

# Key Retirement and Tax Numbers for 2020



Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2020.

## Employer retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$19,500 in compensation in 2020 (up from \$19,000 in 2019); employees age 50 and older can defer up to an additional \$6,500 in 2020 (up from \$6,000 in 2019).
- Employees participating in a SIMPLE retirement plan can defer up to \$13,500 in 2020 (up from \$13,000 in 2019), and employees age 50 and older can defer up to an additional \$3,000 in 2020 (the same as in 2019).

## IRAs

The combined annual limit on contributions to traditional and Roth IRAs is \$6,000 in 2020 (the same as in 2019), with individuals age 50 and older able to contribute an additional \$1,000. For individuals who are covered by a workplace retirement plan, the deduction for contributions to a traditional IRA phases out for the following modified adjusted gross income (MAGI) ranges:

	2019	2020
<b>Single/head of household (HOH)</b>	\$64,000 - \$74,000	\$65,000 - \$75,000
<b>Married filing jointly (MFJ)</b>	\$103,000 - \$123,000	\$104,000 - \$124,000
<b>Married filing separately (MFS)</b>	\$0 - \$10,000	\$0 - \$10,000

**Note:** The 2020 phaseout range is \$196,000 - \$206,000 (up from \$193,000 - \$203,000 in 2019) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered.

The modified adjusted gross income phaseout ranges for individuals to make contributions to a Roth IRA are:

	2019	2020
<b>Single/HOH</b>	\$122,000 - \$137,000	\$124,000 - \$139,000
<b>MFJ</b>	\$193,000 - \$203,000	\$196,000 - \$206,000
<b>MFS</b>	\$0 - \$10,000	\$0 - \$10,000

## Estate and gift tax

- The annual gift tax exclusion for 2020 is \$15,000, the same as in 2019.
- The gift and estate tax basic exclusion amount for 2020 is \$11,580,000, up from \$11,400,000 in 2019.

## Kiddie tax

Under the kiddie tax rules, unearned income above \$2,200 in 2020 (the same as in 2019) is taxed using the trust and estate income tax brackets. The kiddie tax rules apply to: (1) those under age 18, (2) those age 18 whose earned income doesn't exceed one-half of their support, and (3) those ages 19 to 23 who are full-time students and whose earned income doesn't exceed one-half of their support.

## Standard deduction

	2019	2020
<b>Single</b>	\$12,200	\$12,400
<b>HOH</b>	\$18,350	\$18,650
<b>MFJ</b>	\$24,400	\$24,800
<b>MFS</b>	\$12,200	\$12,400

**Note:** The additional standard deduction amount for the blind or aged (age 65 or older) in 2020 is \$1,650 (the same as in 2019) for single/HOH or \$1,300 (the same as in 2019) for all other filing statuses. Special rules apply if you can be claimed as a dependent by another taxpayer.

## Alternative minimum tax (AMT)

	2019	2020
<b>Maximum AMT exemption amount</b>		
<b>Single/HOH</b>	\$71,700	\$72,900
<b>MFJ</b>	\$111,700	\$113,400
<b>MFS</b>	\$55,850	\$56,700
<b>Exemption phaseout threshold</b>		
<b>Single/HOH</b>	\$510,300	\$518,400
<b>MFJ</b>	\$1,020,600	\$1,036,800
<b>MFS</b>	\$510,300	\$518,400
<b>26% rate on AMTI* up to this amount, 28% rate on AMTI above this amount</b>		
<b>MFS</b>	\$97,400	\$98,950
<b>All others</b>	\$194,800	\$197,900

\*Alternative minimum taxable income