

Important facts to know that impact your 2023 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 2023 data may change based on pending legislation. We will keep this document current as additional updates are required.

RETIREMENT PLAN CONTRIBUTION LIMITS (2023)

Retirement Plans	Annual contribution limit
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$22,500
Catch-up contribution	\$7,500
Defined contribution (\$415(c)(1)(A))	\$66,000
Defined benefit (\$415(b)(1)(A))	\$265,000
SIMPLE plan	\$15,500
SIMPLE catch-up contribution	\$3,500
Maximum includible compensation	\$330,000
Highly compensated employee	
Lookback to 2022	\$135,000
Lookback to 2023	\$150,000
Key employee (top-heavy plan)	>\$215,000
SEP participation limit	\$750
IRA or Roth IRA contribution limit	\$6,500
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants	
Single	\$73,000–\$83,000
Married filing jointly	\$116,000–\$136,000
Married filing separately	\$0–\$10,000
Non-active participant married to active participant	\$218,000–\$228,000
Roth IRA phaseout	
Single	\$138,000–\$153,000
Married filing jointly	\$218,000–\$228,000

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MEDICARE PREMIUMS AND OUT OF POCKET EXPENSES

Talk to your wealth advisor about how supplemental insurance can help cover these expenses.

Monthly premium	Part A ¹	\$506
	Part B ²	\$164.90
Part A (patient payments)	First 60 days	\$1,600 deductible
	Next 30 days	\$400 per day
	Next 60 days (lifetime reserve days)	\$800 per day
Skilled nursing benefits (patient payments)	First 20 days	\$0 per day
	Next 80 days	\$200.00 per day
	Over 100 days	All costs
Part B	Deductible	\$226
	Coinsurance	20%
Part D (Prescription Standard Benefit Model)	Deductible	Deductible \$505
	Coinsurance	25% on next \$4,660
	Out-of-pocket (OOP) threshold	\$7,400
	Beneficiary then pays coinsurance amount for additional covered expenses.	

2023 MEDICARE PART B PREMIUM RATES

You pay	If your 2021 income was:		
	Part D Surcharge	Single	Married Couple
\$164.90		\$97,000 or less	\$194,000 or less
\$230.80	\$12.20	\$97,001–\$123,000	\$194,001–\$246,000
\$329.70	\$31.50	\$123,001–\$153,000	\$246,001–\$306,000
\$428.60	\$50.70	\$153,001–\$183,000	\$306,001–\$366,000
\$527.50	\$70.00	\$183,001–\$500,000	\$366,001–\$750,000
\$560.50	\$76.40	Above \$500,000	Above \$750,000
You Pay	Part D Surcharge	If you are married, filing separately, and your 2021 income was:	
\$164.90		\$97,000 or less	
\$527.50	\$70.00	\$97,001–\$403,000	
\$560.50	\$76.40	Above \$403,000	

SOCIAL SECURITY FRA, WAGE BASE AND TAX RATES

Social Security wage base	\$160,200
FICA tax rate—employee ²	7.65%
SECA tax rate—self-employed	15.30%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$21,240
Persons reaching FRA (\$1 for \$3) <i>(Applies only to earnings for months prior to attaining FRA)</i>	\$56,520
Cost-of-living adjustment	8.70%
Quarter of coverage	\$1,640
Maximum benefit: worker retiring at FRA	\$3,627
Estimated average monthly benefit	\$1,827

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 \$506 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 \$278 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

2023 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	\$11,000		10% of taxable income	
11,000	44,725	1,100	12%	11,000
44,725	95,375	5,147	22%	44,725
95,375	182,100	16,290	24%	95,375
182,100	231,250	37,104	32%	182,100
231,250	578,125	52,832	35%	231,250
578,125	—	174,238.25	37%	578,125
Heads of Households				
\$0	\$15,700		10% of taxable income	
15,700	59,850	1,570	12%	15,700
59,850	95,350	6,868	22%	59,850
95,350	182,100	14,678	24%	95,350
182,100	231,250	35,498	32%	182,100
231,250	578,100	51,226	35%	231,250
578,100	—	172,623.50	37%	578,100
Married Individuals (and surviving spouses) Filing Joint Returns				
\$0	\$22,000		10% of taxable income	
22,000	89,450	2,200	12%	22,000
89,450	190,750	10,294	22%	89,450
190,750	364,200	32,580	24%	190,750
364,200	462,500	74,208	32%	364,200
462,500	693,750	105,664	35%	462,500
693,750	—	186,601.50	37%	693,750
Married Individuals Filing Separate Returns				
\$0	\$11,000		10% of taxable income	
11,000	44,725	1,100	12%	11,000
44,725	95,375	5,147	22%	44,725
95,375	182,100	16,290	24%	95,375
182,100	231,250	37,104	32%	182,100
231,250	346,875	52,832	35%	231,250
346,875	—	93,300.75	37%	346,875
Fiduciary (estates and trusts) Taxpayers				
\$0	\$2,900		10% of taxable income	
2,900	10,550	290	24%	2,900
10,550	14,450	2,126	35%	10,550
14,450	—	3,491	37%	14,450

INCOME TAX

Standard deduction	Single	\$13,850
	Married filing jointly	\$27,700
	Head of household	\$20,800
	Married filing separately	\$13,850
	Kiddie tax limited standard deduction	\$1,250
	Individual eligible to be claimed as dependent	Greater of \$1,250 or earned income plus \$400, not to exceed full standard deduction of \$13,850
Elderly or blind additional deduction	Single	\$1,850
	Married	\$1,500
Section 179	Maximum election	\$1,160,000
	Phaseout begins	\$2,890,000
Adoption credit (nonrefundable)	Maximum	\$15,950
	Phaseout	\$239,230-\$279,230
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 \$44,625	\$44,625-\$492,300	over \$492,300
Head of household	up to \$59,750	\$59,750-\$523,050	over \$523,050
Married filing jointly	up to \$89,250	\$89,250-\$553,850	over \$553,850
Married filing separately	up to \$44,625	\$44,625-\$276,900	over \$276,900
Estates and trusts	up to \$3,000	\$3,000-\$14,650	over \$14,650

ALTERNATIVE MINIMUM TAX (AMT)

	Exemption	Phaseout
Single & head of household	\$81,300	\$578,150
Married filing jointly	\$126,500	\$1,156,300
Married filing separately	\$63,250	\$578,150

AMT RATES

26% up to \$220,700 of AMT base
28% over \$220,700 of AMT base

ESTATE AND GIFT TAX

Annual gift tax exclusion	\$17,000
Estate and gift tax basic exclusion	\$12,920,000
Applicable credit amount	\$5,113,800
Generation skipping exemption	\$12,920,000
Maximum estate tax rate ³	40%

STANDARD MILEAGE RATES

Business use	65.5¢ per mile
Charitable use (not indexed)	22¢ per mile
Medical use	22¢ per mile

HEALTH SAVINGS ACCOUNT

Minimum Deductible Amount	Single	\$1,500
	Family	\$3,000
Maximum Out-of-Pocket Amount	Single	\$7,500
	Family	\$15,000
HSA Statutory Contribution Maximum	Single	\$3,850
	Family	\$7,750
	Catch-up contributions (age 55 or older)	\$1,000

EDUCATION

EE bonds for education—exclusion phaseout	Single	\$91,850–\$106,850
	Married filing jointly	\$137,800–\$167,800
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	\$75,000–\$90,000
	Married filing jointly	\$155,000–\$185,000

MISCELLANEOUS

PBGC maximum monthly benefit (at age 65)	\$6,750.00
LTC per diem limit	\$420
LTC premium as medical expense limitation	
Age 40 or under	\$480
Age 41–50	\$890
Age 51–60	\$1,790
Age 61–70	\$4,770
Age 71 or older	\$5,960
Qualified Transportation Fringe (monthly) Commuter highway vehicle/transit pass	\$300
Qualified parking	\$300
Qualified Longevity Annuity Contract	Max \$155,000
Health Care Flexible Spending Account	Max \$3,050

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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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