

Important facts to know that impact your 2022 financial planning

Every year, a variety of governmental agencies and programs announce the annual contribution limits, tax rates and payment requirements. We have consolidated these for you to serve as a handy reference guide as you review your financial plan at least annually with your wealth advisor.

Important note: This 2022 data may change based on pending legislation. We will keep this document current as additional updates are required.

RETIREMENT PLAN CONTRIBUTION LIMITS (2022)

| Retirement Plans | Annual contribution limit |
|--|---------------------------|
| Elective deferrals 401(k), 403(b), 457, and SARSEPs | \$20,500 |
| Catch-up contribution | \$6,500 |
| Defined contribution (\$415(c)(1)(A)) | \$61,000 |
| Defined benefit (\$415(b)(1)(A)) | \$245,000 |
| SIMPLE plan | \$14,000 |
| SIMPLE catch-up contribution | \$3,000 |
| Maximum includible compensation | \$305,000 |
| Highly compensated employee | |
| Lookback to 2021 | \$130,000 |
| Lookback to 2022 | \$135,000 |
| Key employee (top-heavy plan) | >\$200,000 |
| SEP participation limit | \$650 |
| IRA or Roth IRA contribution limit | \$6,000 |
| IRA or Roth IRA catch-up | \$1,000 |
| IRA deduction phaseout for active participants | |
| Single | \$68,000–\$78,000 |
| Married filing jointly | \$109,000–\$129,000 |
| Married filing separately | \$0–\$10,000 |
| Non-active participant married to active participant | \$204,000–\$214,000 |
| Roth IRA phaseout | |
| Single | \$129,000–\$144,000 |
| Married filing jointly | \$204,000–\$214,000 |

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MEDICARE PREMIUMS AND OUT OF POCKET EXPENSES

For more information on Medicare, an overview is available here. Talk to your wealth advisor about how supplemental insurance can help cover these expenses.

| | | |
|---|--------------------------------------|---------------------|
| Monthly premium | Part A ¹ | \$499 |
| | Part B ² | \$170.10 |
| Part A (patient payments) | First 60 days | \$1,556 deductible |
| | Next 30 days | \$389 per day |
| | Next 60 days (lifetime reserve days) | \$778 per day |
| Skilled nursing benefits (patient payments) | First 20 days | \$0 per day |
| | Next 80 days | \$194.50 per day |
| | Over 100 days | All costs |
| Part B | Deductible | \$233 |
| | Coinsurance | 20% |
| Part D (Prescription Standard Benefit Model) | Deductible | Deductible \$480 |
| | Coinsurance | 25% on next \$4,430 |
| | Out-of-pocket (OOP) threshold | \$7,050 |

Beneficiary then pays coinsurance amount for additional covered expenses.

2022 MEDICARE PART B PREMIUM RATES

| You pay | If your 2020 income was: | | |
|----------|--------------------------|---------------------|---------------------|
| | Part D Surcharge | Single | Married Couple |
| \$170.10 | | \$91,000 or less | \$182,000 or less |
| \$238.10 | \$12.40 | \$91,001–\$114,000 | \$182,001–\$228,000 |
| \$340.20 | \$32.10 | \$114,001–\$142,000 | \$228,001–\$284,000 |
| \$442.30 | \$51.70 | \$142,001–\$170,000 | \$284,001–\$340,000 |
| \$544.30 | \$71.30 | \$170,001–\$500,000 | \$340,001–\$750,000 |
| \$578.30 | \$77.90 | Above \$500,000 | Above \$750,000 |

| You Pay | Part D Surcharge | If you are married, filing separately, and your 2020 income was: |
|----------|------------------|--|
| \$170.10 | | \$91,000 or less |
| \$544.30 | \$71.30 | \$91,001–\$409,000 |
| \$578.30 | \$77.90 | Above \$409,000 |

SOCIAL SECURITY FRA, WAGE BASE AND TAX RATES

| | |
|---|-----------|
| Social Security wage base | \$147,000 |
| FICA tax rate—employee ² | 7.65% |
| SECA tax rate—self-employed | 15.30% |
| Earnings limitation: | |
| Below FRA (\$1 for \$2) | \$19,560 |
| Persons reaching FRA (\$1 for \$3) <i>(Applies only to earnings for months prior to attaining FRA)</i> | \$51,960 |
| Cost-of-living adjustment | 5.90% |
| Quarter of coverage | \$1,510 |
| Maximum benefit: worker retiring at FRA | \$3,345 |
| Estimated average monthly benefit | \$1,657 |

SOCIAL SECURITY FRA

| Year of Birth | Social Security FRA |
|----------------|---------------------|
| 1943–54 | 66 |
| 1955 | 66 and 2 months |
| 1956 | 66 and 4 months |
| 1957 | 66 and 6 months |
| 1958 | 66 and 8 months |
| 1959 | 66 and 10 months |
| 1960 and later | 67 |

For more information, please see definitions. | 1. The Part A premium of \$499 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A Premium is \$274 per month. | 2. The FICA tax rate is comprised of two separate payroll taxes: Employer portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI); Employee portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI). For self-employed, the SECA is 12.40% for OASDI and 2.90% for HI. | Source: www.medicare.gov | www.ssa.gov

Federal tax rates, deductions, AMT and capital gains rates

2022 TAX RATE SCHEDULES

| If your income is: | | Then the Gross Tax Payable is: | | |
|--|--------------|--------------------------------|-----------------------|--------------------|
| Over | But Not Over | Amount | Plus (percent) | Of the Amount Over |
| Single Taxpayers (other than surviving spouses and heads of households) | | | | |
| \$0 | \$10,275 | | 10% of taxable income | |
| 10,275 | 41,775 | 1,028 | 12% | 10,275 |
| 41,775 | 89,075 | 4,808 | 22% | 41,775 |
| 89,075 | 170,050 | 15,214 | 24% | 89,075 |
| 170,050 | 215,950 | 34,648 | 32% | 170,050 |
| 215,950 | 539,900 | 49,336 | 35% | 215,950 |
| 539,900 | — | 162,718 | 37% | 539,900 |
| Heads of Households | | | | |
| \$0 | \$14,650 | | 10% of taxable income | |
| 14,650 | 55,900 | 1,465 | 12% | 14,650 |
| 55,900 | 89,050 | 6,415 | 22% | 55,900 |
| 89,050 | 170,050 | 13,708 | 24% | 89,050 |
| 170,050 | 215,950 | 33,148 | 32% | 170,050 |
| 215,950 | 539,900 | 47,836 | 35% | 215,950 |
| 539,900 | — | 161,219 | 37% | 539,900 |
| Married Individuals (and surviving spouses) Filing Joint Returns | | | | |
| \$0 | \$20,550 | | 10% of taxable income | |
| 20,550 | 83,550 | 2,055 | 12% | 20,550 |
| 83,550 | 178,150 | 9,615 | 22% | 83,550 |
| 178,150 | 340,100 | 30,427 | 24% | 178,150 |
| 340,100 | 431,900 | 69,295 | 32% | 340,100 |
| 431,900 | 647,850 | 98,671 | 35% | 431,900 |
| 647,850 | — | 174,254 | 37% | 647,850 |
| Married Individuals Filing Separate Returns | | | | |
| \$0 | \$10,275 | | 10% of taxable income | |
| 10,275 | 41,775 | 1,028 | 12% | 10,275 |
| 41,775 | 89,075 | 4,808 | 22% | 41,775 |
| 89,075 | 170,050 | 15,214 | 24% | 89,075 |
| 170,050 | 219,950 | 34,648 | 32% | 170,050 |
| 219,950 | 323,925 | 50,616 | 35% | 219,950 |
| 323,925 | — | 87,007 | 37% | 323,925 |
| Fiduciary (estates and trusts) Taxpayers | | | | |
| \$0 | \$2,750 | | 10% of taxable income | |
| 2,750 | 9,850 | 275 | 24% | 2,750 |
| 9,850 | 13,450 | 1,979 | 35% | 9,850 |
| 13,450 | — | 3,239 | 37% | 13,450 |

INCOME TAX

| | | |
|--|--|--|
| Standard deduction | Single | \$12,950 |
| | Married filing jointly | \$25,900 |
| | Head of household | \$19,400 |
| | Married filing separately | \$12,950 |
| | Kiddie tax limited standard deduction | \$1,100 |
| | Individual eligible to be claimed as dependent | Greater of \$1,500 or earned income plus \$400, not to exceed full standard deduction of \$12,950. |
| Elderly or blind additional deduction | Single | \$1,750 |
| | Married | \$1,400 |
| Section 179 | Maximum election | \$1,080,000 |
| | Phaseout begins | \$2,700,000 |
| Adoption credit (nonrefundable) | Maximum | \$14,800 |
| | Phaseout | \$223,410-\$263,4105 |
| Medicare Contribution tax and additional Medicare tax | Single | \$200,000 |
| | Head of household | \$200,000 |
| | Married filing jointly | \$250,000 |
| Child tax credit | Dependent under age 17 | \$2,000 |
| | Other dependents | \$500 |
| | Phaseout (\$50 for every \$1,000 over) | |
| | Single | \$200,000 |
| | Married filing jointly | \$400,000 |

LONG-TERM CAPITAL GAINS RATES BASED ON TAXABLE INCOME

| Filing Status | 0% rate | 15% rate | 20% rate |
|---------------------------|----------------|--------------------|----------------|
| Single | up to \$41,675 | \$41,675-\$459,750 | over \$459,750 |
| Head of household | up to \$55,800 | \$55,800-\$488,500 | over \$488,500 |
| Married filing jointly | up to \$83,350 | \$83,350-\$517,200 | over \$517,200 |
| Married filing separately | up to \$41,675 | \$41,675-\$258,860 | over \$258,860 |
| Estates and trusts | up to \$2,800 | \$2,801-\$13,700 | over \$13,700 |

ALTERNATIVE MINIMUM TAX (AMT)

| | Exemption | Phaseout |
|----------------------------|-----------|-------------|
| Single & head of household | \$75,900 | \$539,900 |
| Married filing jointly | \$86,200 | \$1,079,800 |
| Married filing separately | \$59,050 | \$539,900 |

AMT RATES

26% up to \$206,100 of AMT base

28% over \$206,100 of AMT base

ESTATE AND GIFT TAX

| | |
|--------------------------------------|--------------|
| Annual gift tax exclusion | \$16,000 |
| Estate and gift tax basic exclusion | \$12,060,000 |
| Applicable credit amount | \$4,769,800 |
| Generation skipping exemption | \$12,060,000 |
| Maximum estate tax rate ³ | 40% |

STANDARD MILEAGE RATES

| | |
|------------------------------|--------------|
| Business use | 56¢ per mile |
| Charitable use (not indexed) | 14¢ per mile |
| Medical use | 16¢ per mile |

HEALTH SAVINGS ACCOUNT

| | | |
|------------------------------------|--|----------|
| Minimum Deductible Amount | Single | \$1,400 |
| | Family | \$2,800 |
| Maximum Out-of-Pocket Amount | Single | \$7,050 |
| | Family | \$14,100 |
| HSA Statutory Contribution Maximum | Single | \$3,650 |
| | Family | \$7,300 |
| | Catch-up contributions (age 55 or older) | \$1,000 |

EDUCATION

| | | |
|--|--|---------------------|
| EE bonds for education—exclusion phaseout | Single | \$85,800–\$100,800 |
| | Married filing jointly | \$128,650–\$158,650 |
| Coverdell Education Savings Account (\$2,000 limit) phaseout | Single | \$95,000–\$110,000 |
| | Married filing jointly | \$190,000–\$220,000 |
| Lifetime Learning Credit—20% of qualified expenses up to \$10,000 | Single | \$80,000–\$90,000 |
| | Married filing jointly | \$160,000–\$180,000 |
| American Opportunity tax credit—maximum of \$2,500 | 100% up to \$2,000 of qualified expenses | |
| | 25% on next \$2,000—phaseout: | |
| | Single | \$80,000–\$90,000 |
| | Married filing jointly | \$160,000–\$180,000 |
| Education loan deduction (\$2,500) phaseout | Unmarried | \$70,000–\$85,000 |
| | Married filing jointly | \$140,000–\$170,000 |

MISCELLANEOUS

| | |
|--|---------------|
| PBGC maximum monthly benefit (at age 65) | \$6,204.55 |
| LTC per diem limit | \$390 |
| LTC premium as medical expense limitation | |
| Age 40 or under | \$450 |
| Age 41–50 | \$850 |
| Age 51–60 | \$1,690 |
| Age 61–70 | \$4,520 |
| Age 71 or older | \$5,640 |
| Qualified Transportation Fringe (monthly) Commuter highway vehicle/transit pass | \$280 |
| Qualified parking | \$280 |
| Qualified Longevity Annuity Contract | Max \$145,000 |
| Health Care Flexible Spending Account | Max \$2,850 |

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Glossary

Catch up contribution: A catch-up contribution is a type of retirement savings contribution that allows people aged 50 or older to make additional contributions to 401(k) accounts and individual retirement accounts (IRAs). Catch-up contributions are larger than the standard contribution limit.

Contribution limit: The maximum amount a person can contribute to his or her retirement account is set each year by the IRS after taking inflation into account.

Defined benefit amount: Internal Revenue Code (IRC) Section 415(b) limits an individual's pension benefit amount. The IRC 415(b) limit affecting public employees is the Dollar Limit. The Dollar Limit for 2020 is \$230,000. Elective deferrals

FRA: Retirees can start receiving Social Security retirement benefits as early as age 62. However, retirees are entitled to full benefits when they reach their **full retirement age**.

Social Security wage base: Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit changes each year with changes in the national average wage index. We call this annual limit the contribution and benefit base. This amount is also commonly referred to as the taxable maximum.

Sources:

www.irs.gov | www.medicare.gov | www.ssa.gov | www.pbgc.gov | www.aaltci.org | www.forbes.com

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