

# 2020 TAX RATES, SCHEDULES, AND CONTRIBUTION LIMITS



## Federal Income Tax and Taxable Equivalent Yields

TAXPAYER STATUS	FEDERAL TAXABLE INCOME	FEDERAL TAX BRACKET	TAX-FREE YIELD			
			1.50%	2.00%	2.50%	3.00%
TAXABLE EQUIVALENT YIELD						
Married, filing jointly	\$0-19,750	10.00%	1.67%	2.22%	2.78%	3.33%
	\$19,750-\$80,250	12.00%	1.70%	2.27%	2.84%	3.41%
	\$80,205-\$171,050	22.00%	1.92%	2.56%	3.21%	3.85%
	\$171,050-\$326,600	24.00%	1.97%	2.63%	3.29%	3.95%
	\$326,600-\$414,700	32.00%	2.21%	2.94%	3.68%	4.41%
	\$414,700-\$622,050	35.00%	2.31%	3.08%	3.85%	4.62%
	OVER \$622,050	37.00%	2.38%	3.17%	3.97%	4.76%
Single	\$0-9,875	10.00%	1.67%	2.22%	2.78%	3.33%
	\$9,875-\$40,125	12.00%	1.70%	2.27%	2.84%	3.41%
	\$40,125-\$85,525	22.00%	1.92%	2.56%	3.21%	3.85%
	\$85,525-\$163,300	24.00%	1.97%	2.63%	3.29%	3.95%
	\$163,300-\$207,350	32.00%	2.21%	2.94%	3.68%	4.41%
	\$207,350-\$518,400	35.00%	2.31%	3.08%	3.85%	4.62%
	OVER \$518,400	37.00%	2.38%	3.17%	3.97%	4.76%

This chart is for illustration purposes only; it does not represent past or future performance of any investment. The taxable equivalent yields assume the highest marginal tax rates applicable to the income levels indicated within each bracket.

## Tax on Qualified Dividends & Long-term Capital Gains

TAX RATE	SINGLE	MARRIED, FILING JOINTLY
0%	\$0-\$40,000	\$0-\$80,000
15%	\$40,000-\$441,450	\$80,000-\$496,600
20%	Over \$441,450	Over \$496,600

Short-term capital gains (on assets held 1-year or less) are taxed at the taxpayers ordinary income tax rate. An additional 3.8% federal Net Investment Income Tax established by the Patient Protection and Affordable Care Act (PPACA) applies to the lesser of (1) net investment income or (2) a taxpayer's Modified Adjusted Gross Income (MAGI) in excess of an applicable threshold amount. In addition to individual tax returns, it also applies, for any trust or estate, to the lesser of undistributed net income or MAGI in excess of the dollar amount at which the estate/trust pays income taxes at the highest rate.

## Alternative Minimum Tax (AMT) Exemption

TAXPAYER STATUS	EXEMPTION	PHASE-OUT INCOME LEVEL
Single	\$72,900	\$518,400
Married, filing jointly	\$113,400	\$1,020,600
Married, filing separately	\$56,700	\$510,300
Estates and trusts	\$25,000	\$83,500

AMT ordinary income tax rate increases from 26% to 28% for alternative minimum taxable income over \$197,900 for joint, single & trust/estate returns (\$98,950 for Married, filing separate returns).

## Death/Gifts Occurring in 2019

Lifetime federal estate tax exemption per estate	\$11,580,000
Top federal estate tax rate**	40%
Annual gift tax exclusion per individual (exempt from lifetime exemption)	\$15,000

\*\* Federal estate tax rates are progressive depending on the size of the estate. They start at 18% for \$0 to \$10,000 and increase to the top rate of 40% for estates over \$1 million.

Sources: Internal Revenue Service (IRS.gov) and Social Security Administration (ssa.gov)

## Standard Deduction

TAXPAYER STATUS	ANNUAL	ADD'L FOR AGE 65+ OR BLIND
Married, filing jointly	\$24,800	\$1,300
Single	\$12,400	\$1,650

## Traditional IRA's

MAXIMUM ANNUAL CONTRIBUTION (MUST BE UNDER AGE 70-1/2)
Compensation amount or \$6,000 whichever is less
Up to \$6,000 contribution can also be made for non-working spouse
Catch-up contributions limit (taxpayers age 50 and over): additional \$1,000

## Traditional IRA Deductibility Table

FILING STATUS	COVERED BY EMPLOYER'S RETIREMENT PLAN?	MODIFIED GROSS INCOME 2019	DEDUCTIBILITY
Single	No	Any amount	Full
	Yes	\$65,000 or less \$65,001-\$74,999 ≥ \$75,000	Full Partial None
Married, filing jointly	Neither spouse covered	Any amount	Full
	Yes, spouse is either covered or not	\$104,000 or less \$104,001-\$123,999 ≥ \$124,000	Full Partial None
	No, but spouse is covered	\$196,000 or less \$196,001-\$205,999 ≥ \$206,000	Full Partial None

## Roth IRA's

MAXIMUM ANNUAL CONTRIBUTION
Lesser of earned income or \$6,000
Up to \$6,000 contribution can also be made for non-working spouse
Catch-up contributions (Taxpayers age 50 and over) \$1,000

CONTRIBUTION ELIGIBILITY
Modified AGI is less than \$124,000 (single) or \$196,000 (married, filing jointly); phaseouts apply if Modified AGI is \$124,000-\$138,000 (single) or \$196,000-\$205,999 (married, filing jointly).

Contributions to a Roth IRA are not deductible. There is no Modified AGI restriction on eligibility for a Roth IRA conversion.

## Employer Retirement Plans

Maximum elective deferral to retirement plans (401k, 403b, etc.)	\$19,500
Catch-up contribution limit for 401k, 403b, and 457 plans	\$6,500
Maximum elective deferral to SIMPLE IRA plans	\$13,500
Catch-up contribution limit for SIMPLE plans	\$3,000
Maximum elective deferral to 457 plans of government and tax-exempt employers	\$19,500
Limit on annual additions to defined contribution plans	\$57,000
Annual compensation threshold requiring SEP contributions	\$600
Limit on annual additions to SEP plans	\$57,000
Maximum annual compensation taken into account for contributions	\$285,000
Annual benefit limit under defined benefit plans	\$230,000
Limitation used in definition of highly compensated employee	\$130,000
Flexible spending account (healthcare) maximum salary reduction contribution	\$2,750

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## Kiddie Tax/Trust Tax on Unearned Income

ANNUAL UNEARNED INCOME	TAX RATE
\$0-2,550	10%
\$2,550-9,150	24%
\$9,150-12,500	35%
Over \$12,500	37%

All forms of unearned income, interest and short-term capital gains are taxed as ordinary income. Long-term capital gains and qualifying dividends are taxed at special capital gain and dividend rates.

LONG-TERM CAPITAL GAIN/QUALIFIED DIVIDEND	TAX RATE	TAX RATE
\$0-2,650	0%	0%
\$2,651-12,950	15%	15%
Over \$12,950	20%	20%

A child with only earned income must file if gross income exceeds the \$12,200 standard deduction for a single taxpayer. A child with only unearned income must file if gross income is more than \$1,100. A child with both earned and unearned income must file if the total amount exceeds the larger of \$1,100 or the earned income (up to \$11,850) plus \$350.

## Child Tax Credit (Qualifying child under the age of 17)

Credit is \$2,000 per "qualifying child". Credit is phased out as income exceeds \$400,000 for married, filing jointly or \$200,000 for all other. \$1,400 per child is refundable; however, the refundable portion is capped at 15% of your earned income in excess of \$4,500.

TAXPAYER STATUS	MAXIMUM AGI FOR FULL CREDIT	AGI WHERE CREDIT DISAPPEARS
Married, filing jointly	\$400,000	Over \$440,000
Single, Head of Household or Married filing separately	\$200,000	Over \$240,000

Each Child Tax Credit will be reduced by \$50 for every \$1000 MAGI exceeds the lower threshold.

## Social Security

BASE AMOUNT OF MODIFIED AGI CAUSING SOCIAL SECURITY BENEFITS TO BE TAXABLE		
Taxpayer Status	50% taxable	85% taxable
Married, filing jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000
MAXIMUM EARNINGS BEFORE SOCIAL SECURITY BENEFITS ARE REDUCED		
Under full retirement age (FRA) (\$1 withheld for every \$2 above limit)		\$18,240
Year of FRA, but before birthday month (\$1 withheld for every \$3 above limit)		\$48,600
Full retirement age and over		No limit
MAXIMUM COMPENSATION SUBJECT TO FICA TAXES		
Social Security (OASDI) maximum		\$137,700
Medicare (HI) maximum		No limit

### Notable Change that occurred in 2019:

#### Health Care

Elimination of the individual mandate — the fine for failing to maintain qualifying health insurance coverage.

### Deduction Changes that began in 2018:

#### Mortgage interest deduction

- Interest deduction on qualifying mortgages up to \$750,000 (\$375,000 if married, filing separately)
- Qualifying mortgages prior to 2026, where debt is used to purchase or improve the home
- Homes under agreement before 12/14/17 for purchase prior to 1/1/18 (provided purchase occurs by 4/1/18) are grandfathered under previous \$1,000,000 limits.
- Interest on home equity lines of credit up to \$100,000 in home equity debt are also deductible where proceeds are utilized to acquire or improve a property

#### State and local taxes

Individuals may deduct state and local income taxes, sales taxes, and real & personal property taxes up to \$10,000 in total for single filers or married, filing jointly (\$5,000, married filing separately).

***This information is general in nature and is not meant as tax or legal advice. Tax laws are subject to change. Please consult your legal or tax advisor.***

## Aquila Group of Funds

The Aquila Group of Funds offers tax-free and taxable alternatives for investors seeking income, and includes seven single-state municipal bond funds and a high-yield corporate bond fund. The Aquila Group of Funds also offers an equity fund alternative for investors seeking capital appreciation. Together, these nine funds make up our specialized group of open-end mutual funds.

Before you invest in a fund offered by Aquila Group of Funds® carefully read about and consider the investment objectives, risks, charges, expenses, and other information found in the fund prospectus. The prospectus is available from your financial advisor, when you call 800-437-1020, or visit [www.aquilafunds.com](http://www.aquilafunds.com).