

2023 Tax Summary



Insurance | Risk Management | Consulting

Federal income tax rates

Taxable income between:

Single ¹	
\$0-\$11,000	10%
\$11,000-\$44,725	12%
\$44,725-\$95,375	22%
\$95,375-\$182,100	24%
\$182,100-\$231,250	32%
\$231,250-\$578,125	35%
Over \$578,125	37%
Married, filing jointly ¹	
\$0-\$22,000	10%
\$22,000-\$89,450	12%
\$89,450-\$190,750	22%
\$190,750-\$364,200	24%
\$364,200-\$462,500	32%
\$462,500-\$693,750	35%
Over \$693,750	37%
Head of household (HOH) ¹	
\$0-\$15,700	10%
\$15,700-\$59,850	12%
\$59,850-\$95,350	22%
\$95,350-\$182,100	24%
\$182,100-\$231,250	32%
\$231,250-\$578,100	35%
Over \$578,100	37%
Married, filing separately ¹	
\$0-\$11,000	10%
\$11,000-\$44,725	12%
\$44,725-\$95,375	22%
\$95,375-\$182,100	24%
\$182,100-\$231,250	32%
\$231,250-\$346,875	35%
Over \$346,875	37%
Estates and trusts ¹	
\$0-\$2,900	10%
\$2,900-\$10,550	24%
\$10,550-\$14,450	35%
Over \$14,450	37%
Standard deduction ¹	
Single	\$13,850
Married, filing jointly	\$27,700
Head of household	\$20,800
Married, filing separately	\$13,850

Additional standard deduction for taxpayers who are age 65 or older, or who are blind: \$1,500 for married; \$1,850 for unmarried and not a surviving spouse.

Kiddie tax exemption¹ \$2,500

A "kiddie" is under age 18; or age 18 provided child's earned income does not exceed ½ of his/her support; or ages 19-23 if full-time student and earned income does not exceed ½ of support.

Rates for long-term capital gains and qualified dividends^{1,2}

	Individuals	Head of Household	Married, filing jointly	Married, filing separately	Estates and trusts
0%	\$0-\$44,625	\$0-\$59,750	\$0-\$89,250	\$0-\$44,625	\$0-\$3,000
15%	\$44,625-\$492,300	\$59,750-\$523,050	\$89,250-\$553,850	\$44,625-\$276,900	\$3,000-\$14,650
20%	Over \$492,300	Over \$523,050	Over \$553,850	Over \$276,900	Over \$14,650
28%	Collectibles				

IRA⁴

IRA contribution (under age 50)	\$6,500
IRA contribution (50 and older)	\$7,500
Single or HOH phase-out	\$73,000-\$83,000
Married, filing jointly	\$116,000-\$136,000
Married, filing separately	\$0-\$10,000
Spousal IRA	\$218,000-\$228,000

Individual 401(k)⁴

Employer contribution	Up to 25% of compensation
Employee salary deferral (under 50)	\$22,500
Employee salary deferral (50 and older)	\$30,000
Total employer and employee	\$66,000 (\$73,500 age 50 and older)

Other qualified plans⁴

401(k), 403(b), ⁵ governmental 457(b), ⁶ and SARSEP elective deferral (under age 50)	\$22,500
401(k), 403(b), ⁵ governmental 457(b), ⁶ and SARSEP elective deferral (age 50 and older)	\$30,000
Limit on additions to defined contribution plans	\$66,000
Annual benefit limit on defined benefit plans	\$265,000
Highly compensated employee makes	\$150,000
Maximum compensation taken into account for qualified plans	\$330,000
HSA contribution individual coverage ^{12,14}	\$3,850
HSA contribution family coverage ^{12,14}	\$7,750

Federal gift and estate tax¹

Gift tax annual exclusion	\$17,000
Annual exclusion for gift to noncitizen spouse	\$175,000
Highest estate and gift tax rate ¹⁵	40%
Unified estate and gift tax credit amount ¹	\$12,920,000
Generation-skipping transfer tax exclusion ¹	\$12,920,000

Unused credit can pass to the surviving spouse if decedent spouse elects on Form 706.

Phase-out of Roth IRA contribution eligibility⁴

Single phase-out	\$138,000-\$153,000
Married, filing jointly	\$218,000-\$228,000
Married, filing separately	\$0-\$10,000

SEP^{4,11}

SEP contribution	Up to 25% of compensation (limit \$66,000)
Minimum compensation participant	\$750

SIMPLE⁴

SIMPLE elective deferral (under age 50)	\$15,500
SIMPLE elective deferral (50 and older)	\$19,000

3.8% Medicare surtax thresholds³

Single or HOH	\$200,000
Married, filing jointly	\$250,000
Married, filing separately	\$125,000
Estates and trusts ^{1,3}	\$14,450

The tax is assessed on the lesser of the amount of income over the threshold or the amount of net investment income.

Social security⁷

Maximum earnings (during working years) subject to payroll tax ⁷	\$160,200
Social security payroll tax ⁷	Employees pay 7.65% Self-employed pay 15.30%
Additional 0.9% high-income payroll tax for wages in excess of ¹⁰	
Single or HOH	\$200,000
Married, filing jointly	\$250,000
Married, filing separately	\$125,000
Income ⁹ (in retirement) causing social security benefits to be taxable ⁹	
Single or HOH	
Up to 50% taxable	\$25,000 MAGI
Up to 85% taxable	\$34,000 MAGI
Married, filing jointly	
Up to 50% taxable	\$32,000 MAGI
Up to 85% taxable	\$44,000 MAGI

Max earnings (from a job) between age 62 and full (normal) social security retirement age before social security benefits are reduced \$1 for every \$2 above \$21,240. For individuals who reach FRA in 2023, \$1 for every additional \$3 earned: \$56,520 up until first of month of birthday. There after unlimited.⁷

Education

Student loan interest deduction ¹	\$2,500
PHASE-OUT: ¹	Single \$75,000-\$90,000 Married, filing jointly \$155,000-\$185,000
American opportunity tax credit (hope scholarship credit) ¹²	
Maximum \$2,500 (100% of first \$2,000+25% of next \$2,000 of eligible expenses)	
PHASE-OUT: ¹²	Single \$80,000-\$90,000 Married, filing jointly \$160,000-\$180,000
Lifetime learning credit ¹²	20% of qualified expenses up to \$10,000
PHASE-OUT: ^{1,12,15}	Single or HOH \$80,000-\$90,000 Married, filing jointly \$160,000-\$180,000

LTC^{1,10}

Maximum premium amount allowed as a medical expense (deductible to extent all medical expenses exceed 7.5% AGI)¹⁵

Age 40 or less	\$480
More than age 40 but not more than 50	\$890
More than age 50 but not more than 60	\$1,790
More than age 60 but not more than 70	\$4,770
More than age 70	\$5,960

¹Rev. Proc. 2022-38.

²IRC Sec. 1 (j)(1),(2),(4),(5)(B).

³IRC Sec. 1411.

⁴IRS Notice 2022-55.

⁵Additional catch-up contributions may be available for 403(b) participants with 15 or more years of service. Treas. Reg. 1.403(b)-4(c)(3).

⁶In last three years pre-retirement, governmental 457(b) participants may be able to increase elective deferral if needed to catch up on missed contributions. IRC Sec. 457(b)(3).

⁷"2023 social security changes," fact sheet, social security administration.

⁸Most income, including municipal bond interest, but only ½ of social security benefits.

⁹IRC Sec. 86.

¹⁰IRC Sec. 3101(b)(2).

¹¹IRC Sec. 402(h)(2).

¹²IRC Sec. 25A (c),(i).

¹³IRC Sec. 2001(c).

¹⁴Rev. Proc. 2022-24.

¹⁵Consolidated Appropriations Act, 2021.

INVESTMENT AND INSURANCE PRODUCTS ARE:

- NOT FDIC INSURED •NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
- NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, THE BANK OR ANY OF ITS AFFILIATES
- SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED

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The Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 of 2022 increases the age for required minimum distributions (RMDs) for all qualified retirement plans to age 73. IRA owners who were born June 30, 1949 or prior must continue to take RMDs under the previous rules. The required minimum distribution (RMD) for any year is calculated as the December 31 value of the prior year (plus the actuarial present value of any additional benefit provided within the annuity contract) divided by the RMD factor from the appropriate table.

Uniform Lifetime Table²

For use by:

- Unmarried IRA owners
- Married IRA owners whose spouses are not more than 10 years younger
- Married IRA owners whose spouses are not the sole beneficiaries of their IRAs

(For married IRA owners whose spouses are more than 10 years younger, use Joint Life Table from Treas. Reg. 1.401(a)(9)-9(c).)

Uniform Lifetime Table ¹ (for RMD purposes)			
Age	Distribution period	Age	Distribution period
72	27.4	97	7.8
73	26.5	98	7.3
74	25.5	99	6.8
75	24.6	100	6.4
76	23.7	101	6.0
77	22.9	102	5.6
78	22.0	103	5.2
79	21.1	104	4.9
80	20.2	105	4.6
81	19.4	106	4.3
82	18.5	107	4.1
83	17.7	108	3.9
84	16.8	109	3.7
85	16.0	110	3.5
86	15.2	111	3.4
87	14.4	112	3.3
88	13.7	113	3.1
89	12.9	114	3.0
90	12.2	115	2.9
91	11.5	116	2.8
92	10.8	117	2.7
93	10.1	118	2.5
94	9.5	119	2.3
95	8.9	120+	2.0
96	8.4		

¹Treas. Reg. 1.401(a)(9)-9, this table updated for regulations beginning January 1, 2022 under Federal Register FR Doc. 2020-24723.

²Treas. Reg. 1.401(a)(9)-5, Q&A 4.

³Treas. Reg. 1.401(a)(9)-5, Q&A 5 and 6.

⁴IRS Notice 2022-53.

Single Life Expectancy Table³

Spouse beneficiary

IRA owner dies on/after required beginning date (RBD):

Beginning in the year following the year of the IRA owner's death, recalculate the spouse beneficiary's single life expectancy each year while the spouse beneficiary survives, using the spouse beneficiary's age on their birthday in that calendar year. If RMD would be less, spouse beneficiary would use IRA owner's term certain life expectancy. For that, use IRA owner's age attained on the birthday in the calendar year of IRA owner's death. Reduced by one for each passing year. (Note: Spouse beneficiary could instead roll over to his or her own IRA at IRA owner's death.)

Death before RBD: Same options as above, minus using IRA owner's term certain life expectancy, plus spouse beneficiary can delay until IRA owner would have turned age 72.

Non-spouse beneficiary⁴

Death after December 31, 2019: The stretch IRA option will be replaced with a 10-year rule for the vast majority of non-spouse beneficiaries. The rule will require assets to be liquidated by the end of the 10th year following the year of death of the IRA owner. According to Proposed Treasury Regulations, in some circumstances, such as when the IRA owner died on or after their RBD, or after an eligible designated beneficiary who was receiving life expectancy payments dies, RMD payments must be satisfied each year until the entire death benefit is distributed within 10 years.

There are some exceptions if the non-spouse beneficiary is a minor, disabled, chronically ill, or not more than 10 years younger than the deceased IRA owner. For minors, the exception only applies until the child reaches age 21, at which point the 10-year rule is enforced.

Death prior to December 31, 2019.

Death on/after RBD: Beneficiary uses beneficiary's own term certain life expectancy. For that, use the beneficiary's age attained on the birthday in the calendar year after the calendar year of IRA owner's death. Reduce by one for each passing year. If RMD would be less, beneficiary would use IRA owner's term certain life expectancy. For that, use IRA owner's attained age in the calendar year of IRA owner's death. Reduce by one for each passing year.

Death before RBD: Same options as above, minus using IRA owner's term certain life expectancy, or beneficiary can defer all distributions as long as all funds are distributed in five years.

No designated beneficiary

Death on/after RBD: Inheritor uses IRA owner's term certain life expectancy. For that, use IRA owner's age attained on the birthday in the calendar year of owner's death. Reduce by one for each passing year.

Death before RBD: Distribute all within five years.

Single Life Expectancy Table¹

Age	Life expectancy	Age	Life expectancy	Age	Life expectancy	Age	Life expectancy
0	84.6	30	55.3	60	27.1	90	5.7
1	83.7	31	54.4	61	26.2	91	5.3
2	82.8	32	53.4	62	25.4	92	4.9
3	81.8	33	52.5	63	24.5	93	4.6
4	80.8	34	51.5	64	23.7	94	4.3
5	79.8	35	50.5	65	22.9	95	4.0
6	78.8	36	49.6	66	22.0	96	3.7
7	77.9	37	48.6	67	21.2	97	3.4
8	76.9	38	47.7	68	20.4	98	3.2
9	75.9	39	46.7	69	19.6	99	3.0
10	74.9	40	45.7	70	18.8	100	2.8
11	73.9	41	44.8	71	18.0	101	2.6
12	72.9	42	43.8	72	17.2	102	2.5
13	71.9	43	42.9	73	16.4	103	2.3
14	70.9	44	41.9	74	15.6	104	2.2
15	69.9	45	41.0	75	14.8	105	2.1
16	69.0	46	40.0	76	14.1	106	2.1
17	68.0	47	39.0	77	13.3	107	2.1
18	67.0	48	38.1	78	12.6	108	2.0
19	66.0	49	37.1	79	11.9	109	2.0
20	65.0	50	36.2	80	11.2	110	2.0
21	64.1	51	35.3	81	10.5	111	2.0
22	63.1	52	34.3	82	9.9	112	2.0
23	62.1	53	33.4	83	9.3	113	1.9
24	61.1	54	32.5	84	8.7	114	1.9
25	60.2	55	31.6	85	8.1	115	1.8
26	59.2	56	30.6	86	7.6	116	1.8
27	58.2	57	29.8	87	7.1	117	1.6
28	57.3	58	28.9	88	6.6	118	1.4
29	56.3	59	28.0	89	6.1	119	1.1
						120+	1.0

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