

## 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%

### Single

\$0–\$9,875	10.0%
\$9,876–\$40,125	12.0%
\$40,126–\$85,525	22.0%
\$85,526–\$163,300	24.0%
\$163,301–\$207,350	32.0%
\$207,351–\$518,400	35.0%
Over \$518,400	37.0%

### Married, filing separately

\$0–\$9,875	10.0%
\$9,876–\$40,125	12.0%
\$40,126–\$85,525	22.0%
\$85,526–\$163,300	24.0%
\$163,301–\$207,350	32.0%
\$207,351–\$311,025	35.0%
Over \$311,025	37.0%

### Head of household

\$0–\$14,100	10.0%
\$14,101–\$53,700	12.0%
\$53,701–\$85,500	22.0%
\$85,501–\$163,300	24.0%
\$163,301–\$207,350	32.0%
\$207,351–\$518,400	35.0%
Over \$518,400	37.0%

### Estates and trusts

\$0–\$2,600	10.0%
\$2,601–\$9,450	24.0%
\$9,451–\$12,950	35.0%
Over \$12,950	37.0%

## Long-term capital gains/ qualified dividend rates

### 0.0% rate when taxable income is below:

Married, filing jointly	\$80,000
Married, filing separately	\$40,000
Head of household	\$53,600
Single	\$40,000
Estate and trust	\$2,650

### 15.0% rate when taxable income is below:

Married, filing jointly	\$496,600
Married, filing separately	\$248,300
Head of household	\$469,050
Single	\$441,450
Estate and trust	\$13,150

### 20.0% rate applies to higher taxable income amounts

### 28.0% rate applies to capital gains on collectibles

### Standard deduction

Married, filing jointly	\$24,800
Single	\$12,400
Married, filing separately	\$12,400
Head of household	\$18,650
Blind or over 65: additional \$1,300 if married; \$1,650 if single or head of household.	

### Capital loss limit

Married, filing jointly	\$3,000
Single	\$3,000
Married, filing separately	\$1,500

If your capital loss exceeds your capital gains.

## Estate and gift tax

Transfer tax rate (maximum)	40%
Estate tax exemption	\$11,580,000
Gift tax exemption	\$11,580,000
Generation-skipping transfer tax exemption	\$11,580,000
Annual gift tax exclusion amount	\$15,000

## Education

529 plan contributions, per individual	\$15,000 per yr. before a gift tax
529 plan contributions, per couple	\$30,000 per yr. before a gift tax
Accelerate 5 years of gifting into 1 year per individual	\$75,000
Per couple	\$150,000

### Lifetime learning credits

Maximum credit	\$2,000
Phaseout—single	\$59,000–\$69,000 MAGI <sup>1</sup>
Phaseout—joint	\$118,000–\$138,000 MAGI <sup>1</sup>

### Coverdell Education Savings Account

Contribution	\$2,000
Phaseout—single	\$95,000–\$110,000 MAGI <sup>1</sup>
Phaseout—joint	\$190,000–\$220,000 MAGI <sup>1</sup>

### Student loan interest

Deduction limit	\$2,500
Phaseout—single	\$70,000–\$85,000 MAGI <sup>1</sup>
Phaseout—joint	\$140,000–\$170,000 MAGI <sup>1</sup>

### Phaseout of tax-free savings bonds interest

Single	\$82,350–\$97,350 MAGI <sup>1</sup>
Joint	\$123,550–\$153,550 MAGI <sup>1</sup>

### American opportunity tax credit

Maximum credit	\$2,500
Phaseout—single	\$80,000–\$90,000 MAGI <sup>1</sup>
Phaseout—joint	\$160,000–\$180,000 MAGI <sup>1</sup>

## Kiddie tax

Earned income is taxed at single tax bracket rates.  
Net unearned income is taxed at estates and trusts tax bracket rates.

## Retirement

### IRA and Roth IRA contributions

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

### Phaseout for deducting IRA contributions

(for qualified plan participants)	
Married, filing jointly	\$104,000–\$124,000 MAGI <sup>1</sup>
Single or head of household	\$65,000–\$75,000 MAGI <sup>1</sup>
Married, filing jointly <sup>2</sup>	\$196,000–\$206,000 MAGI <sup>1</sup>

### Phaseout of Roth contribution eligibility

Joint	\$196,000–\$206,000 MAGI <sup>1</sup>
Single	\$124,000–\$139,000 MAGI <sup>1</sup>
Married, filing separately	\$0–\$10,000 MAGI <sup>1</sup>

### SEP contribution

Up to 25% of compensation	Limit \$57,000
To participate in SEP	\$600

### SIMPLE elective deferral

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

### Qualified plan contributions

401(k), 403(b), 457, and SARSEP	\$19,500
Aged 50 and over	\$26,000
Limit on additions to defined contribution plan	\$57,000
Annual benefit limit on defined benefit plan	\$230,000
Highly compensated employee makes	\$130,000
Annual compensation taken into account for qualified plans	\$285,000

<sup>1</sup> Modified adjusted gross income. <sup>2</sup> Phaseout limit for spouse who is not a participant in a qualified plan.

Congress' approval in December 2017 of the Tax Cuts and Jobs Act (TCJA) produced some of the most significant changes to the nation's tax system in decades by reducing individual rates for taxpayers at several income levels, increasing standard deductions, and cutting the corporate tax rate. These changes affected income earned starting in 2018 and tax returns filed beginning in early 2019; they also apply to 2020 income and taxes due in April 2021. In addition, the U.S. Internal Revenue Service has made annual inflation adjustments for 2020 income affecting contribution limits relating to savings for education and retirement. These adjustments reflect a change in how the IRS calculates inflation and makes resulting adjustments to income thresholds, deduction amounts, and tax credit values. Prior to the TCJA, the IRS used the Consumer Price Index to calculate inflation; it now uses the Chained Consumer Price Index, a measure designed to provide a closer approximation to a cost-of-living index than the Consumer Price Index. The front page of this flyer provides specifics on the latest details on taxes; additional details are highlighted below. For more information, please visit [irs.gov](http://irs.gov) or go to the John Hancock Investment Management Tax Center at [jhinvestments.com/tax-center](http://jhinvestments.com/tax-center).

### Noteworthy changes in tax provisions resulting from the Tax Cuts and Jobs Act of 2017<sup>3</sup>

#### Reduced tax rates at most income levels

While the existing seven-bracket structure for individual tax rates was retained, the income levels for the brackets were modified and most individual tax rates were cut. The top marginal tax rate of 39.6% was reduced to 37.0%, and the income levels at which the new top rate applies were lifted. Rate reductions for taxpayers at other income levels were as follows: 33.0% to 32.0%, 28.0% to 24.0%, 25.0% to 22.0%, and 15.0% to 12.0%. Rates for two other brackets—35.0% and 10.0%—were unchanged; however, the income range for the 35.0% bracket was widened.

#### Standard deductions increased

The standard deduction for individual taxpayers was increased sharply for most taxpayers, significantly reducing taxable income.

#### Personal exemption eliminated

The personal exemption that had allowed most households to reduce their taxable income by \$4,050 per person was eliminated, partially offsetting the benefit to many taxpayers from increased standard deductions.

#### Child tax credit expanded

The child tax credit was increased from \$1,000 to \$2,000 and is fully refundable up to \$1,400. The credit begins to phase out for married couples filing jointly with MAGI over \$400,000 and for all other taxpayers with MAGI over \$200,000.

#### State and local tax deductions capped

The deduction for state and local taxes was capped at a combined \$10,000 for income, sales, and property taxes.

#### Required minimum distributions

The Uniform Lifetime Table can be used by all IRA owners, starting at age 70, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the Joint Life Expectancy Table is used (see IRS Pub. 590), which could reduce the required minimum distribution even further.

#### Uniform Lifetime Table\*

Age of account owner	Divisor	Age of account owner	Divisor
70	27.4	81	17.9
71	26.5	82	17.1
72	25.6	83	16.3
73	24.7	84	15.5
74	23.8	85	14.8
75	22.9	86	14.1
76	22.0	87	13.4
77	21.2	88	12.7
78	20.3	89	12.0
79	19.5	90	11.4
80	18.7		

\*The table progresses until the divisor becomes 1.9 for ages 115 and higher.

<sup>3</sup> U.S. Internal Revenue Service, 2019.

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