

Key federal tax rates and amounts

2021

2021 Federal income tax brackets and rates

Married filing jointly	Single ¹	Trusts and estates ²	Income tax rates ³
\$0 to \$19,900	\$0 to \$9,950	\$0 to \$2,650	10%
\$19,901 to \$81,050	\$9,951 to \$40,525	---	12%
\$81,051 to \$172,750	\$40,526 to \$86,375	---	22%
\$172,751 to \$329,850	\$86,376 to \$164,925	\$2,651 to \$9,550	24%
\$329,851 to \$418,850	\$164,926 to \$209,425	---	32%
\$418,851 to \$628,300	\$209,426 to \$523,600	\$9,551 to 13,050	35%
Over \$628,300	Over \$523,600	Over \$13,050	37%

¹ Single taxpayers are unmarried individuals *other than* surviving spouses and heads of households.

² Trusts and estates do not have a 12%, 22%, or 32% bracket.

³ These rates are imposed on *taxable income*, meaning income remaining after applicable exclusions and deductions are claimed. Note that each rate applies only to the income falling within that bracket. All indexed income tax amounts for 2021 are set forth in Rev. Proc. 2020-45, 2020-45 IRB 1016.

2021 capital gains rates⁴

Married filing jointly	Single	Trusts and estates	Long-term capital gains
\$0 to \$80,800	\$0 to \$40,400	\$0 to \$2,700	0%
\$80,801 to \$501,600	\$40,401 to \$445,850	\$2,701 to \$13,250	15%
Over \$501,600	Over \$445,850	Over \$13,250	20%

⁴ Qualified dividends are taxed in the same manner as long-term capital gains.

2020 Federal income tax brackets and rates

Married filing jointly	Single	Trusts and estates	Income tax rates
\$0 to \$19,750	\$0 to \$9,875	\$0 to \$2,600	10%
\$19,751 to \$80,250	\$9,876 to \$40,125	---	12%
\$80,251 to \$171,050	\$40,126 to \$85,525	---	22%
\$171,051 to \$326,600	\$85,526 to \$163,300	\$2,601 to \$9,450	24%
\$326,601 to \$414,700	\$163,301 to \$207,350	---	32%
\$414,701 to \$622,050	\$207,351 to \$518,400	\$9,451 to \$12,950	35%
Over \$622,050	Over \$518,400	Over \$12,950	37%

Federal C corporation income tax rates

Taxable corporate income	Income tax rate ⁵
All taxable income of C corporations	21%

⁵ IRC Sec. 11(b), as amended by TCJA Sec. 13001. Effective for taxable years beginning after 2017.

Federal income tax deduction for owners of passthrough businesses⁶

Passthrough business owner's taxable income level in 2021	Specified service business	Nonservice business
Owner with taxable income below threshold (\$329,800 married filing jointly, \$164,900 single)	20% deduction	20% deduction
Owner with taxable income in phaseout range (\$329,800 - \$429,800 married filing jointly, \$164,900 - \$214,900 single)	Entire deduction is phased out	Part or all of deduction is phased out
Owner with taxable income exceeding phaseout range (\$429,800 married filing jointly, \$214,900 single)	No deduction	Partial deduction possible if not fully phased out

⁶ IRC Section 199A was added by TJCA 2017. It provides a deduction at the personal level for certain passthrough business owners, depending on their personal adjusted gross income and the type of business they own.

Federal net investment income tax (3.8% Medicare surtax)

Individual taxpayers

In the case of an individual taxpayer, the tax is equal to 3.8% of the **lesser** of (1) the net investment income (as defined in IRC Section 1411 and IRS regulations) or (2) the excess (if any) of the modified adjusted gross income (MAGI)⁷ over the threshold amount. For individual taxpayers, the appropriate threshold amount *is not* indexed for inflation.

Filing status	Threshold amount
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single or head of household	\$200,000
Qualifying widow(er) with dependent child	\$250,000

⁷ MAGI means adjusted gross income (AGI) without the effect of Section 9112 (exclusion of income and deductions for U.S. citizens living abroad).

Estate and trust taxpayers

In the case of an estate or trust taxpayer, the tax is equal to 3.8% of the **lesser** of (1) the undistributed net investment income or (2) the excess (if any) of the AGI over the dollar amount at which the highest tax bracket for estates and trusts begins for such taxable year. The estate and trust tax threshold *is* indexed for inflation.

Year	Highest tax bracket
2021	\$13,050
2020	\$12,950

Individual income tax—inflation-adjusted amounts

		2020	2021
Social Security wage base		\$137,700	\$142,800
Personal exemption		Repealed for tax years beginning after 2017 ⁸	
Standard deduction ⁹	Single	\$12,400	\$12,550
	Married filing jointly	\$24,800	\$25,100
	Head of household	\$18,650	\$18,800
	Married filing separately	\$12,400	\$12,550

⁸ The repeal of the personal exemption also resulted in the elimination of the personal exemption phaseout. In addition, TCJA repealed the former itemized deduction phaseout.

⁹ The standard deduction was increased by TCJA, in part as a result of the repeal of the personal exemption and certain itemized deductions.

Individual alternative minimum tax (AMT)

In 2021, the AMT rate for all individual taxpayers (except married individuals filing separately) is 26% on the first \$199,900 of alternative minimum taxable income (AMTI) in excess of the exemption amount and 28% on AMTI that's more than \$199,900 above the exemption amount. For married taxpayers filing separately, the threshold for the 28% rate is \$99,950. The taxpayer must pay the greater of AMT or regular income tax. (For 2020, these thresholds were \$197,900 and \$98,950, respectively.)

AMT exemption amount ¹⁰	2020	2021
Single and head of household	\$72,900	\$73,600
Married filing jointly (or surviving spouses)	\$113,400	\$114,600
Married filing separately	\$56,700	\$57,300
Estates and trusts	\$25,400	\$25,700

AMT exemption phase-out threshold ¹⁰	2020	2021
Single and head of household	\$518,400	\$523,600
Married filing jointly (or surviving spouses)	\$1,036,800	\$1,047,200
Married filing separately	\$518,400	\$523,600
Estates and trusts	\$84,800	\$85,650

¹⁰ The AMT exemption is reduced by 25% of AMTI until fully phased out. The AMT exemption amounts and phaseout levels were increased for 2018 and later years by TCJA.

Corporate alternative minimum tax (AMT)

For taxable years beginning after 2017, the corporate AMT was repealed by the TCJA.

Qualified plans and IRAs

Inflation-adjusted amounts

	2020	2021
Maximum annual benefit for defined benefit plans; IRC Sec. 415(b)(1)(A)	\$230,000	\$230,000
Annual contribution limit for defined contribution plans; IRC Sec. 415(c)(1)(A)	Lesser of \$57,000 or 100% of compensation	Lesser of \$58,000 or 100% of compensation
Maximum annual compensation limit for IRC Sec. 401(a)(17)	\$285,000	\$290,000
Highly compensated employee for IRC Sec. 414(q)(1)(B)	\$130,000	\$130,000
Key employee in top-heavy plans for IRC Sec. 416(i)(1)(a)(i)	\$185,000	\$185,000
The SEP compensation threshold for IRC Sec. 408(K)(2)(C)	\$600	\$650

Contribution limits for IRAs and employee deferrals

The following schedule shows the indexed contribution limits for IRAs and for employee elective deferrals.

Year	IRAs/Roth IRAs ¹¹	401(k), 403(b) and 457(b) plans ¹²	SIMPLE IRAs and SIMPLE 401(k) plans
2021	\$6,000	\$19,500	\$13,500
2020	\$6,000	\$19,500	\$13,500

¹¹ The SECURE Act of 2019 repealed the age 70½ limit for making contributions to a traditional IRA in 2020 and later years.

¹² Some non-profit and governmental employers may choose to offer several plans, including 403(b), 401(k), and 457(b) plans. Generally, contributions to 403(b) and 401(k) plans are aggregated when applying dollar limits, while those made to 457(b) plans are not.

Catch-up contribution limits

Individuals aged 50 and older are permitted to make additional “catch-up” contributions and deferrals to IRAs and certain defined contribution retirement plans. The following schedule shows the amounts of these permitted contributions. (The catch-up limit for IRAs and Roth IRAs is not subject to indexing for inflation.)

Year	IRAs/Roth IRAs	401(k), 403(b) and 457(b) plans ¹³	SIMPLE IRAs and SIMPLE 401(k) plans
2021	\$1,000	\$6,500	\$3,000
2020	\$1,000	\$6,500	\$3,000

¹³ Participants in 457(b) plans within three years of normal retirement age can contribute up to another full employee deferral limit. The amount of this special catch-up is limited to “unused” deferrals from previous years. A participant who already deferred the maximum in the 457(b) plan for all years of employment would not be able to use this type of catch-up. The three-year period may not include the year of retirement. Participants in governmental 457(b) plans may not take advantage of the \$6,500 catch-up contribution in conjunction with this special section 457(b) catch-up.

Health savings accounts (HSAs)

Maximum annual HSA contributions deductible in 2021: \$3,600 for individual and \$7,200 for family coverage.¹⁴ Catch-up contributions for individuals 55 or older (but less than 65) are \$1,000 (pro rata for year). Deductible amounts that define high deductible plan for HSA purposes:

2021	Annual deductible	Maximum out-of-pocket expense (excluding premiums) not to exceed
Self only	Not less than \$1,400	\$7,000
Family coverage	Not less than \$2,800	\$14,000

¹⁴ Rev. Proc. 2020-32, 2020-24 IRB 930.

Long-term care¹⁵

	2020	2021
Per diem limit	\$380	\$400
Deduction for eligible long-term care premiums:		
Age 40 or less	\$430	\$450
Over age 40, but not more than 50	\$810	\$850
Over age 50, but not more than 60	\$1,630	\$1,690
Over age 60, but not more than 70	\$4,350	\$4,520
Over age 70	\$5,430	\$5,640

¹⁵ For individuals, the deduction for eligible long-term care premiums is a medical expense deduction. The medical expense deduction is subject to a floor of 10%. Long-term care provided as an employee benefit may receive more favorable treatment.

Required minimum distributions (RMDs)—uniform lifetime table (2021)

Taxpayers generally must begin taking RMDs from IRAs and retirement plan accounts after age 70½ for individuals who reached age 70½ before Jan. 1, 2020, or after age 72 for individuals who reach age 70½ on or after Jan. 1, 2020.¹⁶ **RMDs for 2020 (for defined contribution plans and IRAs) were waived under the CARES Act.** The RMD is calculated by dividing the account balance at the end of the previous year by the divisor applicable to the account owner's age found in the uniform lifetime table below. An account owner with a spouse more than 10 years younger can use a different IRS table that provides for a smaller RMD. The divisors below reflect the RMD tables to be used in 2021 (in effect since 2002). New tables take effect for 2022 and later years.

¹⁶ The SECURE Act of 2019 generally changed the required beginning date for required minimum distributions to age 72.

Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor
70	27.4	80	18.7	90	11.4	100	6.3	110	3.1
71	26.5	81	17.9	91	10.8	101	5.9	111	2.9
72	25.6	82	17.1	92	10.2	102	5.5	112	2.6
73	24.7	83	16.3	93	9.6	103	5.2	113	2.4
74	23.8	84	15.5	94	9.1	104	4.9	114	2.1
75	22.9	85	14.8	95	8.6	105	4.5	115 and	1.9
76	22.0	86	14.1	96	8.1	106	4.2	older	
77	21.2	87	13.4	97	7.6	107	3.9		
78	20.3	88	12.7	98	7.1	108	3.7		
79	19.5	89	12.0	99	6.7	109	3.4		

Example 1: Assume Al turns 73 in 2021. Also assume his account balance on the previous Dec. 31, 2020, was \$750,000. Using this table, his life expectancy is 24.7 years. He must take a distribution of \$30,364.37 ($\$750,000 \div 24.7$) for the 2021 year, no later than Dec. 31, 2021.

Example 2: Assume Joe turns 70 in 2021. Under the SECURE Act, Joe has no minimum distribution requirement in 2021. His required beginning date will be April 1 of the year after the year in which he reaches age 72, or April 1, 2024.

Federal estate and gift tax

Inflation-adjusted amounts

	2020	2021
Annual gift exclusion	\$15,000	\$15,000
Generation-skipping transfer tax exclusion	\$11,580,000	\$11,700,000
Special use valuation limit	\$1,180,000	\$1,190,000
Exemption for gifts to noncitizen spouse	\$157,000	\$159,000

Indexed estate tax applicable exclusion amount

Year	Top estate tax rate	Exclusion amount
2021	40%	\$11,700,000
2020	40%	\$11,580,000
2019	40%	\$11,400,000
2018	40%	\$11,180,000
2017	40%	\$5,490,000
2016	40%	\$5,450,000
2015	40%	\$5,430,000
2014	40%	\$5,340,000
2013	40%	\$5,250,000
2012	35%	\$5,120,000
2011	35%	\$5,000,000
2010	0% - then retroactively 35%	Repealed, then changed to \$5,000,000 ¹⁷

¹⁷ The executor of an estate for a 2010 death could elect out of the estate tax and into a modified carryover basis regime. Specific tax forms need to be timely filed.

Estate planning requires a long-range approach. The federal estate tax applicable exclusion amount has fluctuated in the past 20 years from a low of \$650,000 in 1999 to its current high—and was \$1 million as recently as 2003.

Term rates for split dollar—rates per \$1,000

Age	Table 2001	Principal OYT	Age	Table 2001	Principal OYT	Age	Table 2001	Principal OYT	Age	Table 2001	Principal OYT
0	\$0.70	-	25	\$0.71	0.44	50	\$2.30	0.88	75	\$33.05	8.71
1	0.41	-	26	0.73	0.44	51	2.52	0.93	76	36.33	9.67
2	0.27	-	27	0.76	0.43	52	2.81	0.99	77	40.17	10.69
3	0.19	-	28	0.80	0.43	53	3.20	1.05	78	44.33	11.83
4	0.13	-	29	0.83	0.43	54	3.65	1.14	79	49.23	13.12
5	0.13	-	30	0.87	0.42	55	4.15	1.23	80	54.56	14.57
6	0.14	-	31	0.90	0.42	56	4.68	1.36	81	60.51	16.14
7	0.15	-	32	0.93	0.42	57	5.20	1.49	82	66.74	17.82
8	0.16	-	33	0.96	0.42	58	5.66	1.63	83	73.07	19.67
9	0.16	-	34	0.98	0.43	59	6.06	1.76	84	80.35	21.67
10	0.16	-	35	0.99	0.43	60	6.51	1.91	85	88.76	23.82
11	0.19	-	36	1.01	0.44	61	7.11	2.06	86	99.16	26.19
12	0.24	-	37	1.04	0.45	62	7.96	2.23	87	110.40	28.70
13	0.28	-	38	1.06	0.46	63	9.080	2.45	88	121.85	31.48
14	0.33	-	39	1.07	0.48	64	10.41	2.73	89	133.40	34.65
15	0.38	-	40	1.10	0.50	65	11.90	3.09	90	144.30	38.01
16	0.52	-	41	1.13	0.52	66	13.51	3.43	91	155.80	41.52
17	0.57	-	42	1.20	0.55	67	15.2	3.80	92	168.75	44.91
18	0.59	-	43	1.29	0.59	68	16.92	4.21	93	186.44	48.38
19	0.61	-	44	1.40	0.62	69	18.70	4.68	94	206.70	63.43
20	0.62	0.62	45	1.53	0.66	70	20.62	5.21	95	228.35	90.17
21	0.62	0.60	46	1.67	0.70	71	22.72	5.78	96	250.01	131.97
22	0.64	0.56	47	1.83	0.74	72	25.07	6.39	97	265.09	142.06
23	0.66	0.52	48	1.98	0.79	73	27.57	7.07	98	270.11	153.11
24	0.68	0.48	49	2.13	0.83	74	30.18	7.86	99	281.05	164.87



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