

# WEALTH PLANNING: A GUIDE TO ANNUAL LIMITS FOR 2016

<b>INCOME TAX EXEMPTIONS AND DEDUCTIONS</b>	<b>2016</b>	<b>2015</b>
Personal exemption	\$4,050	\$4,000
Standard deduction:		
Single	\$6,300	\$6,300
Married filing jointly	\$12,600	\$12,600
Head of household	\$9,300	\$9,250
Married filing separately	\$6,300	\$6,300
Kiddie tax limited standard deduction	\$1,050	\$1,050
Elderly or blind additional deduction:		
Single or Head of household	\$1,550	\$1,550
Married	\$1,250	\$1,250
Section 179:		
Maximum election	\$25,000	\$25,000
Phaseout begins	\$200,000	\$200,000
Adoption credit (nonrefundable for 2012):		
Maximum election	\$13,460	\$13,400
Phaseout	\$201,920	\$201,010 – \$241,010
<b>PHASEOUT OF PERSONAL EXEMPTIONS</b>	<b>2016</b>	<b>2015</b>
Single	\$259,400 – \$381,900	\$258,250 – \$380,750
Married filing jointly	\$311,300 – \$433,800	\$309,900 – \$432,400
Married filing separately	\$155,650 – \$216,900	\$154,950 – \$216,200
Head of household	\$285,350 – \$407,850	\$284,050 – \$406,550
<b>CAPITAL GAINS AND QUALIFYING DIVIDENDS</b>	<b>2016</b>	<b>2015</b>
Taxpayers in top (39.6%) tax brackets	20%	20%
Taxpayers in 25%, 28%, 33% and 35% tax brackets	15%	15%
Taxpayers in tax rate bracket 15%	0%	0%
<b>PHASEOUT OF ITEMIZED DEDUCTIONS</b>	<b>2016</b>	<b>2015</b>
Single	\$259,400 – \$381,900	\$258,250 – \$380,750
Married filing jointly	\$311,300 – \$433,800	\$309,900 – \$432,400
Married filing separately	\$155,650 – \$216,900	\$154,950 – \$216,200
Head of household	\$285,350 – \$407,850	\$284,050 – \$406,550

<b>ALTERNATIVE MINIMUM TAX (AMT) EXEMPTIONS</b>	<b>2016</b>	<b>2015</b>
Single	\$53,900	\$53,600
Married filing jointly	\$83,800	\$83,400
Married filing separately	\$41,900	\$41,700
Trusts and estates	\$23,900	\$23,800
<b>SOCIAL SECURITY AND WITHHOLDING<sup>1</sup></b>	<b>2016</b>	<b>2015</b>
Social Security taxable wage base	\$118,500	\$118,500
FICA tax rate-employee (6.2% SS / 1.45% medicare)	7.65%	7.65%
SECA tax rate-self-employed (12.4% SS / 2.9% medicare)	15.30%	15.30%
Earnings limitations:		
Below Full Retirement Age (\$1 for \$2)	\$15,720	\$15,720
Persons reaching Full Retirement Age (\$1 for \$3)	\$41,880	\$41,880
(Applies only to earnings for months prior to attaining FRA)		
Social Security cost-of-living adjustment	0%	1.70%
Quarter of coverage	\$1,260	\$1,220
Maximum benefit: worker retiring at FRA	\$2,639	\$2,663
Estimated average monthly benefit	\$1,341	\$1,328
<b>DETERMINING SOCIAL SECURITY FULL RETIREMENT AGE (FRA)</b>		
Year of Birth	Full Retirement Age	Full Retirement Age
1937 or Earlier	65	65
1938	65 and 2 months	65 and 2 months
1939	65 and 4 months	65 and 4 months
1940	65 and 6 months	65 and 6 months
1941	65 and 8 months	65 and 8 months
1942	65 and 10 months	65 and 10 months
1943 – 54	66	66
1955	66 and 2 months	66 and 2 months
1956	66 and 4 months	66 and 4 months
1957	66 and 6 months	66 and 6 months
1958	66 and 8 months	66 and 8 months
1959	66 and 10 months	66 and 10 months
1960 or later	67	67

<b>ESTATE AND GIFT TAX-RELATED ITEMS</b>	<b>2016</b>	<b>2015</b>
Annual gift tax exclusion	\$14,000	\$14,000
Federal estate tax basic exclusion	\$5,450,000	\$5,430,000
Gift tax basic exclusion	\$5,450,000	\$5,430,000
Generation skipping transfer tax exemption	\$5,450,000	\$5,430,000
Maximum gift and estate tax rate	40.00%	40.00%
Noncitizen Spouse annual gift tax exclusion	\$148,000	\$147,000
<b>MEDICARE</b>		
	<b>2016</b>	<b>2015</b>
Monthly premium: This is supplemented by the table on worksheet entitled "Part B & D – Medicare"		
Part A <sup>6</sup>	\$407	\$407
Part B	\$104.90	\$104.90
Part A:		
First 60 days – patient pays deductible	\$1,288	\$1,260
Next 30 days – patient pays per day	\$322	\$315
Next 60 days (lifetime reserve days)/patient pays per day	\$644	\$630
Skilled nursing benefits:		
First 20 days – patient pays per day	\$0	
Next 80 days – patient pays per day	\$161	\$157.50
Over 100 days – patient pays per day	All Cost	All Cost
Part B:		
Deductible	\$166	\$147
Coinsurance	20%	20%
Part D (Prescription benefits):		
Deductible	\$360	\$320.00
25% coinsurance on next	\$3,310	\$2,960
Out-of-pocket Threshold	\$4,850	\$4,700
Gap	\$1,540	\$2,060
Beneficiary then pays coinsurance amount for additional covered expenses.		
<b>HEALTH SAVINGS ACCOUNT</b>		
	<b>2016</b>	<b>2015</b>
Minimum deductible amount:		
Single	\$1,300	\$1,300
Family	\$2,600	\$2,600
Maximum out-of-pocket amount:		
Single	\$6,450	\$6,350
Family	\$12,900	\$12,700
HSA statutory contribution maximum:		
Single	\$3,350	\$3,300
Family	\$6,650	\$6,550
Catch-Up contribution (age 55 older)	\$1,000	\$1,000

<b>RETIREMENT PLANS</b>	<b>2016</b>	<b>2015</b>
Elective deferrals of 401 (k), 403 (b), 457, and SARSEPs	\$18,000	\$18,000
Catch-up contribution (50 and over)	\$6,000	\$6,000
Defined contribution (\$415)	\$53,000	\$53,000
Defined benefit (\$415)	\$210,000	\$210,000
SIMPLE plan	\$12,500	\$12,500
SIMPLE catch-up contribution	\$3,000	\$3,000
Maximum includible compensation	\$265,000	\$265,000
Highly compensated employee	\$120,000	\$120,000
Key employee (top-heavy plan)	\$170,000	>\$170,000
SEP participation limit	\$600	\$600
IRA or Roth IRA contribution limit	\$5,500	\$5,500
IRA or Roth IRA catch-up	\$1,000	\$1,000
IRA deduction phaseout for active participants: <sup>4</sup>		
Single	\$61,000 – \$71,000	\$61,000 – \$71,000
Married filing jointly <sup>4</sup>	\$98,000 – \$118,000	\$98,000 – \$118,000
Married filing separately	\$0 – \$10,000	\$0 – \$10,000
Spousal IRA	\$184,000 – \$194,000	\$183,000 – \$193,000
Roth IRA phaseout:		
Single	\$117,000 – \$132,000	\$116,000 – \$131,000
Married filing jointly	\$184,000 – \$194,000	\$183,000 – \$193,000
Married filing separately	\$0 – \$10,000	
<b>EDUCATION</b>		
	<b>2016</b>	<b>2015</b>
EE bonds for education-phaseout of exclusion:		
Single	\$77,550	\$77,200 – \$92,200
Married filing jointly	\$116,300	\$115,750 – 145,750
Coverdell Education Savings Account phaseout:		
Single	\$95,000 – \$110,000	\$110,000
Married filing jointly	\$190,000 – \$220,000	\$190,000
Lifetime Learning Credit phaseout <sup>2</sup>		
Single	\$55,000 – \$65,000	\$55,000 – \$65,000
Married filing jointly	\$111,000 – \$131,000	\$110,000 – \$130,000
American Opportunity Credit – Maximum of \$2,500 (100% on first \$2,000; 25% of next \$2,000). Phaseout:		
Single	\$55,000 – \$65,000	\$80,000 – \$90,000
Married filing jointly	\$111,000 – \$131,000	\$160,000 – \$180,000
Education loan deduction (\$2,500) phaseout:		
Single	\$65,000 – \$80,000	>\$65,000
Married filing jointly	\$130,000 – \$160,000	>\$130,000
\$4,000 higher education expense deduction: phased out for 2015		

<b>MISCELLANEOUS ITEMS</b>	<b>2016</b>	<b>2015</b>
PBGC maximum monthly benefit (at age 65)	\$60,136	\$5,011
Archer Medical Savings Account:		
Single, high deductible minimum	\$2,250	\$3,350
Single, high deductible maximum	\$3,350	
Single out-of-pocket maximum	\$4,450	\$6,450
Family, high deductible minimum	\$4,450	\$6,650
Family, high deductible maximum	\$6,700	
Family out-of-pocket maximum	\$8,150	\$12,900
Long-term care (LTC), per diem limit	\$340	\$330
LTC premium as a medical expense limitation: \$380 – \$4,750 by age		
Age 40 or less	\$390	\$380
Age 41 – 50	\$730	\$710
Age 51 – 60	\$1,460	\$1,430
Age 61 – 70	\$3,900	\$3,800
Age 71 or older	\$4,870	\$4,750
Qualified transportation expenses (monthly):		
Commuter highway/transit pass	\$130	\$130
Qualified parking	\$255	\$250
<b>STANDARD MILEAGE RATES</b>		
	<b>2016</b>	<b>2015</b>
Business use	presently not available	\$0.56 per mile
Charitable use (non-indexed)	\$0.14 per mile	\$0.14 per mile
Medical or moving use	presently not available	\$0.235 per mile

#### FOOTNOTES

This material is being provided for informational purposes only, and should not be construed or interpreted as tax advice. Please seek assistance of a professional tax advisor to discuss how these figures could affect your individual situation.

1. The Social Security Tax Rate is comprised of two separate payroll taxes: 6.20% for Old Age, Survivors, and Disability Insurance and 1.45% for Hospital Insurance.
2. The Lifetime Learning Credit allowance is for 20% of up to \$10,000 of qualified expenses.

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