

## 2020 Tax Rate Schedule

| TAXABLE INCOME (\$)  |           | BASE<br>AMOUNT OF<br>TAX (\$) | PLUS | MARGINAL<br>TAX<br>RATE | OF THE<br>AMOUNT<br>OVER (\$) |
|--|-----------|-------------------------------|------|-------------------------|-------------------------------|
| OVER   | NOT OVER  |                               |      |                         |                               |
| SINGLE   |           |                               |      |                         |                               |
| \$0  | \$9,875   | \$0                           | +    | 10.0                    | \$0                           |
| \$9,875  | \$40,125  | \$987.50                      | +    | 12.0                    | \$9,875                       |
| \$40,125   | \$85,525  | \$4,617.50                    | +    | 22.0                    | \$40,125                      |
| \$85,525   | \$163,300 | \$14,605.50                   | +    | 24.0                    | \$85,525                      |
| \$163,300  | \$207,350 | \$33,271.50                   | +    | 32.0                    | \$163,300                     |
| \$207,350  | \$518,400 | \$47,367.50                   | +    | 35.0                    | \$207,350                     |
| \$518,400  |           | \$156,235.00                  | +    | 37.0                    | \$518,400                     |
| HEAD OF HOUSEHOLD  |           |                               |      |                         |                               |
| \$0  | \$14,100  | \$0                           | +    | 10.0                    | \$0                           |
| \$14,100   | \$53,700  | \$1,410                       | +    | 12.0                    | \$14,100                      |
| \$53,700   | \$85,500  | \$6,162                       | +    | 22.0                    | \$53,700                      |
| \$85,500   | \$163,300 | \$13,158                      | +    | 24.0                    | \$85,500                      |
| \$163,300  | \$207,350 | \$31,830                      | +    | 32.0                    | \$163,300                     |
| \$207,350  | \$518,400 | \$45,926                      | +    | 35.0                    | \$207,350                     |
| \$518,400  |           | \$154,793.50                  | +    | 37.0                    | \$518,400                     |
| MARRIED FILING JOINTLY AND SURVIVING SPOUSES   |           |                               |      |                         |                               |
| \$0  | \$19,750  | \$0                           | +    | 10.0                    | \$0                           |
| \$19,750   | \$80,250  | \$1,975                       | +    | 12.0                    | \$19,750                      |
| \$80,250   | \$171,050 | \$9,235                       | +    | 22.0                    | \$80,250                      |
| \$171,050  | \$326,600 | \$29,211                      | +    | 24.0                    | \$171,050                     |
| \$326,600  | \$414,700 | \$66,543                      | +    | 32.0                    | \$326,600                     |
| \$414,700  | \$622,050 | \$94,735                      | +    | 35.0                    | \$414,700                     |
| \$622,050  |           | \$167,307.50                  | +    | 37.0                    | \$622,050                     |
| MARRIED FILING SEPARATELY  |           |                               |      |                         |                               |
| \$0  | \$9,875   | \$0                           | +    | 10.0                    | \$0                           |
| \$9,875  | \$40,125  | \$987.50                      | +    | 12.0                    | \$9,875                       |
| \$40,125   | \$85,525  | \$4,617.50                    | +    | 22.0                    | \$40,125                      |
| \$85,525   | \$163,300 | \$14,605.50                   | +    | 24.0                    | \$85,525                      |
| \$163,300  | \$207,350 | \$33,271.50                   | +    | 32.0                    | \$163,300                     |
| \$207,350  | \$311,025 | \$47,367.50                   | +    | 35.0                    | \$207,350                     |
| \$311,025  |           | \$83,653.75                   | +    | 37.0                    | \$311,025                     |
| ESTATES AND TRUSTS   |           |                               |      |                         |                               |
| \$0  | \$2,600   | \$0                           | +    | 10.0                    | \$0                           |
| \$2,600  | \$9,450   | \$260                         | +    | 24.0                    | \$2,600                       |
| \$9,450  | \$12,950  | \$1,904                       | +    | 35.0                    | \$9,450                       |
| \$12,950   |           | \$3,129                       | +    | 37.0                    | \$12,950                      |
| Kiddie Tax: all net unearned income over a threshold amount of \$2,200 for 2020 is<br>taxed using the brackets and rates for estates and trusts. |           |                               |      |                         |                               |

**Kiddie Tax:** all net unearned income over a threshold amount of \$2,200 for 2020 is taxed using the brackets and rates for estates and trusts.

## Tax Rates on Long-Term Capital Gains and Qualified Dividends

| LTCG TAX | TAXABLE INCOME       |                              |                      |                                 |
|----------|----------------------|------------------------------|----------------------|---------------------------------|
|          | SINGLE<br>FILERS     | MARRIED<br>FILING<br>JOINTLY | HEAD OF<br>HOUSEHOLD | MARRIED<br>FILING<br>SEPARATELY |
| 0%       | \$0 – \$40,000       | \$0 – \$80,000               | \$0 – \$53,600       | \$0 – \$40,000                  |
| 15%      | \$40,001 – \$441,450 | \$80,001 – \$496,600         | \$53,601 – \$469,050 | \$40,001 – \$248,300            |
| 20%      | \$441,451 or more    | \$496,601 or more            | \$469,051 or more    | \$248,301 or more               |

## Net Investment Income Tax

3.8% tax on the lesser of: (1) Net Investment Income, or (2) MAGI in excess of \$200,000 for single filers or head of households, \$250,000 for married couples filing jointly, and \$125,000 for married couples filing separately.

## Standard Deductions & Personal Exemption

| FILING STATUS   | STANDARD DEDUCTION | PERSONAL EXEMPTION | PHASEOUTS BEGIN AT AGI OF: |
|---|--------------------|--------------------|----------------------------|
| Single  | \$12,400           | N/A                | N/A                        |
| Head of household   | \$18,650           | N/A                | N/A                        |
| Married, filing jointly and qualifying widow(er)s         | \$24,800           | N/A                | N/A                        |
| Married, filing separately                                | \$12,400           | N/A                | N/A                        |
| Dependent filing own tax return                           | \$1,100*           | N/A                | N/A                        |
| <b>ADDITIONAL DEDUCTIONS FOR NON-ITEMIZERS</b>            |                    |                    |                            |
| Blind or over 65 Married Filing Jointly                   |                    |                    | Add \$1,300                |
| Blind or over 65 and unmarried and not a surviving spouse |                    |                    | Add \$1,650                |

\*For taxable years beginning in 2020, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$1,100, or (2) the sum of \$350 and the individual's earned income.

## Alternative Minimum Tax

| EXEMPTION AMOUNTS AND PHASEOUTS              |                              | EXEMPTION AMOUNT/<br>PHASEOUT AMOUNT: |
|--|------------------------------|---------------------------------------|
| Single                                       |                              | \$72,900 / \$518,400                  |
| Married, filing jointly or surviving spouses |                              | \$113,400 / \$1,036,800               |
| Married, filing separately                   |                              | \$56,700 / \$518,400                  |
| Estates and trusts                           |                              | \$25,400 / \$84,800                   |
| AMT TAX RATES                                |                              |                                       |
|  | MARRIED FILING<br>SEPARATELY | ALL OTHERS                            |
| 26% tax rate applies to income at or below:  | \$98,950                     | \$197,900                             |
| 28% tax rate applies to income over:         |                              |                                       |

## Child Tax Credit

| CREDIT            | MAXIMUM CREDIT               | INCOME PHASEOUTS BEGIN AT AGI OF:                            |
|-------------------|------------------------------|--|
| Child Tax Credit* | \$2,000 per qualifying child | \$400,000 – married filing jointly<br>\$200,000 – all others |

\*Subject to eligibility requirements

## Gift and Estate Tax Exclusions and Credits

|  |              |
|--|--------------|
| Gift tax annual exclusion  | \$15,000     |
| Estate, gift & generation skipping tax exclusion amount (per taxpayer) | \$11,580,000 |
| Exclusion on gifts to non-citizen spouse                               | \$157,000    |
| Maximum estate, gift & generation skipping tax rate                    | 40%          |

## Tax Deadlines

**Jan 15, 2020** – 4<sup>th</sup> installment deadline to pay 2019 estimated taxes due

**Apr 15, 2020** – Last day to file amended return for 2016. Last day to contribute to: Roth or traditional IRA for 2019; HSA for 2019; Keogh or SEP for 2019 (unless tax filing deadline has been extended). Tax filing deadline to request an extension for Oct. 15, 2020. 1<sup>st</sup> installment deadline to pay 2020 estimated taxes due

**Jun 15, 2020** – 2<sup>nd</sup> installment deadline to pay 2020 estimated taxes due

**Sept 15, 2020** – 3<sup>rd</sup> installment deadline to pay 2020 estimated taxes due

**Oct 15, 2020** – Last day to recharacterize a Traditional IRA or ROTH contribution from 2019 if extension was filed or tax return was filed by April 15 2020. Last day to contribute to SEP or Keogh for 2019 if extension was filed. Tax returns filing deadline for those who requested an extension

**Dec 31, 2020** – Last day to: 1) pay expenses for itemized deductions for 2020; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2020; 4) establish and fund a solo 401(k) for 2020; 5) complete 2020 contributions to employer-sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty

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## Traditional IRA Deductibility Limits

The contribution limit for Traditional IRAs is **\$6,000**; the catch up at age 50+ is **\$1,000**.

| FILING STATUS  | MODIFIED AGI          | CONTRIBUTION         |
|--|-----------------------|----------------------|
| Single/HOH covered by a plan                                       | \$65,000 or Less      | Fully Deductible     |
|  | \$65,001 – \$74,999   | Partially Deductible |
|  | \$75,000 or More      | Not Deductible       |
| Married Filing Jointly and spouse is covered by a plan at work     | \$104,000 or Less     | Fully Deductible     |
|  | \$104,001 – \$123,999 | Partially Deductible |
|  | \$124,000 or Above    | Not Deductible       |
| Married Filing Jointly and spouse is not covered by a plan at work | \$196,000 or Less     | Fully Deductible     |
|  | \$196,001 – \$205,999 | Partially Deductible |
|  | \$206,000 or More     | Not Deductible       |
| Married Filing Separately*   | Less than \$10,000    | Partially Deductible |
|  | \$10,000 or More      | Not Deductible       |

If not covered by a plan, single, HOH and married filing jointly (both spouses not covered by a plan) tax filers are able to take a **full deduction** on their IRA contribution. \*If spouses did not live together at any time during the year, their filing status is considered Single for purposes of IRA deductions.

## ROTH IRAs Contribution Limits

The contribution limit for ROTH IRAs is **\$6,000**; the catch up at age 50+ is **\$1,000**.

| Allowable Contribution | Modified Adjusted Gross Income |                        |                           |
|------------------------|--------------------------------|------------------------|---------------------------|
|                        | Single/HOH                     | Married Filing Jointly | Married Filing Separately |
| Full                   | < \$124,000                    | < \$196,000            | \$0                       |
| Partial                | \$124,000 – \$138,999          | \$196,000 – \$205,999  | \$0 – \$9,999             |
| None                   | ≥ \$139,000                    | ≥ \$206,000            | ≥ \$10,000                |

## Other Retirement Plans Contribution Limits

| RETIREMENT PLAN TYPE        | CONTRIBUTION LIMIT  | CATCH-UP (50+) | INCOME RESTRICTIONS ON CONTRIBUTIONS                                      |
|-----------------------------|---|----------------|---|
| SEP IRA                     | The lesser of 25% of compensation (to a maximum of \$285,000) or \$57,000 | N/A            | No limit  |
| SIMPLE IRA                  | \$13,500  | \$3,000        | No limit except for the 2% non-elective contributions capped at \$285,000 |
| Defined Benefit Plan        | \$230,000   | N/A            | Income limit defined by plan document                                     |
| 401(k)                      | \$19,500  | \$6,500        | No limit  |
| 403(b), 457(b), Roth 401(k) | \$19,500  | \$6,500        | Annual contributions may not exceed annual compensation                   |

## Health Savings Accounts\*

| ANNUAL LIMIT              | MAXIMUM CONTRIBUTION |
|---------------------------|----------------------|
| Individuals               | \$3,550              |
| Families                  | \$7,100              |
| Catch-up for 55 and older | \$1,000              |

\*HSAs are only available for taxpayers enrolled in a high-deductible health plan

## Education Credits & Deductions

| CREDIT / DEDUCTION                                   | MAXIMUM CREDIT / DEDUCTION                        | INCOME PHASEOUTS AT AGI OF:                                   |
|--|---|---|
| American Opportunity Tax Credit/Hope                 | \$2,500 credit                                    | \$160,000 – \$180,000 joint<br>\$80,000 – \$90,000 all others |
| Lifetime Learning Credit                             | \$2,000 credit                                    | \$118,000 – \$138,000 joint<br>\$59,000 – \$69,000 all others |
| Savings bond interest tax-free if used for education | Deduction limited to amount of qualified expenses | \$123,550 – \$153,550 joint<br>\$82,350 – \$97,350 all others |

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The tax information herein is based on laws in effect as of November, 2019, for use in filing 2020 tax returns in 2021. Source: IRS

## Social Security

| FILING STATUS   | PROVISIONAL INCOME  | AMOUNT OF SS SUBJECT TO TAXES |
|---|---------------------|-------------------------------|
| <b>TAX ON SOCIAL SECURITY BENEFITS: INCOME BRACKETS</b>   |                     |                               |
| Single, head of household, qualifying widow(er), married filing separately and living apart from spouse | Under \$25,000      | 0                             |
|   | \$25,000 – \$34,000 | up to 50%                     |
|   | Over \$34,000       | up to 85%                     |
| Married filing jointly  | Under \$32,000      | 0                             |
|   | \$32,000 – \$44,000 | up to 50%                     |
|   | Over \$44,000       | up to 85%                     |
| Married filing separately and living with spouse  | Over \$0            | up to 85%                     |

## FICA

| SS TAX PAID ON INCOME UP TO \$137,700 | PERCENTAGE WITHHELD | MAXIMUM TAX PAYABLE |
|---------------------------------------|---------------------|---------------------|
| <b>Tax (FICA)</b>                     |                     |                     |
| Employer pays                         | 6.2%                | \$8,537.40          |
| Employee pays                         | 6.2%                | \$8,537.40          |
| Self-employed pays                    | 12.4%               | \$17,074.80         |

## Medicare Tax

| SS TAX PAID ON INCOME | PERCENTAGE WITHHELD   |
|-----------------------|---|
| Employer pays         | 1.45%   |
| Employee pays         | 1.45% + 0.9% on income over \$200,000 (single) or \$250,000 (joint) |
| Self-employed pays    | 2.90% + 0.9% on income over \$200,000 (single) or \$250,000 (joint) |

## Reduction of Social Security Benefits Before Full Retirement Age

| AGE WHEN BENEFITS BEGIN | PERCENTAGE OF SOCIAL SECURITY BENEFITS |            |
|-------------------------|--|------------|
|                         | FRA of 66*                             | FRA of 67* |
| 62                      | 75.0%                                  | 70.0%      |
| 63                      | 80.0%                                  | 75.0%      |
| 64                      | 86.7%                                  | 80.0%      |
| 65                      | 93.3%                                  | 86.7%      |
| 66                      | 100.0%                                 | 93.3%      |
| 67                      | 100.0%                                 | 100.0%     |

\*Full retirement age determined by year of birth

## Retirement Earnings Exempt Amounts

|   |                    |
|---|--------------------|
| Before Full Retirement Age (FRA)        | \$18,240           |
| During the year in which FRA is reached | \$48,600           |
| After FRA                               | No limit after FRA |

## Deductibility of Long-Term Care Premiums on Qualified Policies

| ATTAINED AGE BEFORE CLOSE OF TAX YEAR | AMOUNT OF LTC PREMIUMS THAT QUALIFY AS MEDICAL EXPENSES IN 2020 |
|---------------------------------------|---|
| 40 or less                            | \$430   |
| 41 to 50                              | \$810   |
| 51 to 60                              | \$1,630   |
| 61 to 70                              | \$4,350   |
| Over 70                               | \$5,430   |