

2021 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-\$19,900	10.00%	1.67%	2.22%	2.78%	3.33%
	\$19,900-\$81,050	12.00%	1.70%	2.27%	2.84%	3.41%
	\$81,050-\$172,750	22.00%	1.92%	2.56%	3.21%	3.85%
	\$172,750-\$329,850	24.00%	1.97%	2.63%	3.29%	3.95%
	\$329,850-\$418,850	32.00%	2.21%	2.94%	3.68%	4.41%
	\$418,850-\$628,300	35.00%	2.31%	3.08%	3.85%	4.62%
	OVER \$628,300	37.00%	2.38%	3.17%	3.97%	4.76%
Single	\$0-\$9,950	10.00%	1.67%	2.22%	2.78%	3.33%
	\$9,950-\$40,525	12.00%	1.70%	2.27%	2.84%	3.41%
	\$40,525-\$86,375	22.00%	1.92%	2.56%	3.21%	3.85%
	\$86,375-\$164,925	24.00%	1.97%	2.63%	3.29%	3.95%
	\$164,925-\$209,425	32.00%	2.21%	2.94%	3.68%	4.41%
	\$209,425-\$523,600	35.00%	2.31%	3.08%	3.85%	4.62%
	OVER \$523,600	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-\$40,400	\$0-\$80,800
15%	\$40,400-\$445,850	\$80,800-\$501,600
20%	Over \$445,850	Over \$501,600

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	\$73,600	\$523,600
Married, filing jointly	\$114,600	\$1,047,200
Married, filing separately	\$57,300	\$523,600
Estates and trusts	\$25,700	\$85,650

AMT ordinary income tax rate increases from 26% to 28% for alternative minimum taxable income over \$199,900 for joint, single & trust/estate returns (\$99,950 for Married, filing separate returns).

Death/Gifts Occurring in 2021

Lifetime federal estate tax exemption per estate	\$11,700,000
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	\$25,100	\$1,350
Single	\$12,550	\$1,700

Traditional IRA's

MAXIMUM ANNUAL CONTRIBUTION (MUST BE UNDER AGE 70-1/2)

Lesser of compensation or \$6,000

Up to \$6,000 contribution can also be made for non-working spouse

Catch-up contributions limit (taxpayers age 50 and over): \$1,000

Traditional IRA Deductibility Table

FILING STATUS	COVERED BY EMPLOYER'S RETIREMENT PLAN?	MODIFIED AGI 2021	MODIFIED AGI 2020	DEDUCTIBILITY
Single	No	Any amount	Any amount	Full
	Yes	\$66,000 or less	\$65,000 or less	Full
	Yes	\$66,001-75,999	\$65,001-74,999	Partial
Married, Filing Jointly	Neither spouse covered	Any amount	Any amount	Full
	Yes, but spouse is, or is not, covered	\$105,000 or less \$105,001-124,999 \$125,000 or more	\$104,000 or less \$104,001-123,999 \$124,000 or more	Full Partial None
	No, but spouse is covered	\$198,000 or less \$198,001-207,999 \$208,000 or more	\$196,000 or less \$196,001-205,999 \$206,000 or more	Full Partial None

Roth IRA's

MAXIMUM ANNUAL CONTRIBUTION

Lesser of compensation or \$6,000

Up to \$6,000 contribution can also be made for non-working spouse

Catch-up contributions limit (taxpayers age 50 and over): \$1,000

CONTRIBUTION ELIGIBILITY

Modified AGI is less than \$125,000 (single) or \$198,000 (married, filing jointly); phaseouts apply if Modified AGI is \$125,000-\$139,900 (single) or \$198,000-\$207,999 (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	\$58,000
Annual compensation threshold requiring SEP contributions	\$650
Limit on annual additions to SEP plans	\$58,000
Maximum annual compensation taken into account for contributions	\$290,000
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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Trust Tax on Unearned Income

ANNUAL UNEARNED INCOME	TAX RATE
\$0-2,650	10% of taxable income
\$2,650-9,550	\$265 plus 24% of excess over \$2,650
\$9,550-13,050	\$1,921 plus 35% of excess over \$9,550
Over \$13,050	\$3,146 plus 37% of excess over \$13,050

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
\$0-2,700	0%
\$2,701-13,250	15%
Over \$13,250	20%

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 \$2,500.

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.

Notable Tax Changes:

Tax Deadline

The tax-filing deadline for 2021 is once again April 15, 2021. Extensions allow until October 15, 2021.

Social Security

BASE AMOUNT OF MODIFIED AGI CAUSING SOCIAL SECURITY BENEFITS TO BE TAXABLE		
Taxpayer Status	50% taxable	85% taxable
Married, filing jointly	\$32,001-\$44,000	>\$44,000
Single	\$25,001-\$34,000	>\$34,000
MAXIMUM EARNINGS BEFORE SOCIAL SECURITY BENEFITS ARE REDUCED		
Under full retirement age (FRA) (\$1 withheld for every \$2 above limit)		\$18,960
Year of FRA, but before birthday month (\$1 withheld for every \$3 above limit)		\$50,520
Full retirement age and over		No limit
MAXIMUM COMPENSATION SUBJECT TO FICA TAXES		
Social Security (OASDI) maximum		\$142,800
Medicare (HI) maximum		No limit

Kiddie Tax

A child's unearned income above \$2,200 is generally subject to taxation at the parent's marginal tax rate; unearned income above \$1,100 but not more than \$2,200 is taxed at the child's tax rate.

With the passage of the SECURE Act, Kiddie Tax reverted back to using parents' marginal tax rate in 2020. The tax applies if either parent of the child is alive at the close of the taxable year, the child does not file a joint return for the taxable year, and the child either (a) is under the age of 18 by close of the end of the tax year, (b) the child was 18 at the end of the tax year and the child's earned income represents not more than one half of support needs, or (c) the child is a full-time student between the ages 19 and 23, has not attained age 24 as of the close of the year, and the child's earned income represents not more than one half of support needs. Preferential rates on long-term capital gains and qualified dividends are applicable; 3.8% federal NIIT is imposed separately on each child if modified AGI exceeds threshold amounts stated above.

Health Savings Account Contribution Limits

Individual	\$3,600
Family	\$7,200

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.

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