

SECURE ACT 2.0-2023 CHANGES

RMD Age Goes Up To 73 - And More

Whether you're a few years from retirement or decades away, many new rules in the long-awaited SECURE Act 2.0 of 2022 could have a significant impact on the way you plan, invest, and withdraw your retirement plan funds.

- SECURE 2.0 will have the greatest impact by providing more time for workers to accumulate retirement assets before they have to start mandatory withdrawals, known as required minimum distributions (RMDs). Formerly set at age 72, RMDs must start at age 73 in 2023.
- RMD Penalties Go Down: If you fail to take your RMDs on time in 2023, it will still cost—but not as much. That penalty now drops from 50% of the RMD amount not withdrawn on schedule to 25%. That penalty will shrink to 10% for IRA holders if they withdraw the RMD amount that hadn't been taken and submit a corrected tax return in a timely manner.
- Employers can elect to match Roth 401(k) contributions just as they would with ordinary 401(k)s. However, before this new law, those matching Roth funds would have to be placed in an ordinary 401(k) on a pre-tax basis. In 2023, employers can let workers choose whether their matching amount will go directly into an ordinary 401(k) or a Roth. Also, the new law adds SEP-IRAs and SIMPLE IRAs to the list of employee plans that are allowed to accept Roth contributions.
- Employees will be able to withdraw up to \$1,000 per year from their qualified employer 401(k) plan penalty-free for emergencies—as long as they repay those funds within three years. Income tax is still due on the withdrawal but without the typical 10% penalty employees under age 59 1/2 would have to pay. If the withdrawal is not repaid within three years, employees will be required to wait until the three-year period ends before being allowed to make another emergency withdrawal.
- The previous SECURE Act allowed employees to withdraw retirement funds for qualified birth or adoption expenses without the typical 10% penalty and no repayment deadline. Now, there's a three-year deadline for full repayment to avoid the penalty.
- Four new exceptions to the 10% early withdrawal penalties starting with terminal illness in 2023, and cases of domestic abuse, financial emergency, and natural disaster in 2024.
- For individuals who use charitable gift annuities, charitable remainder unitrusts, and charitable remainder annuity trusts to make charitable contributions, SECURE Act 2.0 allows a one-time gift of up to \$50,000 through those vehicles. Also, the current \$100,000 limit for qualified charitable distributions (QCDs) will now be indexed for inflation.

STANDARD MILEAGE RATES

Use	2023	2022
Business	.655 per mile	.585/.625 per mile*
Moving	.22 per mile**	.18/.22 per mile**
Medical	.22 per mile	.18/.22 per mile
Charitable	.14 per mile	.14 per mile

*Mileage rate from 01-06 = .585 per mile from 07-12 = .625 per mile.

**For members of the U.S. Armed Forces (or their spouse or dependents).

2023 FEDERAL TRUST AND ESTATE TAX

Estate Taxes

	2023	2022
Estate tax exemption/Unified tax credit	\$12,920,000	\$12,060,000
Married Couple Estate Exemption	\$25,840,000	\$24,120,000
Top estate tax rate	40%	40%

Gift Taxes

	2023	2022
Lifetime gift tax exemption	\$12,920,000	\$12,060,000
Annual gift tax exclusion		
Gifts per person	\$17,000	\$16,000
Joint gifts by spouse	\$34,000	\$32,000
Top gift tax rate	40%	40%

2023 FEDERAL TRUST AND ESTATE TAX

If taxable income is:	The tax is:
\$ 0 - \$ 2,900	10% of the taxable income
\$ 2,901 - \$10,550	\$ 290.00 + 24% of excess over \$ 2,950
\$10,551 - \$14,450	\$2,126.00 + 35% of excess over \$10,550
\$14,451 or more	\$3,491.00 + 37% of excess over \$14,450

LONG-TERM CARE INSURANCE

If you are:	You may deduct this much of your annual premiums	
	2023	2022
Over 70	\$ 5,960	\$ 5,640
61 to 70	\$ 4,770	\$ 4,510
51 to 60	\$ 1,790	\$ 1,690
41 to 50	\$ 890	\$ 850
40 and under	\$ 480	\$ 450

CAPITAL GAINS — 2023 & 2022

Holding Period	Top Capital Gains Rate	
	2023	2022
12 months or less	37% ¹	37% ¹
More than 12 months	20% ^{1,2}	20% ^{1,2}
Depreciation recapture on real estate	25%	25%
Collectibles and certain small business stock	28%	28%

¹ Capital gain rates may be subject to an additional 3.8% Medicare tax.

² Rate for taxpayers in the top income tax bracket. (Middle income tax brackets pay 15%.)

COVERDELL ESAS — 2023 & 2022

	2023	2022
• Contribution limit	\$2,000 per beneficiary	\$2,000 per beneficiary
• AGI phaseouts:*		
Joint filers	\$190,000 - \$220,000	\$190,000 - \$220,000
Individual filers	\$95,000 - \$110,000	\$95,000 - \$110,000

* Phaseout applies to the contributor, not the beneficiary.

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2023/2022 Tax Pocket Guide strength

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2023 INDIVIDUAL INCOME TAX RATES*

Married Filing Jointly or Qualifying Widow (Widower)

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 22,000	.....10%	\$ 0
\$ 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 and above	\$ 186,602 + 37%	\$ 693,750

Married Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 11,000	.....10%	\$ 0
\$ 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 and above	\$ 93,301 + 37%	\$ 346,875

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 11,000	.....10%	\$ 0
\$ 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 and above	\$ 174,238 + 37%	\$ 578,125

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 15,700	.....10%	\$ 0
\$ 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 and above	\$ 172,624 + 37%	\$ 578,100

The 2023 tax rate on qualified dividends is 0%, 15% or 20%, (plus a 3.8% Medicare Surtax on the 20% bracket) depending on your taxable income and filing status.

Note: TAX AMOUNTS HAVE BEEN ROUNDED UP

FILING STATUS STANDARD DEDUCTION

	2023	2022
Single; Married Filing Separately	\$13,850	\$12,950
Married Filing Jointly; Surviving Spouse	\$27,700	\$25,900
Head of Household	\$20,800	\$19,400

If you're at least 65 years old or blind, you can claim an additional standard deduction of \$1,500 in 2023 (\$1,850 if you're claiming the single or head of household filing status).

If you're both 65 or older and blind, the additional deduction amount is doubled.

2022 INDIVIDUAL INCOME TAX RATES*

Married Filing Jointly or Surviving Spouse

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 20,550	.....10%	\$ 0
\$ 20,551 – \$ 83,550	\$ 2,055 + 12%	\$ 20,550
\$ 83,551 – \$ 178,150	\$ 9,615 + 22%	\$ 83,550
\$ 178,151 – \$ 340,100	\$ 30,427 + 24%	\$ 178,150
\$ 340,101 – \$ 431,900	\$ 69,295 + 32%	\$ 340,100
\$ 431,901 – \$ 647,850	\$ 98,671 + 35%	\$ 431,900
\$ 647,851 and above	\$ 174,254 + 37%	\$ 647,850

Married Filing Separately

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 10,275	.....10%	\$ 0
\$ 10,276 – \$ 41,775	\$ 1,028 + 12%	\$ 10,275
\$ 41,776 – \$ 89,075	\$ 4,808 + 22%	\$ 41,775
\$ 89,076 – \$ 170,050	\$ 15,214 + 24%	\$ 89,075
\$ 170,051 – \$ 215,950	\$ 34,648 + 32%	\$ 170,050
\$ 215,951 – \$ 323,925	\$ 49,336 + 35%	\$ 215,950
\$ 323,926 and above	\$ 86,127 + 37%	\$ 323,925

Single

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 10,275	.....10%	\$ 0
\$ 10,276 – \$ 41,775	\$ 1,028 + 12%	\$ 10,275
\$ 41,776 – \$ 89,075	\$ 4,808 + 22%	\$ 41,775
\$ 89,076 – \$ 170,050	\$ 15,214 + 24%	\$ 89,075
\$ 170,051 – \$ 215,950	\$ 34,648 + 32%	\$ 170,050
\$ 215,951 – \$ 539,900	\$ 49,336 + 35%	\$ 215,950
\$ 539,901 and above	\$ 162,718 + 37%	\$ 539,900

Head of Household

If Taxable Income Is Between:	Your Tax Is:	Of Amount Over:
\$ 0 – \$ 14,650	.....10%	\$ 0
\$ 14,651 – \$ 55,900	\$ 1,465 + 12%	\$ 14,650
\$ 55,901 – \$ 89,050	\$ 6,415 + 22%	\$ 55,900
\$ 89,051 – \$ 170,050	\$ 13,708 + 24%	\$ 89,050
\$ 170,051 – \$ 215,950	\$ 33,148 + 32%	\$ 170,050
\$ 215,951 – \$ 539,900	\$ 47,836 + 35%	\$ 215,950
\$ 539,901 and above	\$ 162,219 + 37%	\$ 539,900

The 2022 tax rate on qualified dividends is 0%, 15% or 20%, (plus a 3.8% Medicare Surtax on the 20% bracket) depending on your taxable income and filing status.

Note: TAX AMOUNTS HAVE BEEN ROUNDED UP

PERSONAL EXEMPTIONS

	2018-2025	2017
Deduction for each taxpayer, spouse, and dependent *	\$0	\$ 4,050
There is an AGI phaseout beginning at:		
Married, filing jointly	\$0	\$ 313,800
Married, filing separately	\$0	\$ 156,900
Single	\$0	\$ 261,500
Head of household	\$0	\$ 287,650

* There are no personal exemption amounts for 2018 through 2025.

RETIREMENT PLANS

Indexed Contribution & Benefit Limits for Qualified Plans

Type of Plan	2023	2022
Individual Retirement Accounts (IRAs)*	\$ 6,500	\$ 6,000
Section 401(k) plans or SAR-SEPs*	\$ 22,500	\$ 20,500
Section 403(b) plans*	\$ 22,500	\$ 20,500
Section 408(p)(2)(E) SIMPLE contributions*	\$ 15,500	\$ 14,000
Section 457(b)(2) limit*	\$ 22,500	\$ 20,500
Section 415 limit for:		
Defined contribution plans	\$ 66,000	\$ 61,000
Defined benefit plans	\$ 265,000	\$ 245,000
Highly compensated employees Section 414(q)	\$ 150,000	\$ 135,000
FICA taxable wage base		
Social Security	\$ 160,200	\$ 147,000
Medicare (tax rate 1.45% for employees; 2.90% for self-employed)	No limit	No limit
* Age 50 additional contributions		
401(k) type plans	\$ 7,500	\$ 6,500
SIMPLEs	\$ 3,500	\$ 3,000
IRAs	\$ 1,000	\$ 1,000

Roth IRAs

AGI limit for maximum contributions:	2023	2022
Joint filers	\$ 218,000	\$214,000
Individual filers	\$ 138,000	\$144,000

Traditional IRAs

AGI limits for full deductions:	2023	2022
Joint filers	\$ 116,000	\$ 109,000*
Individual filers	\$ 73,000	\$ 68,000

* Depending on whether you or your spouse are covered by a plan at work. The income limit on converting traditional IRAs to Roth IRAs was eliminated in 2010.

SOCIAL SECURITY

Annual Earned Income Limit	2023	2022
Under full retirement age	\$ 21,240	\$ 19,560
Full retirement age	No Limit	No Limit

For people reaching full retirement age in 2023, the limit is \$56,520 for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit.

HEALTH SAVINGS ACCOUNTS

Contribution Limits	2023	2022
Individual, self-only	\$ 3,850	\$ 3,650
Family Coverage	\$ 7,750	\$ 7,300
Catch-up for those age 55 and older	\$ 1,000	\$ 1,000

For 2023, the minimum deductible for a high-deductible health plan (HDHP) is \$1,500 for self-only coverage and \$3,000 for family coverage. The maximum out-of-pocket limit is \$7,500 for self-only coverage and \$15,000 for family plans.

ALTERNATIVE MINIMUM TAX

AMT Exemptions	2023	2022
Married, filing jointly	\$ 126,500	\$ 118,100
Married, filing separately	\$ 63,250	\$ 59,050
Single/Head of household	\$ 81,300	\$ 75,900