## SECURE ACT 2.0-2023 CHANGES

## RMD Age Goes Up To 73 - And More

Whether you're a few years from retirement or decades away, many new rules in the long-awaited SECURE Act 2.0 of 2022 could have a significan impact on the way you plan, invest, and withdraw your retirement plan funds.

- SECURE 2.0 will have the greatest impact by providing more time for workers to accumulate retirement assets before they have to start mandatory withdrawals, known as required minimum distributions (RMDs). Formerly set at age 72, RMDs must start at age 73 in 2023.
- RMD Penalties Go Down: If you fail to take your RMDs on time in 2023, it will still cost-but not as much. That penalty now drops from $50 \%$ of the RMD amount not withdrawn on schedule to $25 \%$. That penalty will shrink to $10 \%$ for IRA holders if they withdraw the RMD amount that hadn't been taken and submit a corrected tax return in a timely manner
- Employers can elect to match Roth 401(k) contributions just as they would with ordinary $401(\mathrm{k})$ s. However, before this new law, those matching Roth funds would have to be placed in an ordinary 401(k) on a pre-tax basis. In 2023, employers can let workers choose whether their matching amount will go directly into an ordinary 401(k) or a Roth. Also, the new law adds SEP-IRAs and SIMPLE IRAs to the list of employee plans that are allowed to accept Roth contributions.
- Employees will be able to withdraw up to $\$ 1,000$ per year from their qualified employer 401(k) plan penalty-free for emergencies-as long as they repay those funds within three years. Income tax is still due on the withdrawal but without the typical $10 \%$ penalty employees under age 59 $1 / 2$ would have to pay. If the withdrawal is not repaid within three years, employees will be required to wait until the three-year period ends before being allowed to make another emergency withdrawal.
- The previous SECURE Act allowed employees to withdraw retirement funds for qualified birth or adoption expenses without the typical $10 \%$ penalty and no repayment deadline. Now, there's a three-year deadline for full repayment to avoid the penalty.
- Four new exceptions to the $10 \%$ early withdrawal penalties starting with terminal illness in 2023, and cases of domestic abuse, financial emergency, and natural disaster in 2024.
- For individuals who use charitable gift annuities, charitable remainde unitrusts, and charitable remainder annuity trusts to make charitable contributions, SECURE Act 2.0 allows a one-time gift of up to $\$ 50,000$ through those vehicles. Also, the current $\$ 100,000$ limit for qualified charitable distributions (QCDs) will now be indexed for inflation.

|  | STANDARD MILEAGE RATES |  |
| :--- | :---: | :---: |
| Use | $\mathbf{2 0 2 3}$ | 2022 |
| Business | .655 per mile | $.585 / .625$ per mile* |
| Moving | .22 per mile** | $.18 / .22$ per mile** |
| Medical | .22 per mile | $.18 / .22$ per mile |
| Charitable | .14 per mile | .14 per mile |

*Mileage rate from 01-06 $=.585$ per mile from 07-12 $=.625$ per mile.
${ }^{* *}$ For members of the U.S. Armed Forces (or their spouse or dependents).

2023 FEDERAL TRUST AND ESTATE TAX

## Estate Taxes

|  | $\mathbf{2 0 2 3}$ | $\mathbf{2 0 2 2}$ |
| :--- | :--- | :---: |
| Estate tax exemption/Unified tax credit | $\$ 12,920,000$ | $\$ 12,060,000$ |
| Married Couple Estate Exemption | $\$ 25,840,000$ | $\$ 24,120,000$ |
| Top estate tax rate | $40 \%$ | $40 \%$ |
| Gift Taxes |  |  |
|  | $\mathbf{2 0 2 3}$ | $\mathbf{2 0 2 2}$ |
| Lifetime gift tax exemption | $\$ 12,920,000$ | $\$ 12,060,000$ |
| Annual gift tax exclusion | $\$ 17,000$ | $\$ 16,000$ |
| $\quad$ Gifts per person | $\$ 34,000$ | $\$ 32,000$ |
| $\quad$ Joint gifts by spouse | $40 \%$ | $40 \%$ |

2023 FEDERAL TRUST AND ESTATE TAX

| If taxable income is: | The tax is: |
| :--- | :--- |
| $\$ \quad 0-\$ 2,900$ | $10 \%$ of the taxable income |
| $\$ 2,901-\$ 10,550$ | $\$ 290.00+24 \%$ of excess over $\$ 2,950$ |
| $\$ 10,551-\$ 14,450$ | $\$ 2,126.00+35 \%$ of excess over $\$ 10,550$ |
| $\$ 14,451$ or more | $\$ 3,491.00+37 \%$ of excess over $\$ 14,450$ |.

LONG-TERM CARE INSURANCE

| If you are: | You may deduct this much of <br> your annual premiums |  |
| :--- | :---: | :---: |
| Over 70 | $\mathbf{2 0 2 3}$ |  |
| 61 to 70 | $\$$ | 5,960 |
| $\mathbf{2 0 2 2}$ |  |  |
| 51 to 60 | $\$$ | 4,770 |
| 41 to 50 | $\$$ | 1,790 |
| 40 and under | $\$$ | 890 |

CAPITAL GAINS - 2023 \& 2022

| Holding Period | Top Capital Gains Rate |  |
| :--- | :---: | :---: |
|  | $\mathbf{2 0 2 3}$ | $\mathbf{2 0 2 2}$ |
| 12 months or less | $37 \%^{1}$ | $37 \%^{1}$ |
| More than 12 months | $20 \%^{1,2}$ | $20 \%^{1,2}$ |
| Depreciation recapture on real estate | $25 \%$ | $25 \%$ |
| Collectibles and certain <br> small business stock | $28 \%$ | $28 \%$ |

${ }^{1}$ Capital gain rates may be subject to an additional $3.8 \%$ Medicare tax.
${ }^{2}$ Rate for taxpayers in the top income tax bracket. (Middle income tax brackets pay 15\%.)
COVERDELL ESAS - 2023 \& 2022
2023
2022

- Contribution limit $\$ 2,000$ per beneficiary $\$ 2,000$ per beneficiary
- AGI phaseouts:*

Joint filers
Individual filers
\$ 190,000-\$220,000 \$190,000-\$220,000

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## 2023 TAX POCKET TABLES <br> Updated With SECURE Act 2.0

2023 INDIVIDUAL INCOME TAX RATES*

## Married Filing Jointly or Qualifying Widow (Widower)

| If Taxable Income Is Between: |  |  | Your Tax Is: |  | Of Amount Over: |
| :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 0-\$ | 22,000 |  | ..10\% | \$ 0 |
| \$ | 22,000 - \$ | 89,450 | \$ | 2,200 + 12\% | \$ 22,000 |
| \$ | 89,450-\$ | 190,750 | \$ | 10,294 + 22\% | \$ 89,450 |
| \$ | 190,750-\$ | 364,200 | \$ | 32,580 + 24\% | \$ 190,750 |
| \$ | 364,200 - \$ | 462,500 | \$ | 74,208 + 32\% | \$ 364,200 |
| \$ | 462,500 - \$ | 693,750 | \$ | 105,664 + 35\% | \$ 462,500 |
| \$ | 693,750 and | above | \$ | 186,602 + 37\% | \$ 693,750 |

## Married Filing Separately



| If Taxable Income Is Between: |  |  | Your Tax Is: |  | Of Amount Over: |
| :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | $0-\$$ | 15,700 |  | . $10 \%$ | \$ 0 |
| \$ | 15,700-\$ | 59,850 | \$ | 1,570 + 12\% | \$ 15,700 |
| \$ | 59,850-\$ | 95,350 | \$ | 6,868 + 22\% | \$ 59,850 |
| \$ | 95,350-\$ | 182,100 | \$ | 14,678 + 24\% | \$ 95,350 |
| \$ | 182,100-\$ | 231,250 | \$ | $35,498+32 \%$ | \$ 182,100 |
| \$ | 231,250-\$ | 578,100 | \$ | 51,226 + 35\% | \$ 231,250 |
|  | 578,100 and | above | \$ | 172,624 + 37\% | \$ 578,100 |

The 2023 tax rate on qualified dividends is $\mathbf{0 \%} \% \mathbf{1 5 \%}$ or $\mathbf{2 0 \%}$, (plus a $3.8 \%$ Medicare Surtax on the $20 \%$ bracket) depending on your taxable income and filing status. Note: TAX AMOUNTS HAVE BEEN ROUNDED UP

| FILING STATUS STANDARD DEDUCTION |  |  |
| :--- | :---: | :---: |
|  | $\mathbf{2 0 2 3}$ | $\mathbf{2 0 2 2}$ |
| Single; Married Filing Separately | $\$ 13,850$ | $\$ 12,950$ |
| Married Filing Jointly; Surviving Spouse | $\$ 27,700$ | $\$ 25,900$ |
| Head of Household | $\$ 20,800$ | $\$ 19,400$ |

If you're at least 65 years old or blind, you can claim an additional standard deduction of $\$ 1,500$ in 2023 ( $\$ 1,850$ if you're claiming the single or head of household filing status). If you're both 65 or older and blind, the additional deduction amount is doubled.

2022 INDIVIDUAL INCOME TAX RATES*

## Married Filing Jointly or Surviving Spouse



| If Taxable Income Is Between: |  |  | Your Tax Is: |  | Of Amount Over: |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 0-\$ | 10,275 |  | .10\% | \$ | 0 |
| \$ | 10,276-\$ | 41,775 | \$ | 1,028 + 12\% | \$ | 10,275 |
| \$ | 41,776-\$ | 89,075 | \$ | 4,808 + 22\% | \$ | 41,775 |
| \$ | 89,076 - \$ | 170,050 | \$ | 15,214 + 24\% | \$ | 89,075 |
| \$ | 170,051-\$ | 215,950 | \$ | $34,648+32 \%$ | \$ | 170,050 |
| \$ | 215,951-\$ | 323,925 | \$ | 49,336 + 35\% | \$ | 215,950 |
| \$ | 323,926 and | above | \$ | 86,127 + $37 \%$ | \$ | 323,925 |

## Single

| If Taxable Income Is Between: |  |  | Your Tax Is: |  | Of Amount Over: |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | \$ 0 -\$ | 10,275 |  | .10\% | \$ 0 |
|  | \$ 10,276-\$ | 41,775 | \$ | 1,028 + 12\% | \$ 10,275 |
|  | \$ 41,776-\$ | 89,075 | \$ | 4,808 + 22\% | \$ 41,775 |
|  | \$ 89,076-\$ | 170,050 | \$ | 15,214 + 24\% | \$ 89,075 |
|  | \$ 170,051 - \$ | 215,950 | \$ | $34,648+32 \%$ | \$ 170,050 |
|  | \$ 215,951 - \$ | 539,900 | \$ | $49,336+35 \%$ | \$ 215,950 |
|  | \$ 539,901 and | above | \$ | $162,718+37 \%$ | \$ 539,900 |

## Head of Household

| If Taxable Income | Your Tax Is: |  | Of Amount <br> Over: |  |
| :--- | ---: | ---: | ---: | ---: |
| Is Between: |  |  |  |  |

The 2022 tax rate on qualified dividends is $0 \%, 15 \%$ or $20 \%$, (plus a 3.8\% Medicare Surtax on the $\mathbf{2 0 \%}$ bracket) depending on your taxable income and filing status. Note: TAX AMOUNTS HAVE BEEN ROUNDED UP

| PERSONAL EXEMPTIONS |  |  |  |
| :---: | :---: | :---: | :---: |
| Deduction for each taxpayer, | 2018-2025 |  | 2017 |
| spouse, and dependent * | \$0 | \$ | 4,050 |
| There is an AGI phaseout beginning at: |  |  |  |
| Married, filing jointly | \$0 | \$ | 313,800 |
| Married, filing separately | \$0 | \$ | 156,900 |
| Single | \$0 | \$ | 261,500 |
| Head of household | \$0 | \$ | 287,650 |

*There are no personal exemption amounts for 2018 through 2025

Indexed Contribution \& Benefit Limits for Qualified Plans

| Type of Plan |  | 2023 |  | 2022 |
| :---: | :---: | :---: | :---: | :---: |
| Individual Retirement Accounts (IRAs)* | \$ | 6,500 | \$ | 6,000 |
| Section 401(k) plans or SAR-SEPs* | \$ | 22,500 | \$ | 20,500 |
| Section 403(b) plans* | \$ | 22,500 | \$ | 20,500 |
| Section 408(p)(2)(E) SIMPLE contributions* | \$ | 15,500 | \$ | 14,000 |
| Section 457(b)(2) limit* | \$ | 22,500 | \$ | 20,500 |
| Section 415 limit for: |  |  |  |  |
| Defined contribution plans | \$ | 66,000 | \$ | 61,000 |
| Defined benefit plans | \$ | 265,000 | \$ | 245,000 |
| Highly compensated employees Section 414(q) | \$ | 150,000 | \$ | 135,000 |
| FICA taxable wage base |  |  |  |  |
| Social Security | \$ | 160,200 | \$ | 147,000 |
| Medicare (tax rate 1.45\% for employees; 2.90\% for self-employed) |  | No limit |  | No limit |
| * Age 50 additional contributions |  |  |  |  |
| 401(k) type plans | \$ | 7,500 | \$ | 6,500 |
| SIMPLEs | \$ | 3,500 | \$ | 3,000 |
| IRAs | \$ | 1,000 | \$ | 1,000 |

## Roth IRAs

| AGI limit for maximum contributions: | 2023 | 2022 |
| :--- | :---: | ---: |
| Joint filers | $\$ 218,000$ | $\$ 214,000$ |
| Individual filers | $\$ 138,000$ | $\$ 144,000$ |

Traditional IRAs

| AGI limits for full deductions: | 2023 | 2022 |
| :--- | :---: | :---: |
| Joint filers | $\$ 116,000$ | $\$ 109,000^{*}$ |
| Individual filers | $\$ 73,000$ | $\$ 68,000$ |
| * Depending on whether you or your spouse are covered by a plan at work. |  |  |

Depending on whether you or your spouse are covered by a plan at work.
The income limit on converting traditional IRAs to Roth IRAs was eliminated in 2010.

| SOCIAL SECURITY |  |  |  |
| :---: | :---: | :---: | :---: |
| Annual Earned Income Limit | 2023 |  | 2022 |
| Under full retirement age | \$ 21,240 |  | 19,560 |
| Full retirement age | No Limit |  | o Limit |
| For people reaching full retirement age in 2023, the limit is $\$ 56,520$ for months prior to attainment. Beginning the month in which they turn full retirement age, there is no limit. |  |  |  |
| HEALTH SAVINGS ACCOUNTS |  |  |  |
| Contribution Limits | 2023 |  | 2022 |
| Individual, self-only | \$ 3,850 | \$ | 3,650 |
| Family Coverage | \$ 7,750 | \$ | 7,300 |
| Catch-up for those |  |  |  |
| age 55 and older | \$ 1,000 |  | 1,000 |

For 2023, the minimum deductible for a high-deductible health plan (HDHP) is \$1,500 For 2023, the minimum deductible for a high-deductible health plan (HDHP) is \$1,500 limit is $\$ 7,500$ for self-only coverage and $\$ 15,000$ for family plans.

| ALTERNATIVE MINIMUM TAX |  |  |
| :--- | ---: | ---: |
| AMT Exemptions | $\mathbf{2 0 2 3}$ | $\mathbf{2 0 2 2}$ |
| Married, filing jointly | $\$ 126,500$ | $\$ 118,100$ |
| Married, filing separately | $\$ 83,250$ | $\$ 59,050$ |
| Single/Head of household | $\$ 81,300$ | $\$ 75,900$ |

