1 2 3

**For 2016, there are no income limits for ROTH conversions. Additionally, Social Security benefits are taxed whether or not a person's income falls below the threshold amount.**

---

**Qualifying Widow(er)**

- For 2016, the threshold amount is $132,000.
- ROTH IRA contributions are not allowed if the taxpayer's modified AGI exceeds $132,000.

**Spousal IRA/Non-Active Participant Spouse**

- For 2016, the threshold amount is $132,000.
- ROTH IRA contributions are not allowed if the taxpayer's modified AGI exceeds $132,000.

**IRA deduction phaseout for active participants (MAGI)**

- Single/HOHO: A MAGI of $161,000 - $190,000.
- Married Filing Jointly: A MAGI of $191,000 - $210,000.
- Head of Household: A MAGI of $191,000 - $210,000.

**IRA deduction phaseout for non-active participants (MAGI)**

- Single/HOHO: A MAGI of $122,000 - $131,000.
- Married Filing Jointly: A MAGI of $161,000 - $171,000.
- Head of Household: A MAGI of $161,000 - $171,000.

**IRA deduction phaseout for active participants (MAGI)**

- Single/HOHO: A MAGI of $161,000 - $190,000.
- Married Filing Jointly: A MAGI of $191,000 - $210,000.
- Head of Household: A MAGI of $191,000 - $210,000.

**IRA deduction phaseout for non-active participants (MAGI)**

- Single/HOHO: A MAGI of $122,000 - $131,000.
- Married Filing Jointly: A MAGI of $161,000 - $171,000.
- Head of Household: A MAGI of $161,000 - $171,000.

---

**Payroll Taxes & Social Security**

- Medicare (hospital insurance) tax rate: 2.9% on the first $98,700 of taxable earnings and 1.45% on all earnings above $98,700.
- Social Security (OASDI) tax rate: 6.2% on the first $127,200 of taxable earnings.

**AMT Exemption Amount**

- $104,100 for 2016.

**AMT Exclusion Amount**

- $53,000 for 2016.

**Itemized Deduction Phase Out**

- $126,510 for 2016.

**2016 Federal Income Tax Rates**

<table>
<thead>
<tr>
<th>Single (S)</th>
<th>Married Filing Jointly (MFJ)</th>
<th>Married Filing Separately (MFS)</th>
<th>Estates and Trusts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10%</strong></td>
<td>$0 - $9,275</td>
<td>$0 - $18,550</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>15%</strong></td>
<td>$9,275 - $37,650</td>
<td>$18,550 - $75,300</td>
<td>$13,250 - $50,400</td>
</tr>
<tr>
<td><strong>25%</strong></td>
<td>$37,650 - $91,150</td>
<td>$75,300 - $151,900</td>
<td>$50,400 - $130,150</td>
</tr>
<tr>
<td><strong>28%</strong></td>
<td>$91,150 - $190,100</td>
<td>$151,900 - $231,450</td>
<td>$130,150 - $210,800</td>
</tr>
<tr>
<td><strong>33%</strong></td>
<td>$190,150 - $431,350</td>
<td>$231,450 - $413,350</td>
<td>$210,800 - $413,350</td>
</tr>
<tr>
<td><strong>35%</strong></td>
<td>$413,350 - $464,695</td>
<td>$413,350 - $464,695</td>
<td>$206,675 - $233,475</td>
</tr>
<tr>
<td><strong>39.6%</strong></td>
<td>$415,050 and up</td>
<td>$466,950 and up</td>
<td>$233,475 and up</td>
</tr>
</tbody>
</table>

**Gift & Estate Taxes**

- **Gift Tax Annual Exclusion:** $14,000 for 2016.
- **Federal Gift Tax:** 40% for gifts over $14,000.
- **State Gift Tax:** Varies by state.

**2016 Social Security Benefit COLA**

- 1.3% for 2016.

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**Education Tax Benefits**

- **American Opportunity Tax Credit:** Up to $2,500 for each qualifying student.
- **Lifetime Learning Credit:** Up to $1,750 for each qualifying student.

**Medical Savings Account (HSA)**

- **Maximum Contributions:** $3,350 for 2016 (individual), $6,700 (family).
- **Maximum Deductible:** $3,350 for 2016 (individual), $6,700 (family).

**Health Savings Account (HSA)**

- **Maximum Contributions:** $3,550 for 2016 (individual), $6,900 (family).
- **Maximum Deductible:** $3,550 for 2016 (individual), $6,900 (family).

**2016 Retirement Accounts**

- **Traditional IRA:** Contributions are deductible for AGI under $65,000 (single), $104,000 (married).
- **Roth IRA:** Contributions are tax-free for AGI under $117,000 (single), $187,000 (married).

---

**Tax-Exempt Income**

- **50% of Social Security Benefits:** Taxable if AGI exceeds $250,000 (MFJ), $125,000 (S/HH).

**Qualifying Widow(er)**

- **With Child:** $250,000 (MFJ), $125,000 (S/HH).
- **In Retirement:** $210,000 (MFJ), $130,000 (S/HH).

**Non-qualified dividends are taxed at your marginal income tax rate.**

**3.8% Medicare tax on investment income will also be imposed for single taxpayers with MAGI above $200,000 and married filing jointly with MAGI >$250,000.**

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**Retirement Plans**

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Annual Limit</th>
<th>Catch-up Available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>401(k)</strong></td>
<td>$18,000</td>
<td>Age 50+ only</td>
</tr>
<tr>
<td><strong>403(b)</strong></td>
<td>$18,000</td>
<td>Age 50+ only</td>
</tr>
<tr>
<td><strong>457(b)</strong></td>
<td>$18,000</td>
<td>Age 50+ only</td>
</tr>
</tbody>
</table>

**Traditional 401(k) assets can now be converted to a ROTH 401(k).**

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**Exclusion for Certain Income**

- **Tax-Exempt Interest:** Excluded from AGI.
- **Social Security Benefits:** Excluded if AGI is below $25,000 (single), $32,000 (married).
### Medicare Part A (Hospital Insurance)

- **Monthly Premium**: $0
- **Hospital Stays**
  - First 60 days, patient pays deductible: $1,288
  - Next 30 days, patient pays per day: $322
  - Next 60 days (lifetime reserve days), patient pays per day: $644
- **Skilled Nursing Benefits**
  - First 20 days, patient pays per day: $0
  - Next 60 days, patient pays per day: $161.00
  - Over 100 days, patient pays per day: All costs

### Medicare Part B (Medical Insurance)

- **Deductible**: $166 per year
- **Coinsurance**: 20% except for mental healthcare, which is 40%

### Medicare Part D (Prescription Drugs)

- **Maximum Deductible**: $360
- **Coinsurance (55% Brand-Name/58% Generic)** starts at $3,310
- **Catastrophic Coverage Threshold (OOP Threshold)**: $4,850

### Social Security Full Retirement Age (FRA)**

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>FRA</th>
<th>Year of Birth</th>
<th>FRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941</td>
<td>65 &amp; 8 months</td>
<td>1957</td>
<td>66 &amp; 6 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 &amp; 10 months</td>
<td>1958</td>
<td>66 &amp; 8 months</td>
</tr>
<tr>
<td>1943-54</td>
<td>66</td>
<td>1959</td>
<td>66 &amp; 10 months</td>
</tr>
<tr>
<td>1955</td>
<td>66 &amp; 2 months</td>
<td>1960 and later</td>
<td>67</td>
</tr>
<tr>
<td>1956</td>
<td>66 &amp; 4 months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Life Contracts

- **Allowable 1035 Exchanges**
  - Life, Modified Endowment Contract (MEC), Annuity, or Long-Term Care (LTC)
  - MEC, Modified Endowment Contract, Annuity, or LTC
  - Annuity, Modified Endowment Contract, Annuity, or LTC
  - LTC, Annuity, or Long-Term Care
- **Annuity Taxation**
  - **Withdrawals not received as an annuity**:
    - Contract Issued Prior to 8/13/82: FIFO (First In First Out)
    - Contract Issued After 8/13/82: LIFO (Last In Last Out)

### Education Accounts & Taxation

- **EE Bonds for education - Interest Exclusion Phase Out**
  - Single/Hoh/Mfs: $77,550 - $92,550
  - Married Filing Jointly: $116,300 - $146,300
- **Coverdell Education Savings Account**
  - Annual Tax-Qualified Contribution Limit (per beneficiary): $2,000
  - Contributions Phase Out (Income):
    - Single/Head of Household: $95,000 - $110,000
    - Married Filing Jointly: $190,000 - $220,000
- **Lifelong Learning Credit**
  - Lifetime Learning Credit: $55,000 - $65,000
  - Married Filing Jointly: $111,000 - $130,000
- **American Opportunity Credit**
  - Single/Head of Household Magi: $80,000 - $90,000
  - Married Filing Jointly Magi: $160,000 - $180,000
- **Education Loan Deduction**
  - Single/Head of Household: $65,000 - $80,000
  - Married Filing Jointly: $130,000 - $160,000

### Tuition and Fees Deduction Phase Down

<table>
<thead>
<tr>
<th>MAGI Limit (5/6/07)</th>
<th>Deduction Phase Down</th>
</tr>
</thead>
<tbody>
<tr>
<td>$65,000 - $130,000</td>
<td>$4,000 deduction</td>
</tr>
<tr>
<td>$80,000 - $160,000</td>
<td>$2,000 deduction</td>
</tr>
<tr>
<td>$80,000 - $160,000</td>
<td>No deduction</td>
</tr>
</tbody>
</table>

### Adoption Credit

- **Maximum Federal Credit (per child)**: $13,460
  - **Credit Phase Out (MAGI, all filling status except MFS)**: $201,920 - $241,920
  - *some states may have an additional credit for adoption expenses*

### 529 Contributions

- **529 College Savings Plan**
  - **Maximum 529 Balance for Contributions Varies by State**
  - **Accelerated (Bonus) Depreciation** starts at $452,210
- **The IRS allows one education credit per student, per year**
  - 1 Credit is for 20% of up to $10,000 qualified expenses (max. credit of $2,000) per return
  - 2 Credit is for 100% of qualified post high school expenses on the first $2,000, and
  - 25% on the next $2,000 for a maximum total credit of $2,500 per student
  - 3 Deduction for student loan interest for you, your spouse or your dependent up to $2,500 per year
  - 4 529 contributions count towards your annual gift limit; you may contribute more but it will count towards your lifetime gift exclusion. You may also choose to contribute 5 years worth of gifts at once ($70,000) and have no gift exclusion for the next 5 years.

### Health Savings Accounts (HSA) - High Deductible Health Plans (HDHP)

- **Maximum Deductible Contribution Limit (Employer + Employee)**
  - **Individual**: $3,350
  - **Family**: $6,750
  - **Catch Up Contribution (Age 55+)**: $1,000
- **HDHP Annual Deductible Minimum**
  - **Individual**: $1,300
  - **Family**: $2,600
- **HDHP Max. Out-Of-Pocket Amounts**
  - **Individual**: $5,500
  - **Family**: $13,100

### Saver Credit

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>50% Credit</th>
<th>20% Credit</th>
<th>10% Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint</td>
<td>$0 - $37,000</td>
<td>$17,000 - $40,000</td>
<td>$40,000 - $61,500</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$0 - $27,750</td>
<td>$27,750 - $30,000</td>
<td>$30,000 - $46,125</td>
</tr>
<tr>
<td>Single/Others</td>
<td>$0 - $18,500</td>
<td>$18,500 - $20,000</td>
<td>$20,000 - $30,750</td>
</tr>
</tbody>
</table>

457 Plan, SIMPLE IRA or SEP. Rollovers are not eligible

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*This material is intended to serve as a reference guide only. No warranty is made as to the accuracy of the information. It is not intended to provide specific advice or recommendations for any individual. Federal tax laws and investment regulations are complex and subject to change. Please consult a qualified professional for advice on your specific situation.*

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