

Key Numbers 2016

Presented by Robert Hoey

INDIVIDUAL INCOME TAX	
Unmarried Individuals (other than Surviving Spouses and Heads of Household)	
If taxable income is:	The tax is:
\$9,275 or less	10% of taxable income
Over \$9,275 to \$37,650	\$927.50 + 15% of excess over \$9,275
Over \$37,650 to \$91,150	\$5,183.75 + 25% of excess over \$37,650
Over \$91,150 to \$190,150	\$18,558.75 + 28% of excess over \$91,150
Over \$190,150 to \$413,350	\$46,278.75 + 33% of excess over \$190,150
Over \$413,350 to \$415,050	\$119,934.75 + 35% of excess over \$413,350
Over \$415,050	\$120,529.75 + 39.6% of excess over \$415,050
Married Filing Jointly and Surviving Spouses	
If taxable income is:	The tax is:
\$18,550 or less	10% of taxable income
Over \$18,550 to \$75,300	\$1,855 + 15% of excess over \$18,550
Over \$75,300 to \$151,900	\$10,367.50 + 25% of excess over \$75,300
Over \$151,900 to \$231,450	\$29,517.50 + 28% of excess over \$151,900
Over \$231,450 to \$413,350	\$51,791.50 + 33% of excess over \$231,450
Over \$413,350 to \$466,950	\$111,818.50 + 35% of excess over \$413,350
Over \$466,950	\$130,578.50 + 39.6% of excess over \$466,950
Married Filing Separately	
If taxable income is:	The tax is:
\$9,275 or less	10% of taxable income
Over \$9,275 to \$37,650	\$927.50 + 15% of excess over \$9,275
Over \$37,650 to \$75,950	\$5,183.75 + 25% of excess over \$37,650
Over \$75,950 to \$115,725	\$14,758.75 + 28% of excess over \$75,950
Over \$115,725 to \$206,675	\$25,895.75 + 33% of excess over \$115,725
Over \$206,675 to \$233,475	\$55,909.25 + 35% of excess over \$206,675
Over \$233,475	\$65,289.25 + 39.6% of excess over \$233,475

Heads of Household	
If taxable income is:	The tax is:
\$13,250 or less	10% of taxable income
Over \$13,150 to \$50,400	\$1,325 + 15% of excess over \$13,250
Over \$50,400 to \$130,150	\$6,897.50 + 25% of excess over \$50,400
Over \$130,150 to \$210,800	\$26,835 + 28% of excess over \$130,150
Over \$210,800 to \$413,350	\$49,417 + 33% of excess over \$210,800
Over \$413,350 to \$441,000	\$116,258.50 + 35% of excess over \$413,350
Over \$441,000	\$125,936 + 39.6% of excess over \$441,000
Trusts and Estates	
If taxable income is:	The tax is:
\$2,550 or less	15% of taxable income
Over \$2,550 to \$5,950	\$382.50 + 25% of excess over \$2,550
Over \$5,950 to \$9,050	\$1,232.50 + 28% of excess over \$5,950
Over \$9,050 to \$12,400	\$2,100.50 + 33% of excess over \$9,050
Over \$12,400	\$3,206 + 39.6% of excess over \$12,400

2016 CORPORATE TAX	
If taxable income is:	The tax is:
\$50,000 or less	15% of taxable income
Over \$50,000 to \$75,000	\$7,500 + 25% of excess over \$50,000
Over \$75,000 to \$100,000	\$13,750 + 34% of excess over \$75,000
Over \$100,000 to \$335,000	\$22,250 + 39% of excess over \$100,000
Over \$335,000 to \$10,000,000	\$113,900 + 34% of excess over \$335,000
Over \$10,000,000 to \$15,000,000	\$3,400,000 + 35% of excess over \$10,000,000
Over \$15,000,000 to \$18,333,333	\$5,150,000 + 38% of excess over \$15,000,000
Over \$18,333,333	35%
Personal Service Corporation	Flat tax of 35%, regardless of income

STANDARD DEDUCTIONS			
Married Filing Jointly and Surviving Spouses	\$12,600	Married Filing Separately	\$6,300
Single	\$6,300	Head of Household	\$9,300
Married 65 or Older or Blind	\$1,250 additional	Single 65 or Older or Blind	\$1,550 additional

Dependents	Greater of \$1,050 or \$350 + earned income	
------------	---	--

KIDDIE TAX

Applies to unearned income over \$2,100 for children under 18 (and full-time students between ages 19 and 24 whose earned income does not exceed half of their support for the year). The first \$1,050 is tax-free, and the next \$1,050 is taxed at the child's rate.

ITEMIZED DEDUCTION (PEASE) LIMITATION

Married Filing Jointly and Surviving Spouses	\$311,300	Married Filing Separately	\$155,650
Single	\$259,400	Head of Household	\$285,350

PERSONAL EXEMPTION

\$4,050

Phaseout	Beginning (AGI)	Completed (AGI)
Married Filing Jointly and Surviving Spouses	\$311,300	\$433,800
Married Filing Separately	\$155,650	\$216,900
Single	\$259,400	\$381,900
Head of Household	\$285,350	\$407,850

AMT

	Exemption	Phaseout	Start of 28% Tax Bracket
Married Filing Jointly and Surviving Spouses	\$83,800	\$159,700	\$186,300
Married Filing Separately	\$41,900	\$79,850	\$ 93,150
Single	\$53,900	\$119,700	\$186,300
Head of Household	\$53,900	\$119,700	\$186,300
Estates and Trusts	\$23,900	\$79,850	\$186,300

HEALTH SAVINGS ACCOUNT (HSA) MAXIMUM CONTRIBUTION LIMITS

Self-Only Coverage	If under age 55: \$3,350; if age 55–65: \$4,350
Family Coverage	If under age 55: \$6,750; if age 55–65: \$7,750

LONG-TERM CAPITAL GAINS AND QUALIFIED DIVIDEND TAX

Gain or dividend in the 39.6% tax bracket		20%*	
Gain or dividend between the 15% and 39.6% tax brackets		15%*	
Gain or dividend in the 15% or lower tax brackets		0%	
*Additional 3.8% unearned income Medicare contribution tax applies to the lesser of net investment income or MAGI above the following thresholds:			
Married Filing Jointly	\$250,000	Married Filing Separately	\$125,000
Single	\$200,000	Head of Household	\$200,000

RETIREMENT PLAN LIMITS

401(k), SAR-SEP, Sec. 457(b), 403(b) Elective Deferral Limit	\$18,000
Age 50+ Catch-Up for 401(k), SAR-SEP, 457(b), 403(b)	\$6,000
SIMPLE Elective Deferral Limit	\$12,500
Age 50+ Catch-Up for SIMPLE IRA	\$3,000
Traditional and Roth IRA Contributions	\$5,500
Age 50+ Catch-Up for IRA and Roth IRA	\$1,000
Section 415 Limit (Defined Contribution Plan)	\$53,000
Defined Benefit Plan Benefit Limit	\$210,000
Annual Compensation Limit for QRP, SEP, and 403(b)	\$265,000
Highly Compensated Definition	\$120,000
Control Employee	\$105,000
Key Employee in Top-Heavy Plan Definition	\$170,000

IRA DEDUCTION PHASEOUT FOR ACTIVE PARTICIPANTS

Filing Status	Starting At	Fully Phased Out At
Single or Head of Household	\$61,000	\$71,000
Married Filing Jointly or Qualifying Widow(er)	\$98,000	\$118,000
Married Filing Jointly and Spouse Is Active Participant in an Employer Plan	\$184,000	\$194,000
Married Filing Separately and Either Spouse Is Active Participant in an Employer Plan	\$0	\$10,000

ROTH CONTRIBUTION INCOME LIMITS

Filing Status	Starting At	Fully Phased Out At
Single	\$117,000	\$132,000
Married Filing Jointly	\$184,000	\$194,000
Married Filing Separately	\$0	\$10,000

BUSINESS PLANNING

Health Insurance Premium Deduction for Self-Employed	100%
Limit on Employee Health Insurance Credit for Small Employers	\$25,900

2015 STANDARD MILEAGE RATES*

Charitable Use of Automobile	14 cents/mile
Medical/Moving	23 cents/mile
Business Use of Automobile	57.5 cents/mile
* Pending release of 2016 mileage rates	

EDUCATION PLANNING

U.S. Savings Bond Income Exclusion Phaseout	Modified AGI \$116,300 to \$146,300 (joint) Modified AGI \$77,550 to \$92,550 (others)
Coverdell Education Savings Account (Education IRAs) Annual Contribution Limit	\$2,000
Coverdell Education Savings Account Phaseout	Modified AGI \$190,000 to \$220,000 (joint) Modified AGI \$95,000 to \$110,000 (others)
\$2,500 American Opportunity Tax (HOPE) Credit Phaseout	Modified AGI \$160,000 to \$180,000 (joint) Modified AGI \$80,000 to \$90,000 (others)
\$2,000 Lifetime Learning Credit Phaseout	Modified AGI \$111,000 to \$131,000 (joint) Modified AGI \$55,000 to \$65,000 (others)
Phaseout of \$2,500 Interest Deduction on Education Loans	Modified AGI \$130,000 to \$160,000 (joint) Modified AGI \$65,000 to \$80,000 (others)
2015/2016 Tuition and Fees Increase at 4-Year College	Public College: 2.9% in-state student; 3.6% out-of-state student Private College: 3.6%
2015/2016 Room and Board Increase at 4-Year College	Public College: 3.6% in-state student; 3.6% out-of-state student Private College: 3.2%
2015/2016 Total Average Yearly Cost at 4-Year College	\$24,061 public in-state; \$38,544 public out-of-state; \$47,831 private

FEDERAL ESTATE AND GIFT TAX

Annual Gift Tax Exclusion per Donee	\$14,000
Annual Gift Exclusion to Non-U.S.-Citizen Spouse	\$148,000
Estate Tax Exemption	\$5,450,000
Lifetime Gift Tax Exemption	\$5,450,000
Generation-Skipping Transfer Tax Exemption	\$5,450,000
Special Use (Section 2032A) Valuation Reduction	\$1,110,000

LONG-TERM CARE PREMIUM DEDUCTIONS

Qualified LTC Insurance Deductions: Subject to 10% of AGI medical expense floor

Age	Limit
40 or under	\$390
41–50	\$730
51–60	\$1,460
61–70	\$3,900
71 and over	\$4,870

Please note: Indemnity policy benefit payments that exceed the higher of the cost of long-term care or \$340 per day will be taxed as income.

2015 MEDICAID

Community Spouse Resource Allowance	\$23,844 minimum; \$119,220 maximum
Monthly Maintenance Allowance	\$1,991.25 minimum; \$2,980.50 maximum
Home Equity Limit	\$552,000 (state can opt to increase to \$828,000)
“Income Cap” State Income Limit	\$2,199

SOCIAL SECURITY

CPI Increase in Benefits	0%
Maximum Monthly Benefit at Full Retirement	\$2,669/month
Retirement Earnings Exempt Amount Under FRA	\$15,720; \$1 withheld for every \$2 earned above this amount
Retirement Earnings Exempt Amount Year of FRA	\$41,880; \$1 withheld for every \$3 earned above this amount
Earnings Amount Needed to Earn One Credit	\$1,260

MEDICARE			
		Single Filer	Married Filing Jointly
Medicare Part A Monthly Premium	\$411 – fewer than 30 quarters of coverage \$226 – between 30 and 39 quarters of coverage		
Medicare Part A Deductible and Coinsurance	\$1,288 for 1–60 days An additional \$322 for 61–90 days \$644 for 91–150 days All costs > 150 days		
Medicare Part A Deductible for Skilled Nursing Facility in a Benefit Period	\$166 per day (21–100 days)		
Medicare Part B Deductible	\$223		
Medicare Part B Monthly Premium <small>*Some Medicare beneficiaries will pay \$120.80/month in 2016: 1. Those currently enrolled in Medicare but not yet receiving social security. 2. New Medicare enrollees.</small>	\$104.90* \$170.50 \$243.60 \$316.70 \$389.80	\$85,000 or less \$85,001–\$107,000 \$107,001–\$160,000 \$160,001–\$214,000 Above \$214,000	\$170,000 or less \$170,001–\$214,000 \$214,001–\$320,000 \$320,001–\$428,000 Above \$428,000
Medicare Part D Deductible	No more than \$360		
Medicare Part D Monthly Premium Surcharge	(no surcharge) \$12.70 \$32.80 \$52.80 \$72.90	\$85,000 or less \$85,001–\$107,000 \$107,001–\$160,000 \$160,001–\$214,000 Above \$214,000	\$170,000 or less \$170,001–\$214,000 \$214,001–\$320,000 \$320,001–\$428,000 Above \$428,000

PAYROLL TAXES		
	Employee	Self-Employed
Social Security Tax	6.2%	12.4%
Social Security Wage Base	\$118,500	
Medicare Tax	1.45%	2.9%
Additional Medicare Tax	0.9% on earnings above the following thresholds:	
Single or Head of Household	\$200,000	
Married Filing Jointly	\$250,000	
Married Filing Separately	\$125,000	

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

Robert Hoey is a financial advisor located at 28 Park Avenue, Worcester, MA 01605. He offers securities and advisory services as an Investment Adviser Representative of Commonwealth Financial Network[®], Member FINRA/SIPC, a Registered Investment Adviser. He can be reached at 508-792-4444 or at RobertHoey@RobertHoey.com.

© 2015 Commonwealth Financial Network[®]