

2023 FEDERAL TAX RATES, 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-\$22,000	10.00%	1.67%	2.22%	2.78%	3.33%
	\$22,001-\$89,450	12.00%	1.70%	2.27%	2.84%	3.41%
	\$89,451-\$190,750	22.00%	1.92%	2.56%	3.21%	3.85%
	\$190,751-\$364,200	24.00%	1.97%	2.63%	3.29%	3.95%
	\$364,201-\$462,500	32.00%	2.21%	2.94%	3.68%	4.41%
	\$462,501-\$693,750	35.00%	2.31%	3.08%	3.85%	4.62%
	OVER \$693,750	37.00%	2.38%	3.17%	3.97%	4.76%
Single	\$0-\$11,000	10.00%	1.67%	2.22%	2.78%	3.33%
	\$11,001-\$44,725	12.00%	1.70%	2.27%	2.84%	3.41%
	\$44,726-\$95,375	22.00%	1.92%	2.56%	3.21%	3.85%
	\$95,376-\$182,100	24.00%	1.97%	2.63%	3.29%	3.95%
	\$182,101-\$231,250	32.00%	2.21%	2.94%	3.68%	4.41%
	\$231,251-\$578,125	35.00%	2.31%	3.08%	3.85%	4.62%
	OVER \$578,125	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.

Standard Deduction

TAXPAYER STATUS	ANNUAL	ADD'L FOR AGE 65+ OR BLIND
Married, filing jointly	\$27,700	\$1,500
Single	\$13,850	\$1,850

Tax on Qualified Dividends & Long-term Capital Gains

TAX RATE	SINGLE	MARRIED, FILING JOINTLY
0%	\$0-\$44,625	\$0-\$89,250
15%	\$44,626-\$92,300	\$89,251-\$184,600
20%	Over \$92,300	Over \$184,600

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.

Death/Gifts Occurring in 2023

Lifetime federal estate tax exemption per estate	\$12,920,000
Top federal estate tax rate**	40%
Annual gift tax exclusion per individual (exempt from lifetime exemption)	\$17,000
Annual gift tax exclusion for married, electing split gifts (exempt from lifetime exemption)	\$34,000
Annual gift tax exclusion for non-citizen spouse (exempt from lifetime exemption)	\$175,000

** 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.

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)	\$21,240
Year of FRA, but before birthday month (\$1 withheld for every \$3 above limit)	\$56,520
Full retirement age and over	No limit

MAXIMUM COMPENSATION SUBJECT TO FICA TAXES

Social Security (OASDI) maximum	\$160,200
Medicare (HI) maximum	No limit

OASDI and HI tax rate: 12.4% OASDI and 2.9% HI (15.3% combined) for self-employed; 6.2% and 1.45% (7.65% combined) for employees. As of January 2013, an additional 0.9% HI tax imposed on individuals with wages or self-employment income in excess of \$200,000 (single and qualifying widow(er) or \$250,000 (married/filing jointly)).

Traditional IRA's

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

Lesser of compensation or \$6,500
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 2023	MODIFIED AGI 2022	DEDUCTIBILITY
Single	No	Any amount	Any amount	Full
	Yes	\$73,000 or less	\$68,000 or less	Full
	Yes	\$73,001-\$82,999	\$68,001-\$77,999	Partial
	Yes	\$83,000 or more	\$78,000 or more	None
Married, Filing Jointly	Neither spouse covered	Any amount	Any amount	Full
	Yes, and spouse is, or is not, covered	\$116,000 or less \$116,001-\$135,999 \$136,000 or more	\$109,000 or less \$109,001-\$128,999 \$129,000 or more	Full Partial None
	No, but spouse is covered	\$218,000 or less \$218,001-\$279,999 \$280,000 or more	\$204,000 or less \$204,001-\$213,999 \$214,000 or more	Full Partial None

Roth IRA's

MAXIMUM ANNUAL CONTRIBUTION

Lesser of compensation or \$6,500
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 \$138,000 (single) or \$218,000 (married, filing jointly); phaseouts apply if Modified AGI is \$138,000-\$153,000 (single) or \$218,000-\$228,000 (married, filing jointly).

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

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

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Employer Retirement Contribution Limits

MAXIMUM ANNUAL CONTRIBUTION	
401(k), 403(b), and certain 457 plans	\$22,500
Catch-up Contribution	\$7,500
SAVERS CREDIT INCOME PHASE-OUT	
Married, Filing Jointly \$43,500-\$73,000	
Head of Household \$32,625-\$54,750	
Single and Married, Filing Separately \$21,750-\$36,500	

SIMPLE Plans

EMPLOYEE	2023	2022
Maximum Elective Deferral	\$15,500	\$14,000
Catch-up Contribution Limit	\$3,500	\$3,000

SEP

EMPLOYER CONTRIBUTION LIMITS	2023	2022
Minimum Employee Compensation	\$750	\$650
Maximum Employee Compensation	\$330,000	\$305,000
Maximum Employer Contribution, smaller of 25% or:	\$66,000	\$61,000

Alternative Minimum Tax (AMT) Exemption

TAXPAYER STATUS	EXEMPTION	PHASE-OUT INCOME LEVEL
Single	\$81,300	\$578,150
Married, filing jointly	\$126,500	\$1,156,300
Married, filing separately	\$63,250	\$578,150

AMT ordinary income tax rate increases from 26% to 28% for alternative minimum taxable income over \$206,100 for married/filing jointly, qualified widow(er), and single.

Deduction Limitations

STATE AND LOCAL TAXES (SALT)

Individuals may deduct state and local income taxes or sales taxes and real and personal property taxes up to \$10,000 (\$5,000 if married filing separately).

MORTGAGE INTEREST

Deduction on interest for qualifying mortgages up to \$750,000 (\$375,000 if married filing separately; homes under agreement before 12/15/17 for purchase prior to 1/1/18 (provided purchase occurred by 4/1/18) grandfathered under previous \$1,000,000 (\$500,000 if married filing separately) limits.

Interest on home equity lines of credit deductible in certain cases where proceeds are utilized to acquire or improve a residence.

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