



Wealth Advisors,  
Investment Managers

# 2020 Planning Guide

## Tax Brackets for 2020

### Married Filing Jointly

\$0 - \$19,750	10.0%
\$19,751 - \$80,250	12.0%
\$80,251 - \$171,050	22.0%
\$171,051 - \$326,600	24.0%
\$326,601 - \$414,700	32.0%
\$414,701 - \$622,050	35.0%
Over \$622,050	37.0%

### Head of Household

\$0 - \$14,100	10.0%
\$14,100 - \$53,700	12.0%
\$53,700 - \$85,500	22.0%
\$85,500 - \$163,300	24.0%
\$163,300 - \$207,350	32.0%
\$207,350 - \$518,400	35.0%
Over \$518,400	37.0%

### Single

\$0 - \$9,875	10.0%
\$9,875 - \$40,125	12.0%
\$40,125 - \$85,525	22.0%
\$85,525 - \$163,300	24.0%
\$163,300 - \$207,350	32.0%
\$207,350 - \$518,400	35.0%
Over \$518,400	37.0%

### Estates and Trusts

\$0 - \$2,600	10.0%
\$2,600 - \$9,450	24.0%
\$9,450 - \$12,950	35.0%
Over \$12,950	37.0%

## Other Tax Related Information

### Long-term capital gains & qualified dividends

Married Filing Jointly	
\$0 - \$80,000	0.0%
\$80,000 - \$496,600	15.0%
Over \$496,600	20.0%

### Head of Household

\$0 - \$53,600	0.0%
\$53,600 - \$469,050	15.0%
Over \$469,050	20.0%

### Single

\$0 - \$40,000	0.0%
\$40,000 - \$441,550	15.0%
Over \$441,550	20.0%

### Standard Deduction

Married filing jointly	\$24,800
Head of Household	\$18,650
Single	\$12,400

### Additional Medicare tax where income exceeds \$200,000 Single, or \$250,000 for Married Filing Jointly

Additional tax on excess earned income	0.9%
Additional tax on net investment income	3.8%

### Gift and Estate Tax

Gift tax annual exclusion	\$15,000
Top estate/gift tax rate	40.0%
Estate tax exemption	\$11,580,000
Gift tax exemption	\$11,580,000
Generation-skipping tax exemption	\$11,580,000

## Retirement

### IRA and Roth contributions

Under age 50	\$6,000
Age 50 and over	\$7,000

### Phase-out for deducting IRA contributions for qualified plan participants

Married filing jointly	\$104,000 - \$124,000 MAGI
Head of Household or Single	\$65,000 - \$75,000 MAGI
Spousal IRA	\$196,000 - \$206,000 MAGI

### Phase-out for Roth IRA contribution eligibility

Married filing jointly	\$196,000 - \$206,000 MAGI
Head of Household or Single	\$124,000 - \$139,000 MAGI

### SEP IRA contributions

Up to 25% of compensation	\$57,000
Earnings to participate in SEP IRA	\$600

### Qualified plan contributions

401(k), 403(b), 457, SARSEP	\$19,500
Age 50 and over	\$26,000

### Total of all contributions limit

Under age 50	\$57,000
Age 50 and over	\$63,500

### Simple IRA contributions

Under age 50	\$13,500
Age 50 and over	\$16,500

### Health Savings Account contribution limits

Individual	\$3,550
Family	\$7,100
Catch-up for ages 55 and older	\$1,000

## Social Security

### Taxable wage base and tax rate

Wage base	\$137,700
Tax rate	6.20%

### Taxability of Social Security benefits

#### Married filing jointly

50% taxable	\$32,000 - \$44,000 MAGI
85% taxable	over \$44,000 MAGI

#### Head of Household or Single

50% taxable	\$25,000 - \$34,000 MAGI
85% taxable	over \$34,000 MAGI

### Retirement earnings test

Earnings before full retirement age	\$18,6240 yr
\$1 in benefits withheld for every \$2 in earnings	

## Medicare

### Taxable wage base and tax rate

Wage base	no limit
Tax rate	1.45%

### Medicare Part B premiums by income

Based off MAGI from 2018

Married filing jointly		monthly
\$0 - \$174,000		\$144.60
\$174,000 - \$218,000		\$202.40
\$218,000 - \$272,000		\$289.20
\$272,000 - \$362,000		\$376.00
\$362,000 - \$750,000		\$462.70
\$750,000 and above		\$491.60
Head of Household or Single		monthly
\$0 - \$87,000		\$144.60
\$87,000 - \$109,000		\$202.40
\$109,000 - \$136,000		\$289.20
\$136,000 - \$163,000		\$376.00
\$163,000 - \$500,000		\$462.70
\$500,000 and above		\$491.60

This planning guide is for informational purposes only. Please visit with a financial advisor, attorney and accountant to discuss your specific situation.

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## Uniform Lifetime Table

### Required Distributions for Retirement Accounts

Age	Distribution Factor	% of Account Value
70	27.4	3.65%
71	26.5	3.77%
72	25.6	3.91%
73	24.7	4.05%
74	23.8	4.20%
75	22.9	4.37%
76	22.0	4.55%
77	21.2	4.72%
78	20.3	4.93%
79	19.5	5.13%
80	18.7	5.35%
81	17.9	5.59%
82	17.1	5.85%
83	16.3	6.13%
84	15.5	6.45%
85	14.8	6.76%
86	14.1	7.09%
87	13.4	7.46%
88	12.7	7.87%
89	12.0	8.33%
90	11.4	8.77%
91	10.8	9.26%
92	10.2	9.80%
93	9.6	10.42%
94	9.1	10.99%
95	8.6	11.63%
96	8.1	12.35%
97	7.6	13.16%
98	7.1	14.08%
99	6.7	14.93%
100	6.3	15.87%

Current tax year distributions are based off the year-end value from the previous year. For accurate distributions, use the distribution factor. Please make sure the uniform life table is correct table to compute required distribution.

## Social Security Claiming Strategies

	Currently Married		Unmarried Divorced Spouse		Surviving Spouse		Individual
	File & Suspend	Restricted Application	File & Suspend	Restricted Application	File & Suspend	Restricted Application	File & Suspend
Born May 1, 1950 or earlier	No longer available	Still available	Not applicable	Still available, ex-spouse must be 62 or older	Not affected by new rules		No longer available
Born January 1, 1954 or earlier	Not eligible						Not eligible
Born January 2, 1954 or later							

**File & Suspend:** Allows participant to file for their benefit and immediately suspend payments. This allows their spouse to claim a spousal benefit based on participant's record. Participant's benefit will continue to earn delayed retirement credits, and a larger benefit can be taken at a later date.

**Restricted Application:** Allows participant to restrict their application for benefits to just a spousal benefit. This allows their benefit to earn delayed retirement credits, and a larger benefit can be taken at a later date.

File & Suspend and Restricted Application strategies can only be completed at or after full retirement age except for surviving spouses.

## Social Security Full Retirement Age

Year of Birth	Full Retirement Age
1943 - 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 & later	67

## Thoughts on Wealth Management

"Financial success comes from a lifetime of good financial decisions." - John Q. Bird  
 "The single greatest edge an investor can have is a long-term orientation." - Seth Klarman  
 "To be an investor you must be a believer in a better tomorrow." - Ben Graham

For more information, please visit the Albion Financial Blog  
[www.albionfinancial.com/blog](http://www.albionfinancial.com/blog)

## Utah Educational Savings 529 Plan for Utah Taxpayer

Tax Filing Status	Single	Joint	Joint	Joint
Number of UESP Beneficiaries	1	1	2	3
Contributions to each Account to Maximize State Tax Credit	\$2,040	\$4,080	\$4,080	\$4,080
2020 Tax Credit	\$95	\$190	\$380	\$570

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