



Advanced Markets

2020 Fingertip Tax Guide

This Guide has been updated to reflect 2020 tax changes related to individual income taxes, transfer taxes, business taxes, retirement contribution limits and more. Please note that under the Tax Cuts and Jobs Act (TCJA) of 2017, many of the provisions of this tax act that affect individual taxpayers are set to expire at the end of 2025, reverting to pre-TCJA law.

Additionally, for tax years 2018 and beyond, inflation indexing incorporates “chained CPI-U” which is slightly different than the “CPI-U” that was required prior to 2018. This affects several figures in this guide (e.g., tax brackets, applicable exclusion).

Income taxes 2020

If taxable income is¹:

	Over	But not over	The tax is	Of the amount over
Married filing jointly	\$0	\$19,750	\$0 + 10%	\$0
	\$19,750	\$80,250	\$1,975 + 12%	\$19,750
	\$80,250	\$171,050	\$9,235 + 22%	\$80,250
	\$171,050	\$326,600	\$29,211 + 24%	\$171,050
	\$326,600	\$414,700	\$66,543 + 32%	\$326,600
	\$414,700	\$622,050	\$94,735 + 35%	\$414,700
	\$622,050	—	\$167,307.50 + 37%	\$622,050
Single	\$0	\$9,875	\$0 + 10%	\$0
	\$9,875	\$40,125	\$987.50 + 12%	\$9,875
	\$40,125	\$85,525	\$4,617.50 + 22%	\$40,125
	\$85,525	\$163,300	\$14,605.50 + 24%	\$85,525
	\$163,300	\$207,350	\$33,271.50 + 32%	\$163,300
	\$207,350	\$518,400	\$47,367.50 + 35%	\$207,350
	\$518,400	—	\$156,235 + 37%	\$518,400
Estates and trusts	\$0	\$2,600	\$0 + 10%	\$0
	\$2,600	\$9,450	\$260 + 24%	\$2,600
	\$9,450	\$12,950	\$1,904 + 35%	\$9,450
	\$12,950	—	\$3,129 + 37%	\$12,950

Alternative minimum tax exemption amounts

	2019	2020
Married filing jointly	\$111,700	\$113,400
Single	\$71,700	\$72,900
Married filing separately	\$55,850	\$56,700
Head of household	\$71,700	\$72,900

Kiddie tax

Under age 19²

	2019*	2020	Income tax bracket
Income <	\$1,100	\$1,100	No tax
Earned income >	\$1,100	\$1,100	Child's bracket
Investment income <	\$2,200	\$2,200	Child's bracket
Investment income >	\$2,200	\$2,200	Parent's bracket

Standard deductions

	2019	2020
Married filing jointly	\$24,400	\$24,800
Single	\$12,200	\$12,400
Married filing separately	\$12,200	\$12,400
Head of household	\$18,350	\$18,650

Itemized deduction phaseout

Tax years 2018-2025

Married filing jointly	The phaseout for itemized deductions for taxpayers with income above certain thresholds is eliminated until 2026.
Single	
Married filing separately	
Head of household	

Personal exemption

Tax years 2018-2025

Personal exemption	The personal exemption and corresponding phaseout of the exemption for taxpayers with income above certain thresholds is eliminated until 2026.
Phaseout income range: Married filing jointly	
Phaseout income range: Single	
Phaseout income range: Married filing separately	
Phaseout income range: Head of household	

* For 2019 tax year, taxpayer will need to make an election to follow the rules described herein. If no election is provided, child's net unearned income is effectively taxed according to the ordinary income rates applicable to trusts and estates.

Net investment income tax thresholds

3.8% Medicare surcharge

	2019	2020
Married filing jointly	\$250,000	Same as previous year
Married filing separately	\$125,000	
Any other filing status	\$200,000	

Medicare tax thresholds

0.9% Additional tax on earned income

	2019	2020
Married filing jointly	\$250,000	Same as previous year
Married filing separately	\$125,000	
Any other filing status	\$200,000	

Qualified plans

	2019	2020
Maximum elective deferral to retirement plans (e.g., 401(k), 403(b) & 457(b) plans) ³	\$19,000	\$19,500
401(k) age 50+ catch-up contribution limit	\$6,000	\$6,500
Maximum IRA contribution limit	\$6,000	\$6,000
IRA age 50+ catch-up contribution limit	\$1,000	\$1,000
Maximum elective deferral to SIMPLE plan	\$13,000	\$13,500
SIMPLE plan age 50+ catch-up contribution limit	\$3,000	\$3,000
Annual includible compensation limit	\$280,000	\$285,000
Defined contribution plan annual addition limit	\$56,000	\$57,000
Highly compensated employee compensation limit	\$125,000	\$130,000
Annual retirement benefit limit under defined benefit plans (not to exceed 100% of compensation)	\$225,000	\$230,000

Roth IRA income limits for contributions

	2019	2020
Married filing jointly	\$193,000 - \$203,000	\$196,000 - \$206,000
Single, head of household, or married filing separately	\$122,000 - \$137,000	\$124,000 - \$139,000

2020 Capital gains tax

Capital gains rate on collectibles	28%	
Long-term capital gains rates (other than collectibles and qualified business stock)*	Single	Married filing jointly
0%	\$40,000 or below	\$80,000 or below
15%	\$40,000 - \$441,450	\$80,000 - \$496,600
20%	Over \$441,450	Over \$496,600

Long-Term Care

Periodic payments received under qualified long-term care insurance contracts or under certain life insurance contracts

	2019	2020
Per diem limit	\$370	\$380

Deduction for Eligible Long-Term Care Premiums per IRC 213(d)(10)

	2019	2020
Age 40 or less	\$420	\$430
Over age 40 but not more than 50	\$790	\$810
Over age 50 but not more than 60	\$1,580	\$1,630
Over age 60 but not more than 70	\$4,220	\$4,350
More than 70	\$5,270	\$5,430

Social Security benefits

Maximum annual earnings before social security benefits are reduced

	2019	2020
Before full retirement age (lose \$1 for every \$2 of earnings)	\$17,640	\$18,240
Year of full retirement age (lose \$1 for every \$3 of earnings)	\$46,920	\$48,600
After full retirement age	No limit	No limit

FICA income limits

Maximum compensation subject to FICA taxes

	2019	2020
OASDI (Old-age, survivors and disability insurance; social security maximum)	\$132,900	\$137,700
HI (Hospital insurance; Medicare maximum)	No limit	No limit

* Qualified Dividends are taxed the same as capital gains.

Corporations

	2019	2020
C corporations	21% flat tax	Same as previous year
Pass-through businesses (s corporations, partnerships) and sole proprietors	Tax rate of owner, but up to 20% deduction on “qualified business income”**	Same as previous year

2020 Estate & gift taxes

Over	But not over	The tax is	Of the amount over	Tax exemptions for 2020
\$0	\$10,000	\$0 + 18%	\$0	Annual gift tax exclusion: Individual donor may gift \$15,000 per donee
\$10,000	\$20,000	\$1,800 + 20%	\$10,000	
\$20,000	\$40,000	\$3,800 + 22%	\$20,000	Gift tax exemption: \$11,580,000
\$40,000	\$60,000	\$8,200 + 24%	\$40,000	
\$60,000	\$80,000	\$13,000 + 26%	\$60,000	Estate and generation-skipping transfer tax exemption: \$11,580,000
\$80,000	\$100,000	\$18,200 + 28%	\$80,000	
\$100,000	\$150,000	\$23,800 + 30%	\$100,000	Annual gift tax exclusion for a non-citizen spouse: \$157,000
\$150,000	\$250,000	\$38,800 + 32%	\$150,000	
\$250,000	\$500,000	\$70,800 + 34%	\$250,000	Maximum gift tax rate: 40%
\$500,000	\$750,000	\$155,800 + 37%	\$500,000	
\$750,000	\$1,000,000	\$248,300 + 39%	\$750,000	
\$1,000,000	—	\$345,800 + 40%	\$1,000,000	

Estate tax rates and exemptions

Year	Top estate tax rate	Estate tax exemption	Applicable credit
2010	0% ⁴ /35%	\$0 ⁴ /5,000,000	\$0 ⁴ /1,730,800
2011	35%	\$5,000,000	\$1,730,800
2012	35%	\$5,120,000	\$1,772,800
2013	40%	\$5,250,000	\$2,045,800
2014	40%	\$5,340,000	\$2,081,800
2015	40%	\$5,430,000	\$2,117,800
2016	40%	\$5,450,000	\$2,125,800
2017	40%	\$5,490,000	\$2,141,800
2018	40%	\$11,180,000	\$4,417,800
2019	40%	\$11,400,000	\$4,505,800
2020	40%	\$11,580,000	\$4,577,800

Note: The TCJA increased the gift, estate, and GST tax exemptions to \$10M (indexed for inflation), but these exemptions are scheduled to expire and revert back to \$5M (indexed for inflation) after 12/31/2025. In November 2019, final regulations were issued clarifying that there will be no “clawback” of any unified credit used before 2026 when the exemption reverts to a \$5 million exemption (indexed for inflation). Please consult Advanced Markets for more information.

** Subject to strict rules and testing requirements; deduction unavailable for specified service-oriented businesses where owner’s income exceeds certain limits.

For additional information, please contact your local
John Hancock Representative.

1. The rates listed are for the regular income tax. Some taxpayers may be subject to the Alternative Minimum Tax (AMT) instead; every taxpayer is responsible for paying the higher of the regular income tax or the AMT.
2. The kiddie tax applies to children ages 19–24: 1) who are full-time students, 2) whose earned income does not exceed one-half of their support, and 3) who do not file a joint tax return.
3. The contribution limit is the same for regular and Roth 401(k) plans; a total of \$19,500 can be contributed in 2020 to one or both types of 401(k) plans.
4. In 2010, decedents had the choice between full estate tax repeal but with carryover basis or exposure to estate tax with a \$5M exemption and a maximum tax rate of 35%.

This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material. All information and materials provided by John Hancock are to support the marketing and sale of our products and services, and are not intended to be impartial advice or recommendations. John Hancock and its representatives will receive compensation from such sales or services. Anyone interested in these transactions or topics may want to seek advice based on his or her particular circumstances from independent advisors.

Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

©2020 John Hancock. All rights reserved.

MLINY121219065 Page 6 of 6. Not valid without all pages.

INSURANCE PRODUCTS		
Not FDIC Insured	Not Bank Guaranteed	May Lose Value
Not a Deposit	Not Insured by Any Government Agency	