



## Advanced Markets

# 2021 Fingertip Tax Guide

This Guide has been updated to reflect 2021 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 that affect individual taxpayers are set to expire at the end of 2025, reverting to pre-TCJA law.

### Ordinary income taxes 2021

If taxable income is:

	Over	But not over	The tax is	Of the amount over
<b>Married filing jointly</b>	\$0	\$19,900	\$0 + 10%	\$0
	\$19,990	\$81,050	\$1,990 + 12%	\$19,990
	\$81,050	\$172,750	\$9,328 + 22%	\$81,050
	\$172,750	\$329,850	\$29,502 + 24%	\$172,750
	\$329,850	\$418,850	\$67,206 + 32%	\$329,850
	\$418,850	\$628,300	\$95,686 + 35%	\$418,850
	\$628,300	—	\$167,307.50 + 37%	\$628,300
<b>Single</b>	\$0	\$9,950	\$0 + 10%	\$0
	\$9,950	\$40,525	\$995 + 12%	\$9,950
	\$40,525	\$86,375	\$4,664 + 22%	\$40,525
	\$86,375	\$164,925	\$14,751 + 24%	\$86,375
	\$164,925	\$209,425	\$33,603 + 32%	\$164,925
	\$209,425	\$523,600	\$47,843 + 35%	\$209,425
	\$523,600	—	\$157,804.25 + 37%	\$523,600
<b>Estates and trusts</b>	\$0	\$2,650	\$0 + 10%	\$0
	\$2,650	\$9,550	\$265 + 24%	\$2,650
	\$9,550	\$13,050	\$1,921 + 35%	\$9,550
	\$13,050	—	\$3,146 + 37%	\$13,050

## 2021 Capital gains tax

<b>Capital gains rate on collectibles</b>	28%	
<b>Long-term capital gains rates</b> (other than collectibles and qualified business stock)	<b>Single</b>	<b>Married filing jointly</b>
<b>0%</b>	\$40,400 or below	\$80,800 or below
<b>15%</b>	\$40,401 - \$445,850	\$80,801 - \$501,600
<b>20%</b>	Over \$445,850	Over \$501,600

**Note:** Qualified Dividends are taxed the same as capital gains.

## Alternative minimum tax exemption amounts

	2020	2021
<b>Married filing jointly</b>	\$113,400	\$114,600
<b>Single</b>	\$72,900	\$73,600
<b>Trusts and estates</b>	\$25,400	\$25,700

## Standard deductions

	2020	2021
<b>Married filing jointly</b>	\$24,800	\$25,100
<b>Single</b>	\$12,400	\$12,550

## Net investment income (NII) tax thresholds

3.8% Medicare surcharge

Applicable on NII when taxpayer's income exceeds

<b>Married filing jointly</b>	\$250,000
<b>Married filing separately</b>	\$125,000
<b>Any other filing status</b>	\$200,000

**Note:** Thresholds are not indexed for inflation.

## Medicare tax thresholds

0.9% Additional tax on earned income

Applicable on earned income amounts over:

<b>Married filing jointly</b>	\$250,000
<b>Married filing separately</b>	\$125,000
<b>Any other filing status</b>	\$200,000

**Note:** Thresholds are not indexed for inflation.

## Social Security benefits

Maximum annual earnings before social security benefits are reduced

	2020	2021
<b>Before full retirement age</b> (lose \$1 for every \$2 of earnings)	\$18,240	\$18,960
<b>Year of full retirement age</b> (lose \$1 for every \$3 of earnings)	\$48,600	\$50,520
<b>After full retirement age</b>	No limit	No limit

## FICA income limits

Maximum compensation subject to FICA taxes

	2020	2021
<b>OASDI</b> (Old-age, survivors and disability insurance; social security maximum)	\$137,700	\$142,800
<b>HI</b> (Hospital insurance; Medicare maximum)	No limit	No limit

## Qualified plans

	2020	2021
<b>Maximum elective deferral to retirement plans</b> (e.g., 401(k), 403(b) & 457(b) plans) <sup>2</sup>	\$19,500	\$19,500
<b>401(k) age 50+ catch-up contribution limit</b>	\$6,500	\$6,500
<b>Maximum IRA contribution limit</b>	\$6,000	\$6,000
<b>IRA age 50+ catch-up contribution limit</b>	\$1,000	\$1,000
<b>Maximum elective deferral to SIMPLE plan</b>	\$13,500	\$13,500
<b>SIMPLE plan age 50+ catch-up contribution limit</b>	\$3,000	\$3,000
<b>Annual includible compensation limit</b>	\$285,000	\$290,000
<b>Defined contribution plan annual addition limit</b>	\$57,000	\$58,000
<b>Highly compensated employee compensation limit</b>	\$130,000	\$130,000
<b>Annual retirement benefit limit under defined benefit plans</b> (not to exceed 100% of compensation)	\$230,000	\$230,000

## Roth IRA income limits for contributions

	2020	2021
<b>Married filing jointly</b>	\$196,000 - \$206,000	\$198,000 - \$208,000
<b>Any other filing status</b>	\$124,000 - \$139,000	\$125,000 - \$140,000

## Corporations

	2020	2021
<b>C corporations</b>	21% flat tax	Same as previous year
<b>Pass-through businesses (s corporations, partnerships) and sole proprietors</b>	Tax rate of owner, but up to 20% deduction on “qualified business income” subject to threshold limits (see 199A thresholds)	Same as previous year

**Note:** Deduction for pass-through businesses is subject to strict rules and testing requirements; deduction unavailable for specified service-oriented businesses where owner’s income exceeds certain limits (see below)

## 199A thresholds

	2020	2021
<b>Married filing jointly</b>	\$326,600 - \$426,600	\$329,800 - \$429,800
<b>Married filing separate</b>	\$163,300 - \$213,300	\$164,925 - \$214,925
<b>Any other filing status</b>	\$163,300 - \$213,300	\$164,900 - \$214,900

## Long-Term Care

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

	2020	2021
<b>Per diem limit</b>	\$380	\$400

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

	2020	2021
<b>Age 40 or less</b>	\$430	\$450
<b>Over age 40 but not more than 50</b>	\$810	\$850
<b>Over age 50 but not more than 60</b>	\$1,630	\$1,690
<b>Over age 60 but not more than 70</b>	\$4,350	\$4,520
<b>More than 70</b>	\$5,430	\$5,640

## 2021 Estate & gift taxes

Over	But not over	The tax is	Of the amount over	Tax exemptions for 2021
\$0	\$10,000	\$0 + 18%	\$0	<b>Annual gift tax exclusion:</b> Individual donor may gift \$15,000 per donee  <b>Gift tax exemption:</b> \$11,700,000  <b>Estate and generation-skipping transfer tax exemption:</b> \$11,700,000  <b>Annual gift tax exclusion for a non-citizen spouse:</b> \$159,000  <b>Maximum gift tax rate: 40%</b>
\$10,000	\$20,000	\$1,800 + 20%	\$10,000	
\$20,000	\$40,000	\$3,800 + 22%	\$20,000	
\$40,000	\$60,000	\$8,200 + 24%	\$40,000	
\$60,000	\$80,000	\$13,000 + 26%	\$60,000	
\$80,000	\$100,000	\$18,200 + 28%	\$80,000	
\$100,000	\$150,000	\$23,800 + 30%	\$100,000	
\$150,000	\$250,000	\$38,800 + 32%	\$150,000	
\$250,000	\$500,000	\$70,800 + 34%	\$250,000	
\$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 <sup>3</sup> /35%	\$0 <sup>3</sup> /\$5,000,000	\$0 <sup>3</sup> /\$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
2021	40%	\$11,700,000	\$4,625,800

**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).

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 contribution limit is the same for regular and Roth 401(k) plans; a total of \$19,500 can be contributed in 2021 to one or both types of 401(k) plans.
3. 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%.

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