

2023 Tax Reference Guide

Appletree Financial Network

Your solution for individual life, disability, long term care insurance and life settlements. We're here every day and have the experience to guide you through a wide range of options for your client's insurance needs.

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Employer plan/IRA contributions

| Employer plans | 2022 | 2023 |
|--|-----------|-----------|
| Elective deferral for 401(k), 403(b), 457 | \$20,500 | \$22,500 |
| Catch-up contributions for 401(k), 403(b), 457 | \$6,500 | \$7,500 |
| Defined contribution plan limit | \$61,000 | \$66,000 |
| SEP IRA annual addition limit | \$61,000 | \$66,000 |
| SIMPLE IRA & 401(k) limit | \$14,000 | \$15,500 |
| SIMPLE IRA & 401(k) catch-up | \$3,000 | \$3,500 |
| Max includible compensation | \$305,000 | \$330,000 |
| Annual benefit limit | \$245,000 | \$265,000 |
| Highly compensated employee | \$135,000 | \$150,000 |
| Key employee | \$200,000 | \$215,000 |
| SEP minimum earnings limit | \$650 | \$750 |

Traditional and Roth IRA contributions

| | 2022 | 2023 |
|---|---------|---------|
| Traditional and Roth IRA contribution limit | \$6,000 | \$6,500 |
| Catch-up contribution | \$1,000 | \$1,000 |

Traditional IRA deduction phaseouts

| | 2022 | 2023 |
|-----------------------|---------------------|---------------------|
| Single or H of H | \$68,000-\$78,000 | \$73,000-\$83,000 |
| MFJ | \$109,000-\$129,000 | \$116,000-\$136,000 |
| MFS | \$0-\$10,000 | \$0-\$10,000 |
| Spousal contributions | \$204,000-\$214,000 | \$218,000-\$228,000 |

Roth IRA contribution phaseouts

| | 2022 | 2023 |
|------------------|---------------------|---------------------|
| Single or H of H | \$129,000-\$144,000 | \$138,000-\$153,000 |
| MFJ | \$204,000-\$214,000 | \$218,000-\$228,000 |
| MFS | \$0-\$10,000 | \$0-\$10,000 |

Employer plan/IRA distributions

Uniform life expectancy table (ULET)

| Age | Period | % | Age | Period | % |
|-----|--------|--------|-----|--------|--------|
| 72 | 27.4 | 3.65% | 95 | 8.9 | 11.24% |
| 73 | 26.5 | 3.78% | 96 | 8.4 | 11.91% |
| 74 | 25.5 | 3.93% | 97 | 7.8 | 12.83% |
| 75 | 24.6 | 4.07% | 98 | 7.3 | 13.70% |
| 76 | 23.7 | 4.22% | 99 | 6.8 | 14.71% |
| 77 | 22.9 | 4.37% | 100 | 6.4 | 15.63% |
| 78 | 22 | 4.55% | 101 | 6 | 16.67% |
| 79 | 21.1 | 4.74% | 102 | 5.6 | 17.86% |
| 80 | 20.2 | 4.96% | 103 | 5.2 | 19.24% |
| 81 | 19.4 | 5.16% | 104 | 4.9 | 20.41% |
| 82 | 18.5 | 5.41% | 105 | 4.6 | 21.74% |
| 83 | 17.7 | 5.65% | 106 | 4.3 | 23.26% |
| 84 | 16.8 | 5.96% | 107 | 4.1 | 24.40% |
| 85 | 16 | 6.25% | 108 | 3.9 | 25.65% |
| 86 | 15.2 | 6.58% | 109 | 3.7 | 27.03% |
| 87 | 14.4 | 6.95% | 110 | 3.5 | 28.58% |
| 88 | 13.7 | 7.30% | 111 | 3.4 | 29.42% |
| 89 | 12.9 | 7.76% | 112 | 3.3 | 30.31% |
| 90 | 12.2 | 8.20% | 113 | 3.1 | 32.26% |
| 91 | 11.5 | 8.70% | 114 | 3 | 33.34% |
| 92 | 10.8 | 9.26% | 115 | 2.9 | 34.49% |
| 93 | 10.1 | 9.91% | 116 | 2.8 | 35.72% |
| 94 | 9.5 | 10.53% | 117 | 2.7 | 37.04% |

Use ULET for calculating RMDs during account holder's life.

$$\text{RMD formula} = \frac{\text{Prior year 12/31 account balance}}{\text{Life expectancy}^1}$$

¹Life expectancy = distribution period for age you will turn in the distribution year

Required distributions options after death

| Beneficiary | Options |
|-------------|--|
| Spouse | Treat as your own or Inherited IRA/Life Expectancy 10-year rule with exceptions for: disabled, chronically ill, minor child, individuals not more than 10 years younger than deceased |
| Non-spouse | Death prior to required beginning date (RBD) 5-year rule |
| None | Death on or after RBD Life expectancy of account holder |

Plans may require faster payout than RMD rules require

Early retirement—Exceptions to the 10% penalty for distributions prior to age 59½

| | NQ annuity | Qualified plans | IRAs |
|--|------------|-----------------|------|
| Death | X | X | X |
| Disability | X | X | X |
| Substantially equal pmts. (72t) | X | X | X |
| Medical exp. (limited to ded. amt.) | | X | X |
| College, birth, adoption exp. | | | X |
| Health ins. prem. for unemployed | | | X |
| Qualified first-time homebuyer/reservist/hurricane | | | X |
| Age 55 and separated from service/QDRO | | X | |
| Immediate annuity | X | | |

Life expectancy

IRS life expectancy tables

| Age | Single | Joint | Age | Single | Joint |
|-----|--------|-------|-----|--------|-------|
| 50 | 36.2 | 42.3 | 71 | 18 | 22.5 |
| 51 | 35.3 | 41.3 | 72 | 17.2 | 21.6 |
| 52 | 34.3 | 40.3 | 73 | 16.4 | 20.7 |
| 53 | 33.4 | 39.4 | 74 | 15.6 | 19.8 |
| 54 | 32.5 | 38.4 | 75 | 14.8 | 18.9 |
| 55 | 31.6 | 37.4 | 76 | 14.1 | 18.1 |
| 56 | 30.6 | 36.5 | 77 | 13.3 | 17.2 |
| 57 | 29.8 | 35.5 | 78 | 12.6 | 16.4 |
| 58 | 28.9 | 34.5 | 79 | 11.9 | 15.6 |
| 59 | 28 | 33.6 | 80 | 11.2 | 14.7 |
| 60 | 27.1 | 32.6 | 81 | 10.5 | 14 |
| 61 | 26.2 | 31.7 | 82 | 9.9 | 13.2 |
| 62 | 25.4 | 30.8 | 83 | 9.3 | 12.4 |
| 63 | 24.5 | 29.8 | 84 | 8.7 | 11.7 |
| 64 | 23.7 | 28.9 | 85 | 8.1 | 11 |
| 65 | 22.9 | 28 | 86 | 7.6 | 10.4 |
| 66 | 22 | 27 | 87 | 7.1 | 9.7 |
| 67 | 21.2 | 26.1 | 88 | 6.6 | 9.1 |
| 68 | 20.4 | 25.2 | 89 | 6.1 | 8.5 |
| 69 | 19.6 | 24.3 | 90 | 5.7 | 8 |
| 70 | 18.8 | 23.4 | | | |

Joint = Joint life expectancy of male and female of the same age

LTC / ACA

Long-term care insurance deduction

Attained age before the close of the taxable year

| Maximum deduction for | 2021 | 2022 | 2023 |
|-----------------------------------|---------|---------|---------|
| 40 or less | \$450 | \$450 | \$480 |
| More than 40 but not more than 50 | \$850 | \$850 | \$890 |
| More than 50 but not more than 60 | \$1,690 | \$1,690 | \$1,790 |
| More than 60 but not more than 70 | \$4,520 | \$4,510 | \$4,770 |
| More than 70 | \$5,640 | \$5,640 | \$5,960 |

Net investment income tax

3.8% on the lesser of net investment income or MAGI over the following thresholds:

| | |
|--------|-----------|
| Single | \$200,000 |
| MFJ | \$250,000 |
| H of H | \$200,000 |
| MFS | \$125,000 |

2022 income tax rates

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|-----------|------|----------------|
| Single | | | | |
| \$0 | \$10,275 | \$0 | 10% | \$0 |
| \$10,275 | \$41,775 | \$1,028 | 12% | \$10,275 |
| \$41,775 | \$89,075 | \$4,808 | 22% | \$41,775 |
| \$89,075 | \$170,050 | \$15,214 | 24% | \$89,075 |
| \$170,050 | \$215,950 | \$34,648 | 32% | \$170,050 |
| \$215,950 | \$539,900 | \$49,336 | 35% | \$215,950 |
| \$539,900 | | \$162,718 | 37% | \$539,900 |

Married filing joint (MFJ)

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|-----------|------|----------------|
| \$0 | \$20,550 | \$0 | 10% | \$0 |
| \$20,550 | \$83,550 | \$2,055 | 12% | \$20,550 |
| \$83,550 | \$178,150 | \$9,615 | 22% | \$83,550 |
| \$178,150 | \$340,100 | \$30,427 | 24% | \$178,150 |
| \$340,100 | \$431,900 | \$69,295 | 32% | \$340,100 |
| \$431,900 | \$647,850 | \$98,671 | 35% | \$431,900 |
| \$647,850 | | \$174,254 | 37% | \$647,850 |

Head of households (H of H)

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|-----------|------|----------------|
| \$0 | \$14,650 | \$0 | 10% | \$0 |
| \$14,650 | \$55,900 | \$1,465 | 12% | \$14,650 |
| \$55,900 | \$89,050 | \$6,415 | 22% | \$55,900 |
| \$89,050 | \$170,050 | \$13,708 | 24% | \$89,050 |
| \$170,050 | \$215,950 | \$33,148 | 32% | \$170,050 |
| \$215,950 | \$539,900 | \$47,836 | 35% | \$215,950 |
| \$539,900 | | \$161,219 | 37% | \$539,900 |

Married filing separate returns (MFS)

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|----------|------|----------------|
| \$0 | \$10,275 | \$0 | 10% | \$0 |
| \$10,275 | \$41,775 | \$1,028 | 12% | \$10,275 |
| \$41,775 | \$89,075 | \$4,808 | 22% | \$41,775 |
| \$89,075 | \$170,050 | \$15,214 | 24% | \$89,075 |
| \$170,050 | \$215,950 | \$34,648 | 32% | \$170,050 |
| \$215,950 | \$323,925 | \$49,336 | 35% | \$215,950 |
| \$323,925 | | \$87,127 | 37% | \$323,925 |

Estate and trusts

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|----------|---------|------|----------------|
| \$0 | \$2,750 | \$0 | 10% | \$0 |
| \$2,750 | \$9,850 | \$275 | 24% | \$2,750 |
| \$9,850 | \$13,450 | \$1,979 | 35% | \$9,850 |
| \$13,450 | | \$3,239 | 37% | \$13,450 |

2023 income tax rates

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|-----------|------|----------------|
| Single | | | | |
| \$0 | \$11,000 | \$0 | 10% | \$0 |
| \$11,000 | \$44,725 | \$1,100 | 12% | \$11,000 |
| \$44,725 | \$95,375 | \$5,147 | 22% | \$44,725 |
| \$95,375 | \$182,100 | \$16,290 | 24% | \$95,375 |
| \$182,100 | \$231,250 | \$37,104 | 32% | \$182,100 |
| \$231,250 | \$578,125 | \$52,832 | 35% | \$231,250 |
| \$578,125 | | \$174,238 | 37% | \$578,125 |

Married filing joint (MFJ)

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|-----------|------|----------------|
| \$0 | \$22,000 | \$0 | 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 | | \$186,602 | 37% | \$693,750 |

Head of households (H of H)

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|-----------|------|----------------|
| \$0 | \$15,700 | \$0 | 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 | | \$172,624 | 37% | \$578,100 |

Married filing separate returns (MFS)

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|-----------|----------|------|----------------|
| \$0 | \$11,000 | \$0 | 10% | \$0 |
| \$11,000 | \$44,725 | \$1,100 | 12% | \$11,000 |
| \$44,725 | \$95,375 | \$5,147 | 22% | \$44,725 |
| \$95,375 | \$182,100 | \$16,290 | 24% | \$95,375 |
| \$182,100 | \$231,250 | \$37,104 | 32% | \$182,100 |
| \$231,250 | \$346,875 | \$52,832 | 35% | \$231,250 |
| \$346,875 | | \$93,301 | 37% | \$346,875 |

Estate and trusts

| Taxable income over | Not over | Tax is | Plus | Of amount over |
|---------------------|----------|---------|------|----------------|
| \$0 | \$2,900 | \$0 | 10% | \$0 |
| \$2,900 | \$10,550 | \$290 | 24% | \$2,900 |
| \$10,550 | \$14,450 | \$2,126 | 35% | \$10,550 |
| \$14,450 | | \$3,491 | 37% | \$14,450 |

Additional income tax information

Standard deduction

| | 2022 | 2023 | 2022 | 2023 |
|--------|----------|--------|---------|---------|
| Single | \$12,950 | 13,850 | \$1,750 | \$1,850 |
| MFJ | \$25,900 | 27,700 | \$1,400 | \$1,500 |
| H of H | \$19,400 | 20,800 | \$1,750 | \$1,850 |
| MFS | \$12,950 | 13,850 | \$1,400 | \$1,500 |

Add'l \$1,500 if > 65 or blind.
This amount increases to \$1,850 if also unmarried

Child tax credit — 2023

\$2,000
No more than \$1,600 per child is refundable.

Capital gain/dividend rates — 2023

Varies depending on maximum taxable income level under taxpayer's filing status.

| | Short term <12 mos | Ordinary rate | Ordinary rate | Ordinary rate |
|---------------------|--------------------|---------------|---------------|---------------|
| Long term >12 mos | | 0% | 15% | 20% |
| Qualified dividends | | 0% | 15% | 20% |

Gift tax and GST tax

| | 2022 | 2023 |
|---------------------------|--------------|--------------|
| Single | \$12,060,000 | \$12,920,000 |
| Couples | \$24,120,000 | \$25,840,000 |
| GST exclusion | \$12,060,000 | \$12,920,000 |
| Annual gift tax exclusion | \$16,000 | \$17,000 |

Business Entities — 2023

C corporations: taxed at 21% flat rate

Pass-through entities: 20% deduction on qualified business income through these thresholds:*

| | \$0 | \$182,100 | \$232,100 |
|----------------------|-----|-----------|-----------------------------------|
| Service business | 20% | Phase to | ... no deduction |
| Non-service business | 20% | Phase to | ... 20% with W-2 & capital limits |

*For individuals, 2x for Married Filing Jointly

Estate, gift and corporate taxes

Estate and gift tax rates — 2023

| Taxable gift/estate | Over | Not over | Tax on column 1 | Rate on excess |
|---------------------|-------------|-----------|-----------------|----------------|
| \$0 | \$10,000 | \$0 | 18% | |
| \$10,000 | \$20,000 | \$1,800 | 20% | |
| \$20,000 | \$40,000 | \$3,800 | 22% | |
| \$40,000 | \$60,000 | \$8,200 | 24% | |
| \$60,000 | \$80,000 | \$13,000 | 26% | |
| \$80,000 | \$100,000 | \$18,200 | 28% | |
| \$100,000 | \$150,000 | \$23,800 | 30% | |
| \$150,000 | \$250,000 | \$38,800 | 32% | |
| \$250,000 | \$500,000 | \$70,800 | 34% | |
| \$500,000 | \$750,000 | \$155,800 | 37% | |
| \$750,000 | \$1,000,000 | \$248,300 | 39% | |
| \$1,000,000 | and over | \$345,800 | 40% | |

Exclusion equivalent and applicable credit

| | Exclusion equivalent | Top estate tax rate |
|------|----------------------|---------------------|
| 2017 | \$5,490,000 | 40% |
| 2018 | \$11,180,000 | 40% |
| 2019 | \$11,400,000 | 40% |
| 2020 | \$11,580,000 | 40% |
| 2021 | \$11,700,000 | 40% |
| 2022 | \$12,060,000 | 40% |
| 2023 | \$12,920,000 | 40% |

Subtract applicable credit from tax calculated above.

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