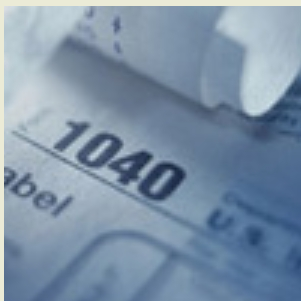


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# 2016 Key Numbers





## Individual Income Tax Planning

### Adoption credit

Adoption credit	2015	2016
Maximum credit	\$13,400	\$13,460
Phaseout threshold amount	\$201,010	\$201,920
Completed phaseout amount after	\$241,010	\$241,920

### Alternative Minimum Tax (AMT)

Maximum AMT exemption amount	2015	2016
Married filing jointly or surviving spouse	\$83,400	\$83,800
Single or head of household	\$53,600	\$53,900
Married filing separately	\$41,700	\$41,900

AMT income exemption phaseout threshold	2015	2016
Married filing jointly or surviving spouse	\$158,900	\$159,700
Single or head of household	\$119,200	\$119,700
Married filing separately	\$79,450	\$79,850

AMT tax rate (26% rate applies to AMTI at or below amount; 28% applies to AMTI above amount)	2015	2016
All taxpayers except married filing separately	\$185,400	\$186,300
Married filing separately	\$92,700	\$93,150

### Charitable deductions

Use of auto	2015	2016
Deductible standard mileage rate	\$0.14	\$0.14

Charitable fundraising "insubstantial benefit" limitation	2015	2016
Low-cost article (re: unrelated business income)	\$10.50	\$10.60

<b>Gifts to donor in return for contribution</b>	<b>2015</b>	<b>2016</b>
Token gift maximum cost <sup>1</sup>	\$10.50	\$10.60
Minimum contribution amount <sup>1</sup>	\$52.50	\$53.00
2% threshold amount <sup>2</sup>	\$105	\$106

<sup>1</sup> Contribution is fully deductible if minimum contribution amount is met and cost of token gift does not exceed maximum

<sup>2</sup> Charitable contribution is fully deductible if the benefit received by the donor doesn't exceed the lesser of the threshold amount or 2% of the amount of the contribution

### Child tax credit

<b>Amount of credit</b>	<b>2015</b>	<b>2016</b>
Maximum credit per qualifying child	\$1,000	\$1,000

<b>Phaseout -- credit reduced by \$50 for each \$1,000 or fraction thereof of MAGI over:</b>	<b>2015</b>	<b>2016</b>
Single	\$75,000	\$75,000
Married Filing Jointly	\$110,000	\$110,000
Married Filing Separately	\$55,000	\$55,000

<b>Refundability -- up to specified percentage of earned income in excess of specified amount</b>	<b>2015</b>	<b>2016</b>
Percentage	15%	15%
Amount	\$3,000	\$3,000

### Classroom expenses of elementary and secondary school teachers

<b>Classroom expense deduction</b>	<b>2015</b>	<b>2016</b>
Maximum above-the-line deduction	\$250	\$250 <sup>3</sup>

<sup>3</sup> Indexed for inflation

### Earned income tax credit (EITC)

<b>Investment income limit</b>	<b>2015</b>	<b>2016</b>
Excessive investment income limit ("disqualified income limit")	\$3,400	\$3,400

Maximum amount of EITC per number of children	2015	2016
0 children	\$503	\$506
1 child	\$3,359	\$3,373
2 children	\$5,548	\$5,572
3 or more children	\$6,242	\$6,269

Maximum amount of earned income on which EITC is based (earned income over this amount but under the threshold phaseout amount will not change the amount of the credit received)	2015	2016
0 children	\$6,580	\$6,610
1 child	\$9,880	\$9,920
2 or more children	\$13,870	\$13,930

Threshold phaseout amount for joint filers per number of children	2015	2016
0 children	\$13,750	\$13,820
1 child	\$23,630	\$23,740
2 children	\$23,630	\$23,740
3 or more children	\$23,630	\$23,740

Threshold phaseout amount for other filers per number of children	2015	2016
0 children	\$8,240	\$8,270
1 child	\$18,110	\$18,190
2 children	\$18,110	\$18,190
3 or more children	\$18,110	\$18,190

Completed phaseout amount for joint filers per number of children	2015	2016
0 children	\$20,330	\$20,430
1 child	\$44,651	\$44,846
2 children	\$49,974	\$50,198
3 or more children	\$53,267	\$53,505

Completed phaseout amount for other filers per number of children	2015	2016
0 children	\$14,820	\$14,880
1 child	\$39,131	\$39,296
2 children	\$44,454	\$44,648
3 or more children	\$47,747	\$47,955

## Expatriation

Covered expatriate	2015	2016
An individual with "average annual net income tax" of more than this amount for the five taxable years ending before his or her loss of citizenship is a covered expatriate for the purposes of IRC §877A(g)(1)	\$160,000	\$161,000
IRC §877A(3) exclusion amount	\$690,000	\$693,000

## Foreign earned income

Amount excluded from income	2015	2016
Exclusion amount	\$100,800	\$101,300

## Itemized deductions

Phaseout threshold	2015	2016
Married filing jointly	\$309,900	\$311,300
Head of household	\$284,050	\$285,350
Unmarried	\$258,250	\$259,400
Married filing separately	\$154,950	\$155,650

## Kiddie tax

Unearned income limit	2015	2016
Amount exempt from tax	\$1,050	\$1,050
Additional amount taxed at child's rate	\$1,050	\$1,050
Unearned income over this amount taxed at parent's rate	\$2,100	\$2,100

<b>Parent's election</b>	<b>2015</b>	<b>2016</b>
Election to include child's income on parent's return -- child's gross income requirement	\$1,050 - \$10,500	\$1,050 - \$10,500

<b>AMT</b>	<b>2015</b>	<b>2016</b>
AMT exemption for child subject to kiddie tax	Lesser of \$7,400 + child's earned income or \$53,600	Lesser of \$7,400 + child's earned income or \$53,900

### **Medicare tax (additional payroll tax and unearned income contribution tax)**

<b>Payroll tax</b>	<b>2015</b>	<b>2016</b>
Additional Medicare payroll tax (and self-employment tax) percentage rate	0.90%	0.90%

<b>Applies to wages/self-employment income exceeding</b>	<b>2015</b>	<b>2016</b>
Individuals	\$200,000	\$200,000
Married filing jointly	\$250,000	\$250,000
Married filing separately	\$125,000	\$125,000

<b>Tax on unearned income</b>	<b>2015</b>	<b>2016</b>
Unearned income Medicare contribution tax rate	3.80%	3.80%

<b>Applies to lesser of (a) net investment income or (b) modified adjusted gross income exceeding</b>	<b>2015</b>	<b>2016</b>
Individuals	\$200,000	\$200,000
Married filing jointly	\$250,000	\$250,000
Married filing separately	\$125,000	\$125,000

### **Nanny tax**

<b>Compensation threshold</b>	<b>2015</b>	<b>2016</b>
Domestic employee coverage threshold	\$1,900	\$2,000

## Personal exemption amount

Amount	2015	2016
Personal exemption amount	\$4,000	\$4,050

Married filing jointly	2015	2016
Phaseout threshold amount	\$309,900	\$311,300
Completed phaseout amount after	\$432,400	\$433,800

Head of household	2015	2016
Phaseout threshold amount	\$284,050	\$285,350
Completed phaseout amount after	\$406,550	\$407,850

Unmarried	2015	2016
Phaseout threshold amount	\$258,250	\$259,400
Completed phaseout amount after	\$380,750	\$381,900

Married filing separately	2015	2016
Phaseout threshold amount	\$154,950	\$155,650
Completed phaseout amount after	\$216,200	\$216,900

## "Saver's Credit"

Elective Deferrals and IRA Contributions by Certain Individuals	2015	2016
Maximum credit amount	\$1,000	\$1,000

Applicable percentage of 50% applies to AGI	2015	2016
Joint Return	\$0 - \$36,500	\$0 - \$37,000
Head of Household	\$0 - \$27,375	\$0 - \$27,750
Other	\$0 - \$18,250	\$0 - \$18,500

Applicable percentage of 20% applies to AGI	2015	2016
Joint Return	\$36,501 - \$39,500	\$37,001 - \$40,000
Head of Household	\$27,376 - \$29,625	\$27,751 - \$30,000
Other	\$18,251 - \$19,750	\$18,501 - \$20,000

<b>Applicable percentage of 10% applies to AGI</b>	<b>2015</b>	<b>2016</b>
Joint Return	\$39,501 - \$61,000	\$40,001 - \$61,500
Head of Household	\$29,626 - \$45,750	\$30,001 - \$46,125
Other	\$19,751 - \$30,500	\$20,001 - \$30,750

<b>Applicable percentage of 0% applies to AGI</b>	<b>2015</b>	<b>2016</b>
Joint Return	Over \$61,000	Over \$61,500
Head of Household	Over \$45,750	Over \$46,125
Other	Over \$30,500	Over \$30,750

### Standard deductions

<b>Amounts</b>	<b>2015</b>	<b>2016</b>
Married filing jointly or surviving spouse	\$12,600	\$12,600
Head of household	\$9,250	\$9,300
Unmarried	\$6,300	\$6,300
Married filing separately	\$6,300	\$6,300
Dependent	Greater of \$1,050 or \$350 + earned income	Greater of \$1,050 or \$350 + earned income
Additional deduction for aged or blind (single or head of household)	\$1,550	\$1,550
Additional deduction for aged or blind (all other filing statuses)	\$1,250	\$1,250

### Standard mileage rates

<b>Applicable rates</b>	<b>2015</b>	<b>2016</b>
Use of auto for business purposes (cents per mile)	\$0.575	\$0.54
Use of auto for medical purposes (cents per mile)	\$0.23	\$0.19
Use of auto for moving purposes (cents per mile)	\$0.23	\$0.19





## 2016 Federal Income Tax Rate Schedules (Individuals, Trusts, and Estates)

### Single taxpayers

If taxable income is:	Your tax is:
Not over \$9,275	10% of taxable income
Over \$9,275 to \$37,650	\$927.50 + 15% of the excess over \$9,275
Over \$37,650 to \$91,150	\$5,183.75 + 25% of the excess over \$37,650
Over \$91,150 to \$190,150	\$18,558.75 + 28% of the excess over \$91,150
Over \$190,150 to \$413,350	\$46,278.75 + 33% of the excess over \$190,150
Over \$413,350 to \$415,050	\$119,934.75 + 35% of the excess over \$413,350
Over \$415,050	\$120,529.75 + 39.6% of the excess over \$415,050

### Married filing jointly and surviving spouses

If taxable income is:	Your tax is:
Not over \$18,550	10% of taxable income
Over \$18,550 to \$75,300	\$1,855 + 15% of the excess over \$18,550
Over \$75,300 to \$151,900	\$10,367.50 + 25% of the excess over \$75,300
Over \$151,900 to \$231,450	\$29,517.50 + 28% of the excess over \$151,900
Over \$231,450 to \$413,350	\$51,791.50 + 33% of the excess over \$231,450
Over \$413,350 to \$466,950	\$111,818.50 + 35% of the excess over \$413,350
Over \$466,950	\$130,578.50 + 39.6% of the excess over \$466,950

### Married individuals filing separately

If taxable income is:	Your tax is:
Not over \$9,275	10% of taxable income
Over \$9,275 to \$37,650	\$927.50 + 15% of the excess over \$9,275
Over \$37,650 to \$75,950	\$5,183.75 + 25% of the excess over \$37,650
Over \$75,950 to \$115,725	\$14,758.75 + 28% of the excess over \$75,950
Over \$115,725 to \$206,675	\$25,895.75 + 33% of the excess over \$115,725
Over \$206,675 to \$233,475	\$55,909.25 + 35% of the excess over \$206,675
Over \$233,475	\$65,289.25 + 39.6% of the excess over \$233,475

## Heads of household

If taxable income is:	Your tax is:
Not over \$13,250	10% of taxable income
Over \$13,250 to \$50,400	\$1,325 + 15% of the excess over \$13,250
Over \$50,400 to \$130,150	\$6,897.50 + 25% of the excess over \$50,400
Over \$130,150 to \$210,800	\$26,835 + 28% of the excess over \$130,150
Over \$210,800 to \$413,350	\$49,417 + 33% of the excess over \$210,800
Over \$413,350 to \$441,000	\$116,258.50 + 35% of the excess over \$413,350
Over \$441,000	\$125,936 + 39.6% of the excess over \$441,000

## Trusts and estates

If taxable income is:	Your tax is:
Not over \$2,550	15% of taxable income
Over \$2,550 to \$5,950	\$382.50 + 25% of the excess over \$2,550
Over \$5,950 to \$9,050	\$1,232.50 + 28% of the excess over \$5,950
Over \$9,050 to \$12,400	\$2,100.50 + 33% of the excess over \$9,050
Over \$12,400	\$3,206 + 39.6% of the excess over \$12,400



## 2015 Federal Income Tax Rate Schedules (Individuals, Trusts, and Estates)

### Single taxpayers

If taxable income is:	Your tax is:
Not over \$9,225	10% of taxable income
Over \$9,225 to \$37,450	\$922.50 + 15% of the excess over \$9,225
Over \$37,450 to \$90,750	\$5,156.25 + 25% of the excess over \$37,450
Over \$90,750 to \$189,300	\$18,481.25 + 28% of the excess over \$90,750
Over \$189,300 to \$411,500	\$46,075.25 + 33% of the excess over \$189,300
Over \$411,500 to \$413,200	\$119,401.25 + 35% of the excess over \$411,500
Over \$413,200	\$119,996.25 + 39.6% of the excess over \$413,200

## Married filing jointly and surviving spouses

If taxable income is:	Your tax is:
Not over \$18,450	10% of taxable income
Over \$18,450 to \$74,900	\$1,845 + 15% of the excess over \$18,450
Over \$74,900 to \$151,200	\$10,312.50 + 25% of the excess over \$74,900
Over \$151,200 to \$230,450	\$29,387.50 + 28% of the excess over \$151,200
Over \$230,450 to \$411,500	\$51,577.50 + 33% of the excess over \$230,450
Over \$411,500 to \$464,850	\$111,324 + 35% of the excess over \$411,500
Over \$464,850	\$129,996.50 + 39.6% of the excess over \$464,850

## Married individuals filing separately

If taxable income is:	Your tax is:
Not over \$9,225	10% of taxable income
Over \$9,225 to \$37,450	\$922.50 + 15% of the excess over \$9,225
Over \$37,450 to \$75,600	\$5,156.25 + 25% of the excess over \$37,450
Over \$75,600 to \$115,225	\$14,693.75 + 28% of the excess over \$75,600
Over \$115,225 to \$205,750	\$25,788.75 + 33% of the excess over \$115,225
Over \$205,750 to \$232,425	\$55,662 + 35% of the excess over \$205,750
Over \$232,425	\$64,998.25 + 39.6% of the excess over \$232,425

## Heads of household

If taxable income is:	Your tax is:
Not over \$13,150	10% of taxable income
Over \$13,150 to \$50,200	\$1,315 + 15% of the excess over \$13,150
Over \$50,200 to \$129,600	\$6,872.50 + 25% of the excess over \$50,200
Over \$129,600 to \$209,850	\$26,722.50 + 28% of the excess over \$129,600
Over \$209,850 to \$411,500	\$49,192.50 + 33% of the excess over \$209,850
Over \$411,500 to \$439,000	\$115,737 + 35% of the excess over \$411,500
Over \$439,000	\$125,362 + 39.6% of the excess over \$439,000

## Trusts and estates

If taxable income is:	Your tax is:
Not over \$2,500	15% of taxable income
Over \$2,500 to \$5,900	\$375 + 25% of the excess over \$2,500
Over \$5,900 to \$9,050	\$1,225 + 28% of the excess over \$5,900
Over \$9,050 to \$12,300	\$2,107 + 33% of the excess over \$9,050
Over \$12,300	\$3,179.50 + 39.6% of the excess over \$12,300



## Business Planning

### Adoption Assistance Programs

Adoption assistance	2015	2016
Maximum amount that can be excluded from employee's gross income	\$13,400	\$13,460
Phaseout threshold amount	\$201,010	\$201,920
Completed phaseout amount after	\$241,010	\$241,920

### Earnings subject to FICA taxes (taxable wage base)

FICA tax	2015	2016
Maximum annual earnings subject to Social Security taxes	\$118,500	\$118,500
Social Security and Medicare combined tax rate	15.30% <sup>1</sup>	15.30% <sup>1</sup>
OASDI portion (Social Security)	12.40%	12.40%
Hospital Insurance portion (Medicare)	2.90% <sup>1</sup>	2.90% <sup>1</sup>

<sup>1</sup> An additional Medicare (HI) employee contribution rate of 0.9% (for a total employee contribution of 2.35%, and a total combined Medicare contribution rate of 3.8%) is assessed on wages exceeding \$200,000 (\$250,000 for married couples filing joint returns, \$125,000 for married individuals filing separate returns). For married individuals filing joint returns, the additional 0.9% tax applies to the couples combined wages (to the extent the combined wages exceed \$250,000).

### Health insurance deduction for self-employed

Health insurance premiums	2015	2016
Deduction for health insurance premiums paid by self-employed persons	100%	100%

### Qualified transportation fringe benefits

Qualified transportation fringe benefits	2015	2016
Commuter vehicles and transit pass monthly exclusion amount	\$250	\$255
Qualified parking monthly exclusion amount	\$250	\$255
Qualified bicycle commuting reimbursement fringe benefit (monthly amount)	\$20	\$20

## Section 179 expensing

Section 179 expensing	2015	2016
Maximum amount that may be deducted under IRC Section 179	\$500,000	\$500,000
Deduction reduced by the amount by which the cost of §179 property placed in service during the year exceeds this amount	\$2,000,000	\$2,010,000

## Small business tax credit for providing health-care coverage

Amount of credit	2015	2016
Maximum credit percentage	50%	50%

Partial credit	2015	2016
Number of full-time equivalent employees (FTEs) fewer than:	25	25
Maximum average annual wages less than:	\$51,600	\$51,800

Full credit	2015	2016
Number of full-time equivalent employees (FTEs) no more than:	10	10
Maximum average annual wages less than or equal to:	\$25,800	\$25,900

## Special additional first-year depreciation allowance

Bonus depreciation	2015	2016
"Bonus" depreciation for qualified property acquired and placed in service during specified time periods	50%	50%

## Standard mileage rate (per mile)

Business use of auto	2015	2016
Use of auto for business purposes	\$0.575	\$0.54

## Tax on accumulated earnings and personal holding company income

Accumulated earnings and personal holding company income	2015	2016
Maximum tax on these items	20%	20%



## Education Planning

### Coverdell education savings accounts

Coverdell ESAs	2015	2016
Annual contribution limit	\$2,000	\$2,000

MAGI phaseout range for Coverdell education savings accounts	2015	2016
Single--phaseout threshold amount	\$95,000	\$95,000
Single--completed phaseout amount after	\$110,000	\$110,000
Married filing jointly--phaseout threshold amount	\$190,000	\$190,000
Married filing jointly--completed phaseout threshold amount	\$220,000	\$220,000

### Deduction for qualified higher education expenses

Higher education expenses	2015	2016
Maximum deduction	\$4,000	\$4,000

MAGI maximum for full \$4,000 deduction	2015	2016
Single	\$65,000	\$65,000
Married filing jointly	\$130,000	\$130,000

Reduced deduction	2015	2016
Reduced deduction available	\$2,000	\$2,000

MAGI range for \$2,000 deduction	2015	2016
Single--MAGI greater than this amount:	\$65,000	\$65,000
Single--MAGI does not exceed this amount:	\$80,000	\$80,000

Married filing jointly--MAGI greater than this amount:	\$130,000	\$130,000
Married filing jointly--MAGI does not exceed this amount:	\$160,000	\$160,000

### Education loans--interest deduction

Education loan interest deduction	2015	2016
Maximum deduction for interest paid on qualified education loans	\$2,500	\$2,500

MAGI phaseout range	2015	2016
Single--phaseout threshold amount	\$65,000	\$65,000
Single--completed phaseout amount after	\$80,000	\$80,000
Married filing jointly--phaseout threshold amount	\$130,000	\$130,000
Married filing jointly--completed phaseout amount after	\$160,000	\$160,000

### Gift tax exclusion

Gift tax	2015	2016
Annual gift tax exclusion--single individual	\$14,000	\$14,000
Annual gift tax exclusion--joint gift	\$28,000	\$28,000
Lump-sum gift to 529 plan--single individual	\$70,000	\$70,000
Lump-sum gift to 529 plan--joint gift	\$140,000	\$140,000

### Kiddie tax

Kiddie tax	2015	2016
Generally, children pay federal income tax at their parents' rate on any investment income over	\$2,100	\$2,100

## American Opportunity and Lifetime Learning Credits

Education credits	2015	2016
Maximum Lifetime Learning credit	\$2,000	\$2,000
Maximum American Opportunity credit	\$2,500	\$2,500

MAGI phaseout range for Lifetime Learning credit	2015	2016
Single--phaseout threshold amount	\$55,000	\$55,000
Single--completed phaseout amount after	\$65,000	\$65,000
Married filing jointly--phaseout threshold amount	\$110,000	\$111,000
Married filing jointly--completed phaseout amount after	\$130,000	\$131,000

MAGI phaseout range for American Opportunity credit	2015	2016
Single--phaseout threshold amount	\$80,000	\$80,000
Single--completed phaseout amount after	\$90,000	\$90,000
Married filing jointly--phaseout threshold amount	\$160,000	\$160,000
Married filing jointly--completed phaseout amount after	\$180,000	\$180,000

## U.S. savings bonds--interest exclusion for higher education expenses

Joint returns	2015	2016
Phaseout threshold for joint returns	\$115,750	\$116,300
Completed phaseout amount after	\$145,750	\$146,300

Other returns	2015	2016
Phaseout threshold for other returns	\$77,200	\$77,550
Completed phaseout amount after	\$92,200	\$92,550





## Protection Planning

### Eligible long-term care premium deduction limits:

LTC premium deduction limits	2015	2016
Age 40 or under	\$380	\$390
Age 41-50	\$710	\$730
Age 51-60	\$1,430	\$1,460
Age 61-70	\$3,800	\$3,900
Over age 70	\$4,750	\$4,870

### Per diem limit:

LTC periodic payments	2015	2016
Periodic payments for qualified long-term care insurance/certain life insurance	\$330	\$340

### Archer Medical Savings Accounts

High deductible health plan--self-only coverage	2015	2016
Annual deductible--minimum	\$2,200	\$2,250
Annual deductible--maximum	\$3,300	\$3,350
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$4,450	\$4,450

High deductible health plan--family coverage	2015	2016
Annual deductible--minimum	\$4,450	\$4,450
Annual deductible--maximum	\$6,650	\$6,700
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$8,150	\$8,150

## Flexible spending account (FSA) for health care

Health care FSAs	2015	2016
Maximum salary reduction contribution	\$2,550	\$2,550

## Health Savings Accounts (HSAs)

Annual contribution limit	2015	2016
Self-only coverage	\$3,350	\$3,350
Family coverage	\$6,650	\$6,750

High deductible health plan--self-only coverage	2015	2016
Annual deductible--minimum	\$1,300	\$1,300
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$6,450	\$6,550

High deductible health plan--family coverage	2015	2016
Annual deductible--minimum	\$2,600	\$2,600
Annual out-of-pocket expenses required to be paid (other than for premiums) can't exceed	\$12,900	\$13,100

Catch-up contributions	2015	2016
Annual catch-up contribution limit for individuals age 55 or older	\$1,000	\$1,000



## Estate Planning

Key indexed figures	2015	2016
Annual gift exclusion:	\$14,000	\$14,000
Gift and estate tax applicable exclusion amount:	\$5,430,000 + DSUEA <sup>1</sup>	\$5,450,000 + DSUEA <sup>1</sup>
Noncitizen spouse annual gift exclusion:	\$147,000	\$148,000
Generation-skipping transfer (GST) tax exemption:	\$5,430,000 <sup>2</sup>	\$5,450,000 <sup>2</sup>
Special use valuation limit (qualified real property in decedent's gross estate):	\$1,100,000	\$1,110,000

<sup>1</sup> Basic exclusion amount plus deceased spousal unused exclusion amount (exclusion is portable for 2011 and later years)

<sup>2</sup> The GST tax exemption is not portable

### 2014, 2015, and 2016 gift and estate tax rate schedule

Taxable Estate	Tentative Tax Equals	Plus	Of Amount Over
0 - \$10,000	\$0	18%	\$0
\$10,000 - \$20,000	\$1,800	20%	\$10,000
\$20,000 - \$40,000	\$3,800	22%	\$20,000
\$40,000 - \$60,000	\$8,200	24%	\$40,000
\$60,000 - \$80,000	\$13,000	26%	\$60,000
\$80,000 - \$100,000	\$18,200	28%	\$80,000
\$100,000 - \$150,000	\$23,800	30%	\$100,000
\$150,000 - \$250,000	\$38,800	32%	\$150,000
\$250,000 - \$500,000	\$70,800	34%	\$250,000
\$500,000 - \$750,000	\$155,800	37%	\$500,000
\$750,000 - \$1,000,000	\$248,300	39%	\$750,000
\$1,000,000 +	\$345,800	40%	\$1,000,000
<b>Credit shelter amount \$5,340,000 in 2014, \$5,430,000 in 2015, and \$5,450,000 in 2016</b>	<b>Unified credit amount \$2,081,800 in 2014, \$2,117,800 in 2015, and \$2,125,800 in 2016</b>		



## Government Benefits

### Social Security

Social Security Cost-of-living adjustment (COLA)	2015	2016
For Social Security and Supplemental Security Income (SSI) beneficiaries	1.70%	0.00%

Tax rate--employee	2015	2016
FICA tax -- Employee	7.65%	7.65%
Social Security (OASDI) portion of tax	6.20%	6.20%
Medicare (HI) portion of tax	1.45% <sup>1</sup>	1.45% <sup>1</sup>

Tax rate--self-employed	2015	2016
Self-Employed	15.30%	15.30%
Social Security (OASDI) portion of tax	12.40%	12.40%
Medicare (HI) portion of tax	2.90% <sup>1</sup>	2.90% <sup>1</sup>

<sup>1</sup> An additional 0.9% Medicare/hospital insurance tax (for a total employee contribution of 2.35%) is assessed on wages exceeding \$200,000 (\$250,000 for married couples filing joint returns, \$125,000 for married individuals filing separate returns). An additional 0.9% Medicare/hospital insurance tax (for a total Medicare portion of 3.8%) is assessed on self-employment income exceeding \$200,000 (\$250,000 for married couples filing joint returns, \$125,000 for married individuals filing separate returns).

Maximum taxable earnings	2015	2016
Social Security (OASDI only)	\$118,500	\$118,500
Medicare (HI only)	No limit	No limit

Quarter of coverage	2015	2016
Earnings required	\$1,220	\$1,260

Retirement earnings test--exempt amounts--Under full retirement age--Benefits reduced by \$1 for each \$2 earned above:	2015	2016
Yearly figure	\$15,720	\$15,720
Monthly figure	\$1,310	\$1,310

<b>Retirement earnings test--exempt amounts--Year individual reaches full retirement age--Benefits reduced by \$1 for each \$3 earned above (applies only to earnings for months prior to attaining full retirement age):</b>	<b>2015</b>	<b>2016</b>
Yearly figure	\$41,880	\$41,880
Monthly figure	\$3,490	\$3,490

<b>Retirement earnings test--exempt amounts--Beginning the month individual attains full retirement age</b>	<b>2015</b>	<b>2016</b>
	No limit on earnings	No limit on earnings

<b>Social Security disability thresholds</b>	<b>2015</b>	<b>2016</b>
Substantial gainful activity (SGA) for the sighted (monthly figure)	\$1,090	\$1,130
Substantial gainful activity for the blind (monthly figure)	\$1,820	\$1,820
Trial work period (TWP) (monthly figure)	\$780	\$810

<b>SSI federal payment standard</b>	<b>2015</b>	<b>2016</b>
Individual (monthly figure)	\$733	\$733
Couple (monthly figure)	\$1,100	\$1,100

<b>SSI resource limits</b>	<b>2015</b>	<b>2016</b>
Individual	\$2,000	\$2,000
Couple	\$3,000	\$3,000

<b>SSI student exclusion limits</b>	<b>2015</b>	<b>2016</b>
Monthly limit	\$1,750	\$1,780
Annual limit	\$7,060	\$7,180

<b>Maximum Social Security benefit</b>	<b>2015</b>	<b>2016</b>
Worker retiring at full retirement age (monthly figure)	\$2,663	\$2,639

<b>Formula for Monthly Primary Insurance Amount (PIA)</b>	<b>2015</b>	<b>2016</b>
(90% of first X of AIME + 32% of the AIME over X and through Y + 15% of AIME over Y)	X=\$826 Y=\$4,980	X=\$856 Y=\$5,157

## Medicare

<b>Medicare monthly premium amounts--Part A (hospital insurance) premium</b>	<b>2015</b>	<b>2016</b>
Individuals with 40 or more quarters of Medicare-covered employment	\$0	\$0
Individuals with less than 40 quarters of Medicare-covered employment who are not otherwise eligible for premium-free hospital insurance	Up to \$407	Up to \$411

<b>Medicare monthly premium amounts--Part B (medical insurance) monthly premium--for beneficiaries who file an individual income tax return with income that is:</b>	<b>2015</b>	<b>2016</b>
Less than or equal to \$85,000	\$104.90	\$104.90 / \$121.80 <sup>2</sup>
\$85,001 - \$107,000	\$146.90	\$170.50
\$107,001 - \$160,000	\$209.80	\$243.60
\$160,001 - \$214,000	\$272.70	\$316.70
Greater than \$214,000	\$335.70	\$389.80

<b>Medicare monthly premium amounts--Part B (medical insurance) monthly premium--for beneficiaries who file a joint income tax return with income that is:</b>	<b>2015</b>	<b>2016</b>
Less than or equal to \$170,000	\$104.90	\$104.90 / \$121.80 <sup>2</sup>
\$170,001 - \$214,000	\$146.90	\$170.50
\$214,001 - \$320,000	\$209.80	\$243.60
\$320,001 - \$428,000	\$272.70	\$316.70
Greater than \$428,000	\$335.70	\$389.80

<b>Medicare monthly premium amounts--Part B (medical insurance) monthly premium--for beneficiaries who are married, but file a separate tax return from their spouse and lived with spouse at some time during the taxable year with income that is:</b>	<b>2015</b>	<b>2016</b>
Less than or equal to \$85,000	\$104.90	\$104.90 / \$121.80 <sup>2</sup>
\$85,001 - \$129,000	\$272.70	\$316.70
Greater than \$129,000	\$335.70	\$389.80

<sup>2</sup> Most individuals will pay \$104.90; however, individuals who are not subject to the Social Security "hold harmless" provision will pay \$121.80.

<b>Original Medicare plan deductible and coinsurance amounts--Part A (hospital insurance)</b>	<b>2015</b>	<b>2016</b>
Deductible per benefit period	\$1,260	\$1,288
Coinsurance per day for 61st to 90th day of each benefit period	\$315	\$322
Coinsurance per day for 91st to 150th day for each lifetime reserve day (total of 60 lifetime reserve days--nonrenewable)	\$630	\$644

<b>Original Medicare plan deductible and coinsurance amounts</b>	<b>2015</b>	<b>2016</b>
Skilled nursing facility coinsurance per day for 21st to 100th day of each benefit period	\$157.50	\$161

<b>Original Medicare plan deductible and coinsurance amounts--Part B (medical insurance) annual deductible</b>	<b>2015</b>	<b>2016</b>
Individual pays 20 percent of the Medicare-approved amount for services after deductible is met	\$147	\$166

## Medicaid

<b>Income threshold</b>	<b>2015</b>	<b>2016</b>
Monthly income threshold for income-cap states ("300 percent cap limit")	\$2,199	\$2,199



Monthly maintenance needs allowance for at-home spouse	2015	2016
Minimum <sup>3</sup>	\$1,966.25	\$1,991.25
Maximum	\$2,980.50	\$2,980.50

Spousal resource allowance	2015	2016
Minimum	\$23,844	\$23,844
Maximum	\$119,220	\$119,220

<sup>3</sup> Amounts listed actually effective as of July of prior year; different amounts apply to Alaska and Hawaii.

## Retirement Planning

### Employee/individual contribution limits

Elective deferral limits	2015	2016
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs <sup>1</sup> (Includes Roth 401(k) and Roth 403(b) contributions)	Lesser of \$18,000 or 100% of participant's compensation	Lesser of \$18,000 or 100% of participant's compensation
SIMPLE 401(k) plans and SIMPLE IRA plans <sup>1</sup>	Lesser of \$12,500 or 100% of participant's compensation	Lesser of \$12,500 or 100% of participant's compensation

<sup>1</sup> Must aggregate employee contributions to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers. 457(b) plan contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively, a 20% maximum contribution).

IRA contribution limits	2015	2016
Traditional IRAs	Lesser of \$5,500 or 100% of earned income	Lesser of \$5,500 or 100% of earned income
Roth IRAs	Lesser of \$5,500 or 100% of earned income	Lesser of \$5,500 or 100% of earned income

Additional "catch-up" limits (individuals age 50 or older)	2015	2016
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs <sup>2</sup>	\$6,000	\$6,000
SIMPLE 401(k) plans and SIMPLE IRA plans	\$3,000	\$3,000
IRAs (traditional and Roth)	\$1,000	\$1,000

<sup>2</sup> Special catch-up limits may also apply to 403(b) and 457(b) plan participants.



## Employer contribution/benefit<sup>3</sup> limits

Defined benefit plan limits	2015	2016
Annual contribution limit per participant	No predetermined limit. Contributions based on amount needed to fund promised benefits	No predetermined limit. Contributions based on amount needed to fund promised benefits
Annual benefit limit per participant	Lesser of \$210,000 or 100% of average compensation for highest three consecutive years	Lesser of \$210,000 or 100% of average compensation for highest three consecutive years

Defined contribution plan limits (qualified plans, 403(b) plans, SEP, and SIMPLE plans)	2015	2016
Annual addition limit per participant ( <i>employer contributions; employee pretax, after-tax, and Roth contributions; and forfeitures</i> ) ( <i>does not apply to SIMPLE IRA plans</i> )	Lesser of \$53,000 or 100% (25% for SEP) of participant's compensation	Lesser of \$53,000 or 100% (25% for SEP) of participant's compensation
Maximum tax-deductible employer contribution ( <i>not applicable to 403(b) plans</i> )	25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans	25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans

<sup>3</sup> For self-employed individuals, compensation generally means earned income. This means that, for qualified plans, deductible contributions for a self-employed individual are limited to 20% of net earnings from self-employment (net profits minus self-employment tax deduction), and special rules apply in calculating the annual additions limit.

## Compensation limits/thresholds

Retirement plan compensation limits	2015	2016
Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs)	\$265,000	\$265,000
Compensation threshold used to determine a highly-compensated employee	\$120,000 (when 2015 is the look-back year)	\$120,000 (when 2016 is the look-back year)
Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners; \$170,000 for officers; \$150,000 for more-than-1% owners	\$1 for more-than-5% owners; \$170,000 for officers; \$150,000 for more-than-1% owners
Compensation threshold used to determine a qualifying employee under a SIMPLE plan	\$5,000	\$5,000

Compensation threshold used to determine a qualifying employee under a SEP plan	\$600	\$600
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<b>Traditional deductible IRA income limits--Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers covered by an employer-sponsored plan and filing as:</b>	<b>2015</b>	<b>2016</b>
Single	\$61,000 - \$71,000	\$61,000 - \$71,000
Married filing jointly	\$98,000 - \$118,000	\$98,000 - \$118,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000

<b>Traditional deductible IRA income limits--Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers not covered by an employer-sponsored retirement plan but filing a:</b>	<b>2015</b>	<b>2016</b>
Joint return with a spouse who is covered by an employer-sponsored retirement plan	\$183,000 - \$193,000	\$184,000 - \$194,000

<b>Roth IRA compensation limits--Income phase-out range for determining ability to fund Roth IRA for taxpayers filing as:</b>	<b>2015</b>	<b>2016</b>
Single	\$116,000 - \$131,000	\$117,000 - \$132,000
Married filing jointly	\$183,000 - \$193,000	\$184,000 - \$194,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000



## Investment Planning

### Tax on long-term capital gains

Generally long-term capital gains taxed at maximum rate of:	2015	2016
Taxpayers in top (39.6%) tax bracket	20%	20%
Taxpayers in 25%, 28%, 33%, and 35% tax rate brackets	15%	15%
Taxpayers in tax rate bracket 15% or less	0%	0%

### Tax on dividends

Maximum tax rate on dividends received by an individual shareholder from domestic and qualified foreign corporations	2015	2016
Taxpayers in top (39.6%) tax bracket	20%	20%
Taxpayers in 25%, 28%, 33%, and 35% tax rate brackets	15%	15%
Taxpayers in tax rate bracket 15% or less	0%	0%

### Unearned income Medicare contribution tax ("net investment income tax")

Amount of tax	2015	2016
Tax percentage	3.80%	3.80%

Applies to lesser of (a) net investment income or (b) modified adjusted gross income exceeding:	2015	2016
Individuals	\$200,000	\$200,000
Married filing jointly	\$250,000	\$250,000
Married filing separately	\$125,000	\$125,000

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