0.9% on income over \$200,000 (single) or \$250,000 (joint)	Varies per income
Self-employed pays	2.90% plus 0.9% on income over \$200,000 (single) or \$250,000 (joint)	Varies per income
Additional Medicare Tax		
0.9% on earned and self-employed income above:		
Single & HOH		\$200,000
Married, filing jointly		\$250,000
Married, filing separately		\$125,000

Check with your financial professional for updates.



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