# 2023 TAX SUMMARY

FWG Investments | Family Wealth Group

## Tax Brackets for 2023

Taxable income (i.e., income minus deductions and exemptions) between:

**Married, Joint[1]**

| | |
|---|---|
| $0 - $22,000 | 10% |
| $22,001 - $89,450 | 12% |
| $89,451 - $190,750 | 22% |
| $190,751 - $364,200 | 24% |
| $364,201 - $462,500 | 32% |
| $462,501 - $693,750 | 35% |
| Over $693,750 | 37% |
| *Capital gains/qualified dividends* | |
| $0 - $89,250 | 0% |
| $89,251 - $553,850 | 15% |
| Over $553,850 | 20% |

**Single[1]**

| | |
|---|---|
| $0 - $11,000 | 10% |
| $11,001 - $44,725 | 12% |
| $44,726 - $95,375 | 22% |
| $95,376 - $182,100 | 24% |
| $182,101 - $231,250 | 32% |
| $231,251 - $578,125 | 35% |
| Over $578,125 | 37% |
| *Capital gains/qualifications dividends* | |
| $0 - $44,625 | 0% |
| $44,626 - $492,300 | 15% |
| Over $492,300 | 20% |

**Married, Separate[1]**

| | |
|---|---|
| $0 - $11,000 | 10% |
| $11,001 - $44,725 | 12% |
| $44,726 - $95,375 | 22% |
| $95,376 - $182,100 | 24% |
| $182,101 - $231,250 | 32% |
| $231,251 - $346,875 | 35% |
| Over $346,875 | 37% |
| *Capital gains/qualifications dividends* | |
| $0 - $44,625 | 0% |
| $44,626 - $276,900 | 15% |
| Over $276,900 | 20% |

**Head of Household[1]**

| | |
|---|---|
| $0 – $15,700 | 10% |
| $15,701 – $59,850 | 12% |
| $59,851 – $95,350 | 22% |
| $95,351 – $182,100 | 24% |
| $182,101 – $231,250 | 32% |
| $231,251 – $578,100 | 35% |
| over $578,100 | 37% |
| *Capital gains/qualification dividends* | |
| $0 - $59,750 | 0% |
| $59,751 - $523,050 | 15% |
| Over $523,050 | 20% |

**Estates and Trusts[1]**

| | |
|---|---|
| $0 – $2,900 | 10% |
| $2,901 – $10,550 | 24% |
| $10,551 – $14,450 | 35% |
| over $14,450 | 37% |
| *Capital gains/qualification dividends* | |
| $0 - $3,000 | 0% |
| $3,001 - $14,650 | 15% |
| Over $14,650 | 20% |

**Corporate Tax Rate** 21%

## Standard Deduction[1]

| | |
|---|---|
| Married, joint | $27,700 |
| Single | $13,850 |
| Married, separate | $13,850 |
| Head of Household | $20,800 |

Blind or over 65: add $1,500 if married; $1,850 if single or head of household

**Child/Dependent Tax Credit[1, 2]**

Child $2,000 per child $83,350 up to $1,600 refundable

Qualifying Dependent $500 per dependent, nonrefundable

**Mortgage Interest Deduction[2]**

On acquisition or home improvement indebtedness up to $750,000 incurred after 12/15/2017 for first or second home.

**State and Local Tax Deduction Limit[3]**

State and local income and property tax deduction $10,000

$5,000 if married filing separately

## IRA & Pension Plan Limits[4]

**IRA contribution**

| | |
|---|---|
| Under age 50 | $6,500 |
| Age 50 and over | $7,500 |

**Phaseout for deducting IRA contribution[4]**

| | |
|---|---|
| Married, joint | $116,000 - $136,000 AGI |
| Single, HOH[a] | $73,000 - $83,000 AGI |
| Married, separate | $0 - $10,000 AGI |

**Phaseout for deducting spousal IRA[b, 4]**

$218,000 - $228,000 AGI

**Phaseout of Roth contribution eligibility[4]**

| | |
|---|---|
| Married, joint | $218,000 - $228,000 MAGI |
| Single, HOH[a] | $138,000 - $153,000 MAGI |
| Married, separate | $0 - $10,000 MAGI |

**SEP contribution[4, 5]**

Up to 25% of compensation, limit $66,000

**Compensation to participate in SEP[4]** $750

**SIMPLE elective deferral[4]**

| | |
|---|---|
| Under age 50 | $15,500 |
| Age 50 and over | $19,000 |

**401(k), 403(b)c, 457d and SARSEP elective deferral under age 50[4]** $22,500

**401(k), 403(b)c, 457d and SARSEP elective deferral age 50 and over[4]** $30,000

**Annual defined contribution limit[4]** $66,000

**Annual defined benefit limit[4]** $265,000

**Highly compensated employee[4]** $150,000

**Key employee in top-heavy plan[4]** $215,000

**Annual compensation taken into account for qualified plans[4]** $330,000

**Retirement Tax Credit[6]**

A percentage tax credit for an IRA, 401(k), 403(b)c or 457d plan contribution, in addition to deduction or exclusion, if

Married, joint Below $73,000 MAGI

Head of Household Below $54,750 MAGI

Single; Married, separate Below $36,500 MAGI

**Maximum qualified longevity annuity contract (QLAC) premium[4]** $155,000

## Alternative Minimum Tax Exemption Amount[1]

| | |
|---|---|
| Married, joint | $126,500 |
| Single, HOH[a] | $81,300 |
| Married, separate | $63,250 |
| Estates and Trusts | $28,400 |

## Gift and Estate Tax[1]

| | |
|---|---|
| Gift tax annual exclusion | $17,000 |
| Estate and gift tax rate | 40% |
| Estate tax exemption | $12,920,000 |
| Lifetime gift exemption | $12,920,000 |
| GST exemption | $12,920,000 |
| Annual exclusion for gifts to noncitizen spouse | $175,000 |

## Additional Medicare Tax Where Income Exceeds $200,000 ($250,000 married, joint)[7]

| | |
|---|---|
| Additional tax on excess of earned income[e] | 0.9% |
| Additional tax on net investment income[f] | 3.8% |

Key

a. Head of household.

b. Assumes individual or spouse also participates in an employer-sponsored retirement plan.

c. Special increased limit may apply to certain 403(b) contributions with 15 or more years of service.

d. In last three years prior to year of retirement, 457 plan participant may be able to double elective deferral if needed to catch up on prior missed contributions, but if they do, they cannot use catch-up.

e. Total employee Medicare tax is 1.45% + 0.9% = 2.35%

f. Including interest, dividends, capital gains and annuity distributions.

## Health Care

| Eligible Long-Term Care Deduction Limit[1] | |
|---|---|
| Age 40 or younger | $480 |
| Ages 41 to 50 | $890 |
| Ages 51 to 60 | $1,790 |
| Ages 61 to 70 | $4,770 |
| Ages over 70 | $5,960 |

| | |
|---|---|
| **Per Diem Limitation for LTC Benefits[1]** | $420 |

**Affordable Care Act:** The Tax Cuts and Jobs Act eliminated the individual mandate penalty.[2]

## Education

| | |
|---|---|
| Coverdell Education Savings Account[8] | $2,000 |
| Coverdell contribution eligibility phaseout | |
| Married, joint | $190,000 - $220,000 |
| All others | $95,000 - $110,000 |
| Student loan interest deduction limit[1] | $2,500 |
| Interest deduction is phased out | |
| Married, joint | $155,000 - $185,000 MAGI |
| All others | $75,000 - $90,000 MAGI |
| Phaseout of Lifetime Learning Credits[1, 9] | |
| Married, joint | $160,000 - $180,000 |
| All others | $80,000 - $90,000 |
| Tax-free savings bonds interest phaseout | |
| Married, joint | $137,800 - $167,800 MAGI |
| All others | $91,850 - $106,850 MAGI |

## Social Security

| | |
|---|---|
| Maximum wage base[10] | $160,200 |
| Amount needed to earn one credit[10, 11] | $1,640 |
| Amount needed to earn four credits[11] | $6,560 |
| Social Security Tax Rates[10] | |
| Employee | 7.65% |
| Employer | 7.65% |
| Self-Employed | 15.30% |
| Maximum monthly retirement[10] | |
| Benefit at full retirement age | $3,627 |
| Cost of Living Adjustment | 8.7% |

**Income (in retirement) causing Social Security benefits to be taxable[12]**

| | |
|---|---|
| Married, joint | |
| Up to 50% taxable | $32,000 MAGI |
| Up to 85% taxable | $44,000 MAGI |
| Single | |
| Up to 50% taxable | $25,000 MAGI |
| Up to 85% taxable | $34,000 MAGI |

Income is most income including municipal bond interest but only 1/2 of Social Security.

**Earnings Limit and Benefit Reduction:[10]**

In years prior to full retirement age, $1 in benefits will be withheld for every $2 of earnings in excess of $21,240.

In the year of full retirement age, $1 in benefits will be withheld for every $3 of earnings in excess of $56,520 (applies only to months of earnings prior to full retirement age).

There is no limit on earnings beginning the month an individual attains full retirement age.

**Average monthly benefit (December 2021)[13]**

| | |
|---|---|
| Average monthly retirement benefit | |
| Men | $1,838 |
| Women | $1,484 |
| Average monthly survivor benefit | |
| Men | $1,379 |
| Women | $1,563 |

## Uniform Lifetime Table[14]

*Below table effective as of Jan. 1, 2022. Use to calculate required minimum distributions from IRAs and qualified plans during owner's life. Do not use this table if owner has spousal beneficiary more than 10 years younger. Instead use Joint Life Table from IRS Pub. 590.

| Taxpayer's Age | % of acct. | Life Expectancy |
|---|---|---|
| 72 | 3.65 | 27.4 |
| 73 | 3.77 | 26.5 |
| 74 | 3.92 | 25.5 |
| 75 | 4.07 | 24.6 |
| 76 | 4.22 | 23.7 |
| 77 | 4.37 | 22.9 |
| 78 | 4.55 | 22.0 |
| 79 | 4.74 | 21.1 |
| 80 | 4.95 | 20.2 |
| 81 | 5.15 | 19.4 |
| 82 | 5.41 | 18.5 |
| 83 | 5.65 | 17.7 |
| 84 | 5.95 | 16.8 |
| 85 | 6.25 | 16.0 |
| 86 | 6.58 | 15.2 |
| 87 | 6.94 | 14.4 |
| 88 | 7.30 | 13.7 |
| 89 | 7.75 | 12.9 |
| 90 | 8.20 | 12.2 |
| 91 | 8.70 | 11.5 |
| 92 | 9.26 | 10.8 |
| 93 | 9.90 | 10.1 |
| 94 | 10.53 | 9.5 |
| 95 | 11.24 | 8.9 |
| 96 | 11.90 | 8.4 |
| 97 | 12.82 | 7.8 |
| 98 | 13.70 | 7.3 |
| 99 | 14.71 | 6.8 |
| 100 | 15.63 | 6.4 |
| 101 | 16.67 | 6.0 |
| 102 | 17.86 | 5.6 |
| 103 | 19.23 | 5.2 |
| 104 | 20.41 | 4.9 |
| 105 | 21.74 | 4.6 |
| 106 | 23.26 | 4.3 |
| 107 | 24.39 | 4.1 |
| 108 | 25.64 | 3.9 |
| 109 | 27.03 | 3.7 |
| 110 | 28.57 | 3.5 |
| 111 | 29.41 | 3.4 |
| 112 | 30.30 | 3.3 |
| 113 | 32.26 | 3.1 |
| 114 | 33.33 | 3.0 |
| 115+ | 34.48 | 2.9 |

## Single Life Table After IRA Owner's Death[14]

*Below table effective as of Jan. 1, 2022. Use to calculate required minimum distributions from IRAs and qualified plans after owner's death. See IRS Pub. 590 for complete table of ages 0 through 111+.

| Taxpayer's Age | % of acct. | Life Expectancy |
|---|---|---|
| 39 | 2.14 | 46.7 |
| 40 | 2.19 | 45.7 |
| 41 | 2.23 | 44.8 |
| 42 | 2.28 | 43.8 |
| 43 | 2.33 | 42.9 |
| 44 | 2.39 | 41.9 |
| 45 | 2.44 | 41.0 |
| 46 | 2.50 | 40.0 |
| 47 | 2.56 | 39.0 |
| 48 | 2.62 | 38.1 |
| 49 | 2.70 | 37.1 |
| 50 | 2.76 | 36.2 |
| 51 | 2.83 | 35.3 |
| 52 | 2.92 | 34.3 |
| 53 | 2.99 | 33.4 |
| 54 | 3.08 | 32.5 |
| 55 | 3.16 | 31.6 |
| 56 | 3.27 | 30.6 |
| 57 | 3.36 | 29.8 |
| 58 | 3.46 | 28.9 |
| 59 | 3.57 | 28.0 |
| 60 | 3.69 | 27.1 |
| 61 | 3.82 | 26.2 |
| 62 | 3.94 | 25.4 |
| 63 | 4.08 | 24.5 |
| 64 | 4.22 | 23.7 |
| 65 | 4.37 | 22.9 |
| 66 | 4.55 | 22.0 |
| 67 | 4.72 | 21.2 |
| 68 | 4.90 | 20.4 |
| 69 | 5.10 | 19.6 |
| 70 | 5.32 | 18.8 |
| 71 | 5.56 | 18.0 |
| 72 | 5.81 | 17.2 |
| 73 | 6.10 | 16.4 |
| 74 | 6.41 | 15.6 |
| 75 | 6.76 | 14.8 |
| 76 | 7.09 | 14.1 |
| 77 | 7.52 | 13.3 |
| 78 | 7.94 | 12.6 |
| 79 | 8.40 | 11.9 |
| 80 | 8.93 | 11.2 |
| 81 | 9.52 | 10.5 |
| 82 | 10.10 | 9.9 |
| 83 | 10.75 | 9.3 |
| 84 | 11.49 | 8.7 |
| 85 | 12.35 | 8.1 |
| 86 | 13.16 | 7.6 |

### Sources


[1] Rev. Proc. 2022-38. https://www.irs.gov/pub/irs-drop/rp-22-38.pdf

[2] Tax Policy Center. https://www.taxpolicycenter.org/briefing-book

[3] IRS. Dec 8, 2021. https://www.irs.gov/taxtopics/tc503

[4] IR-2022-55. https://www.irs.gov/pub/irs-drop/n-22-55.pdf

[5] IRC Sec. 402 (h)(2)

[6] IRS. Dec. 6, 2021. https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit

[7] IRS. April 21, 2021. https://www.irs.gov/individuals/net-investment-income-tax

[8] Savingforcollege.com. https://www.savingforcollege.com/intro_to_esas/?esa_faq_category_id=2

[9] IRC Sec. 25A (c),(i)

[10] Social Security Administration. https://www.ssa.gov/news/press/factsheets/colafacts2023.pdf

[11] Social Security Administration. https://www.ssa.gov/benefits/retirement/planner/credits.html

[12] IRC Sec. 86

[13] Social Security Administration. https://www.ssa.gov/policy/docs/chartbooks/fast_facts/2022/fast_facts22.pdf

[14] Federal Register. Nov. 12, 2020. https://www.federalregister.gov/documents/2020/11/12/2020-24723/updated-life-expectancy-and-distribution-period-tables-used-for-purposes-of-determining-minimum



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