

# 2013 INCOME AND PAYROLL TAX RATES

amounts rounded to the nearest whole dollar

## SINGLE TAXPAYER RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 8,925	\$ 0	10%	\$ 0
8,925	36,250	893	15%	8,925
36,250	87,850	4,991	25%	36,250
87,850	183,250	17,891	28%	87,850
183,250	398,350	44,603	33%	183,250
398,350	400,000	115,586	35%	398,350
400,000	—	116,164	39.6%	400,000

## MARRIED FILING JOINTLY RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 17,850	\$ 0	10%	\$ 0
17,850	72,500	1,785	15%	17,850
72,500	146,400	9,983	25%	72,500
146,400	223,050	28,458	28%	146,400
223,050	398,350	49,920	33%	223,050
398,350	450,000	107,768	35%	398,350
450,000	—	125,846	39.6%	450,000

## HEAD OF HOUSEHOLD RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 12,750	\$ 0	10%	\$ 0
12,750	48,600	1,275	15%	12,750
48,600	125,450	6,653	25%	48,600
125,450	203,150	25,865	28%	125,450
203,150	398,350	47,621	33%	203,150
398,350	425,000	112,037	35%	398,350
425,000	—	121,395	39.6%	425,000

## MARRIED FILING SEPARATELY RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 8,925	\$ 0	10%	\$ 0
8,925	36,250	893	15%	8,925
36,250	73,200	4,991	25%	36,250
73,200	111,525	14,229	28%	73,200
111,525	199,175	24,960	33%	111,525
199,175	225,000	53,884	35%	199,175
225,000	—	62,923	39.6%	225,000

## TRUSTS AND ESTATES RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 2,450	\$ 0	15%	\$ 0
2,450	5,700	368	25%	2,450
5,700	8,750	1,180	28%	5,700
8,750	11,950	2,034	33%	8,750
11,950	—	3,090	39.6%	11,950

## SOCIAL SECURITY PAYROLL TAX

	Maximum Taxable Wage Base	Tax Rate	Maximum Tax
Employee	\$113,700	6.2%	\$ 7,049
Self-Employed	113,700	12.4%	14,099

## MEDICARE PART A PAYROLL TAX

	Taxable Wage Base	Tax Rate	Maximum Tax
Employee	Initial \$250,000 (joint filer)	1.45%	\$3,625
	Initial \$125,000 (married filing separately)	1.45%	\$1,812.50
	Initial \$200,000 (all others)	1.45%	\$2,900
	Wages over \$250,000 (joint filers)	2.35%	(no maximum)
	Wages over \$125,000 (married filing separately)	2.35%	(no maximum)
	Wages over \$200,000 (all others)	2.35%	(no maximum)
Employer	All wages	1.45%	
Self-Employed	Initial \$250,000 (joint filer)	2.9%	\$7,250
	Initial \$125,000 (married filing separately)	2.9%	\$3,625
	Initial \$200,000 (all others)	2.9%	\$5,800
	Wages over \$250,000 (joint filers)	3.8%	(no maximum)
	Wages over \$125,000 (married filing separately)	3.8%	(no maximum)
	Wages over \$200,000 (all others)	3.8%	(no maximum)

# 2014 INCOME AND PAYROLL TAX RATES

amounts rounded to the nearest whole dollar

## SINGLE TAXPAYER RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 9,075	\$ 0	10%	\$ 0
9,075	36,900	907.50	15%	9,075
36,900	89,350	5,081.25	25%	36,900
89,350	186,350	18,193.75	28%	89,350
186,350	405,100	45,353.75	33%	186,350
405,100	406,750	117,541.25	35%	405,100
406,750	—	118,118.75	39.6%	406,750

## MARRIED FILING JOINTLY RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 18,150	\$ 0	10%	\$ 0
18,150	73,800	1,815.00	15%	18,150
73,800	148,850	10,162.00	25%	73,800
148,850	226,850	28,925.00	28%	148,850
226,850	405,100	50,765.00	33%	226,850
405,100	457,600	109,587.50	35%	405,100
457,600	—	127,962.50	39.6%	457,600

## HEAD OF HOUSEHOLD RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 12,950	\$ 0	10%	\$ 0
12,950	49,400	1,295.00	15%	12,950
49,400	127,550	6,762.50	25%	49,400
127,550	206,600	26,300.00	28%	127,550
206,600	405,100	48,434.00	33%	206,600
405,100	432,200	113,939.00	35%	405,100
432,200	—	123,424.00	39.6%	432,200

## MARRIED FILING SEPARATELY RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 9,075	\$ 0	10%	\$ 0
9,075	36,900	907.50	15%	9,075
36,900	74,425	5,081.25	25%	36,900
74,425	113,425	14,462.50	28%	74,425
113,425	202,550	25,382.50	33%	113,425
202,550	228,800	54,793.75	35%	202,550
228,800	—	63,981.25	39.6%	228,800

## TRUSTS AND ESTATES RATES

Taxable Income		Tax before Credits		
Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 2,500	\$ 0	15%	\$ 0
2,500	5,800	375.00	25%	2,500
5,800	8,900	1,200.00	28%	5,800
8,900	12,150	2,068.00	33%	8,900
12,150	—	3,140.50	39.6%	12,150

## SOCIAL SECURITY PAYROLL TAX

	Maximum Taxable Wage Base	Tax Rate	Maximum Tax
Employee	\$117,000	6.2%	\$ 7,254
Self-Employed	117,000	12.4%	14,508

## MEDICARE PART A PAYROLL TAX

	Taxable Wage Base	Tax Rate	Maximum Tax
Employee	Initial \$250,000 (joint filer)	1.45%	\$3,625
	Initial \$125,000 (married filing separately)	1.45%	\$1,812.50
	Initial \$200,000 (all others)	1.45%	\$2,900
	Wages over \$250,000 (joint filers)	2.35%	(no maximum)
	Wages over \$125,000 (married filing separately)	2.35%	(no maximum)
	Wages over \$200,000 (all others)	2.35%	(no maximum)
Employer	All wages	1.45%	
Self-Employed	Initial \$250,000 (joint filer)	2.9%	\$7,250
	Initial \$125,000 (married filing separately)	2.9%	\$3,625
	Initial \$200,000 (all others)	2.9%	\$5,800
	Wages over \$250,000 (joint filers)	3.8%	(no maximum)
	Wages over \$125,000 (married filing separately)	3.8%	(no maximum)
	Wages over \$200,000 (all others)	3.8%	(no maximum)

## CORPORATIONS (FOR ALL TAX YEARS SINCE 1993)

If Taxable Income is:

<u>Over</u>	<u>But not over</u>	<u>Flat amount</u>	<u>+</u>	<u>Of excess over</u>
\$ 0	\$ 50,000	\$ 0	15%	\$ 0
50,000	75,000	7,500	25%	50,000
75,000	100,000	13,750	34%	75,000
100,000	335,000	22,250	39%	100,000
335,000	10,000,000	113,900	34%	335,000
10,000,000	15,000,000	3,400,000	35%	10,000,000
15,000,000	18,333,333	5,150,000	38%	15,000,000
18,333,333	_____	6,416,667	35%	18,333,333

## ALTERNATIVE MINIMUM TAX

Taxpayers are subject to an “alternative minimum tax” (AMT) instead of the regular income tax when they have substantial “preference income.” This is income that is treated favorably under the regular income tax. Basically, the taxpayer must pay whichever tax is higher—the regular tax or the AMT.

<u>Filing Status</u>	<u>2013 Exemption</u>	<u>2014 Exemption</u>
Single or head of household	\$51,900	\$52,800
Married filing jointly	\$80,800	\$82,100
Married filing separately	\$40,400	\$41,050

The exemption amounts are phased out for higher-income taxpayers.

<u>AMT Income in Excess of Exemption 2013 / 2014</u>	<u>AMT Rate</u>
First \$179,500 / \$182,500*	26%
Above \$179,500 / \$182,500	28%

\*\$89,750 / \$91,250 for married persons filing separately

## KIDDIE TAX (UNDER AGE 19 WITH UNEARNED INCOME)

	<u>2013</u>	<u>2014</u>	<u>Income Tax Bracket</u>
First	\$1,000	\$1,000	No Tax
Next	\$1,000	\$1,000	Child's Bracket
Amounts Over	\$2,000	\$2,000	Parent's Bracket

The “kiddie tax” applies to: a) a child under age 18; b) a child age 18 whose earned income does not exceed one-half of his or her support; or c) a child age 19-23 whose earned income does not exceed one-half of his or her support, and who is a full-time student. Furthermore, the child does not file a joint income tax return and has at least one living parent at the end of the tax year.

## INCOME TAXATION OF SOCIAL SECURITY BENEFITS

Retired taxpayers with incomes over certain threshold amounts are subject to income tax on their Social Security retirement benefits. The special tax base for determining whether a taxpayer's benefits are subject to tax equals one-half of Social Security benefits, plus all other income, including tax-exempt income. The dollar thresholds below are not indexed to inflation.

<u>Filing Status</u>	<u>Tax Base</u>	<u>% of Benefits Taxed</u>
Single or head of household	\$25,000 - \$34,000	50%
	Over \$34,000	85%
Married filing jointly	\$32,000 - \$44,000	50%
	Over \$44,000	85%
Married filing separately	Depends on whether the spouses live together during the tax year	

For example, a married couple filing jointly has an adjusted gross income of \$30,000, tax-exempt interest of \$3,000, and receives \$24,000 in Social Security benefits. The special tax base for the couple equals \$45,000, and \$6,850 of the Social Security benefits are taxable (.50 x \$12,000 = \$6,000; .85 of \$1,000 = \$850; total \$6,850).

## PERSONAL EXEMPTION

**Amount** - The personal exemption amount that a taxpayer may claim for himself and each of his dependents is set at \$3,900 in 2013 and \$3,950 in 2014. For example, in 2014, a married couple with two dependent children file a joint tax return and claim four personal exemptions for a total of \$15,800. A taxpayer (usually a child) cannot claim a personal exemption if he or she can be claimed as a dependent by another (usually a parent).

**Reduction of Personal Exemption Amount** - Personal exemptions claimed in 2013 and 2014 must be reduced by 2% for each \$2,500 (\$1,250 for married filing separately) or fraction thereof of AGI in excess of a certain amount. For 2013, the threshold AGI amounts are \$300,000 for married persons filing jointly, \$275,000 for heads of households, \$250,000 for singles, and \$150,000 for married persons filing separately. For 2014, the threshold AGI amounts are \$305,050 for married persons filing jointly, \$279,650 for heads of households, \$254,200 for singles, and \$152,525 for married persons filing separately.

## STANDARD DEDUCTION

**Amount** - The standard deduction is a flat amount that a taxpayer may deduct in lieu of itemizing deductions. The standard deduction amount for each taxpayer category is:

<u>Taxpayer Status</u>	<u>2013 Standard Deduction</u>	<u>2014 Standard Deduction</u>
Single	\$6,100	\$6,200
Married filing jointly	\$12,200	\$12,400
Head of household	\$8,950	\$9,100
Married filing separately	\$6,100	\$6,200

**Age 65 or Blind** - Taxpayers who are age 65 or over, or who are blind, may take an additional standard deduction (provided they do not itemize). In 2013, the additional standard deduction amount is \$1,200 if married or \$1,500 if the person is unmarried or not a surviving spouse. In 2014, the additional standard deduction amount is \$1,200 or \$1,550.

**Dependents** - Taxpayers (usually children) who are claimed as dependents on another's (usually parents') tax return may only take a limited standard deduction. In 2013, the deduction amount cannot exceed the greater of (1) \$1,000 or (2) \$350 plus earned income (up to the regular standard deduction amount). These amounts remain unchanged for 2014.

## ITEMIZED DEDUCTIONS

**Interest Expense.** Most personal interest paid is not deductible, with certain important exceptions:

<u>Deductible</u>	<u>Not Deductible</u>
1. Mortgage interest on one or two residences up to \$1,000,000 of indebtedness	1. Auto loan interest
2. Points on home mortgages	2. Credit card interest
3. Home equity loan interest up to \$100,000 of indebtedness	3. Most other consumer loan interest
4. Business interest	4. Prepaid interest other than points on home mortgages
5. Investment interest up to net investment income	

**State and Local Taxes** - Itemizers may deduct either state and local income taxes, or state and local sales taxes. Also, itemizers may deduct state and local real property taxes and personal property taxes. However, taxpayers may not deduct state and local taxes in calculating the AMT unless they are deductible in computing adjusted gross income ("above the line" deductions, not itemized).

**Medical and Dental Expenses** - Expenses paid for nearly all medical, dental and vision care during the year, and not reimbursed by insurance or other means, are deductible by itemizers to the extent that the total of such expenses exceeds 10% of AGI in 2013 and 2014 (except for those taxpayers age 65 and older, who remain at 7.5% through the tax year ending December 31, 2016).

**Losses** - Individuals can deduct three basic types of losses: 1) business losses incurred in the taxpayer's unincorporated business, 2) investment losses if the investment was originally motivated by profit, and 3) casualty and theft losses, but each separate loss is reduced by \$100, and the total of such losses is only deductible to the extent it exceeds 10% of AGI.

**Reduction of Itemized Deductions** - Itemized deductions claimed in 2013 and 2014 must be reduced by 3% of AGI in excess of a certain amount based upon the taxpayer's income tax filing status, and the maximum reduction is 80%. The AGI threshold amounts for 2013 are \$300,000 for married persons filing jointly, \$275,000 for heads of households, \$250,000 for singles, and \$150,000 for married persons filing separately. The AGI threshold amounts for 2014 are \$305,050 for married persons filing jointly, \$279,650 for heads of households, \$254,200 for singles, and \$152,525 for married persons filing separately.

## CAPITAL GAINS AND DIVIDENDS

**Maximum Tax Rate on Long-Term Capital Gains** - In 2013 and 2014, the tax rate on net long-term capital gains for individual taxpayers is 15% (or 0% for taxpayers in the lower two tax brackets). Taxpayers with net long-term capital gains exceeding the threshold amount for the 39.6% income tax bracket are taxed at a rate of 20% for those gains.

**Holding Period** - The long-term rate generally applies to gains on the sale of capital assets held for more than one year.

**Short-Term Capital Gains** - Net short-term capital gains (on sales of capital assets held for one year or less) are taxed at ordinary income rates.

**Collectibles** - Long-term capital gain from the sale of collectibles is taxed at a top rate of 28%.

**Capital Losses** - After capital gains and losses are netted against one another, any remaining net capital loss may be used to offset ordinary income up to \$3,000 per year. Any excess net capital loss may be carried over and used in future years.

**Sale of a Principal Residence** - A seller of any age who has owned and used real property as a principal residence for at least two of the last five years can exclude from gross income up to \$250,000 (\$500,000 if married filing jointly) of gain realized on a sale.

**Maximum Tax Rate on Most Corporate Dividends** - In 2013 and 2014, the tax rate on most corporate dividends for individual taxpayers is 15% (or 0% for taxpayers in the lower two tax brackets). Taxpayers with dividends exceeding the threshold amount for the 39.6% income tax bracket are taxed at a rate of 20% for those dividends.

**Additional Tax on High-Income Taxpayers** - In 2013 and 2014, individuals with more than \$200,000 in income (\$250,000 for a married couple filing jointly), who also have investment income, will pay an additional tax of 3.8% on net investment income or the excess of modified adjusted gross income over the threshold amount (whichever amount is less). Investment income is defined as the sum of gross income from items such as interest, dividends, annuities, royalties, and rents, as well as net gain attributable to the disposition of property (i.e., capital gains).

## DEDUCTION FOR CONTRIBUTIONS TO PUBLIC CHARITIES

Type of Property Contributed	Deemed Amount of Contribution	Percentage Limitation <sup>1</sup>
Cash	Actual dollar amount	50%
Appreciated ordinary income property <sup>2</sup> or appreciated short-term capital gain property <sup>3</sup>	Donor's tax basis	50%
Appreciated long-term capital gain property <sup>4</sup>		
(a) General rule	Fair market value	30%
(b) Election made to reduce amount of contribution	Donor's tax basis	50%
(c) Tangible personal property put to unrelated use by donee charity	Donor's tax basis	50%

<sup>1</sup> The applicable "percentage limitation" applies to the donor's contribution base, which is the donor's adjusted gross income (AGI) determined without regard to any net operating loss carryback. The limitation is applied on an annual basis. Any deductible contributions that exceed the current year's limitations may be carried over and deducted in the five succeeding tax years, subject to the percentage limitations in those years.

<sup>2</sup> "Ordinary income property" is property that would produce ordinary income if sold by the individual.

<sup>3</sup> "Short-term capital gain property" is property that would produce short-term capital gain if sold by the individual.

<sup>4</sup> "Long-term capital gain property" is property that would produce long-term capital gain if sold by the individual.

## DOLLAR LIMITS FOR QUALIFIED RETIREMENT PLANS

	2013	2014
<b>Defined Contribution Plans - Annual additions limit for defined contribution plans [IRC Sec. 415(c)]</b>	\$51,000	\$52,000
<b>Defined Benefit Plans - Annual benefit limit for defined benefit plans [IRC Sec. 415(b)]</b>	\$205,000	\$210,000
<b>401(k) - Annual limit on deferrals [IRC Sec. 402(g)]</b>	\$17,500	\$17,500
<b>Plus: age 50+ catch-up</b>	\$5,500	\$5,500
<b>403(b) - Annual limit on deferrals [IRC Sec. 402(g)]</b>	\$17,500	\$17,500
<b>Plus: age 50+ catch-up</b>	\$5,500	\$5,500
<b>Salary Reduction SEPs (SARSEPs) - Annual limit on elective deferral [IRC Sec. 402(g)]</b>	\$17,500	\$17,500
<b>Plus: age 50+ catch-up</b>	\$5,500	\$5,500
<b>Annual Limit On Elective Deferrals to 457 Plans - [IRC Sec. 457(b)(2)(c)(1)]</b>	\$17,500	\$17,500
<b>Plus: age 50+ catch-up</b>	\$5,500	\$5,500
<b>Maximum Annual Compensation - Amount of employee compensation that may be taken into account by plan formula (QRPs, 403(b), SEPs) [IRC Sec. 401(a)(17)]</b>	\$255,000	\$260,000
<b>Nondiscrimination Rules - For “highly compensated employees” [IRC Sec. 414(q)(1)]</b>	\$115,000	\$115,000
<b>Annual Compensation Subject to SEP Discrimination Rules - [IRC Sec. 408(k)(3)(c)]</b>	\$255,000	\$260,000
<b>Compensation Threshold for SEP Participation - [IRC Sec. 408(k)(2)(c)]</b>	\$550	\$550
<b>Annual Limit on Elective Deferrals to SIMPLE Plans - [IRC Sec. 408(p)(2)(c)(a)(ii)]</b>	\$12,000	\$12,000
<b>Plus: age 50+ catch-up</b>	\$2,500	\$2,500

## INDIVIDUAL RETIREMENT ACCOUNTS

### **Traditional IRA**

**Contribution Limit** – In 2013 and 2014, the lesser of \$5,500 (\$6,500 for taxpayers age 50+) or earned income.

#### **Deduction Limit on Qualified Retirement Plan Participants**

- Taxpayers who do not participate in qualified retirement plans can deduct contributions to an IRA.
- Taxpayers who do participate in qualified retirement plans may be subject to a reduced deduction based on modified adjusted gross income (MAGI).
- In 2013, the MAGI phase-out of the deduction for single taxpayers begins at \$59,000 and the deduction is lost at \$69,000. The MAGI phase-out of the deduction for married taxpayers filing jointly begins at \$95,000 and the deduction is lost at \$115,000.
- In 2014, the MAGI phase-out of the deduction for single taxpayers begins at \$60,000 and the deduction is lost at \$70,000. The MAGI phase-out of the deduction for married taxpayers filing jointly begins at \$96,000 and the deduction is lost at \$116,000.

## Roth IRA

**Contribution Limit** – In 2013 and 2014, the lesser of \$5,500 (\$6,500 for taxpayers age 50+) or earned income.

**Contribution Limit Based on Modified Adjusted Gross Income** – In 2013 and 2014, the amount taxpayers can contribute to a Roth IRA is subject to a MAGI phase-out.

- In 2013, the MAGI phase-out on Roth IRA contributions by single taxpayers begins at \$112,000 and no contribution is permitted if MAGI is \$127,000 or more. The MAGI phase-out on Roth IRA contributions for married taxpayers filing jointly begins at \$178,000 and no contribution is permitted if MAGI is \$188,000 or more.
- In 2014, the MAGI phase-out on Roth IRA contributions by single taxpayers begins at \$114,000 and no contribution is permitted if MAGI is \$129,000 or more. The MAGI phase-out on Roth IRA contributions for married taxpayers filing jointly begins at \$181,000 and no contribution is permitted if MAGI is \$191,000 or more.

**Deduction Limit** – There is no deduction for a contribution to a Roth IRA.

### REQUIRED MINIMUM DISTRIBUTIONS: UNIFORM LIFE TABLE

The Uniform Life Table is used to calculate lifetime required minimum distributions (RMDs) from qualified retirement plans, including 401(k) and 403(b) plans, and IRAs. To use this table, owners must be:

- Unmarried
- Married with a spouse who is not more than ten years younger
- Married with a spouse is not the sole beneficiary of the account

Married owners whose spouse is more than 10 years younger determine the appropriate life expectancy using the Joint and Last Survivor Table.

For every “distribution calendar year” (a calendar year for which a minimum distribution is required), find (1) the account balance on December 31st of the preceding year, (2) the account owner’s age on his or her birthday in the distribution calendar year, and (3) the divisor that corresponds to that age in the year of the distribution for the Uniform Lifetime Table. The RMD for the distribution calendar year is (1) divided by (3).

IRAs funded with annuities may have additional benefits that need to be included when calculating RMD payments.

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

## REQUIRED MINIMUM DISTRIBUTIONS: SINGLE LIFE EXPECTANCY TABLE

The following section concerns the RMD for individuals who inherit accounts. The required beginning date (RBD) is the date on which the owner has to begin taking distributions from a qualified retirement plan (age 70<sup>1/2</sup>).

### When the owner dies BEFORE reaching the RBD

If the owner dies before reaching the RBD for taking required minimum distributions (RMDs), and there is a designated beneficiary, use the designated beneficiary's life expectancy as calculated by using his or her age in the year following the year of the owner's death, and reduce by one for each passing year. But, if there is no designated beneficiary, the entire interest must be paid out by the end of the year marked by the fifth anniversary of the owner's death.

### When the owner dies AFTER reaching the RBD

If there is a designated beneficiary, there are two options for taking RMDs after the owner's death:

- Use the life expectancy method using the designated beneficiary's life expectancy (as described above), or
- Use the deceased owner's remaining life expectancy at death based on his or her age in the year of death, and reduced by one for each year thereafter.

If there is no designated beneficiary, the only distribution period available is based on the deceased owner's life expectancy in the year of death, and reduced by one for each year thereafter.

### Options for the Surviving Spouse as Sole Beneficiary

The spouse may elect to treat the account as his or her own IRA.

In the event the owner dies before reaching the RBD, the spouse may defer payments until the year the deceased owner would have reached age 70<sup>1/2</sup>. Thereafter, RMDs are calculated based upon the spouse's life expectancy.

In the event the owner dies after the RBD, the spouse must take the deceased owner's RMD for the year of death (if the owner dies before taking the distribution). And, starting in the year after the owner's year of death, the spouse takes RMDs based on his or her life expectancy. OR, the spouse could choose to take a lump sum or distributions of varying amounts over time (as long as all funds are distributed within five years).

Age	Factor	Age	Factor	Age	Factor	Age	Factor	Age	Factor	Age	Factor
0	82.4	21	62.1	42	41.7	63	22.7	84	8.1	105	1.9
1	81.6	22	61.1	43	40.7	64	21.8	85	7.6	106	1.7
2	80.6	23	60.1	44	39.8	65	21.0	86	7.1	107	1.5
3	79.7	24	59.1	45	38.8	66	20.2	87	6.7	108	1.4
4	78.7	25	58.2	46	37.9	67	19.4	88	6.3	109	1.2
5	77.7	26	57.2	47	37.0	68	18.6	89	5.9	110	1.1
6	76.7	27	56.2	48	36.0	69	17.8	90	5.5	111	1.0
7	75.8	28	55.3	49	35.1	70	17.0	91	5.2		
8	74.8	29	54.3	50	34.2	71	16.3	92	4.9		
9	73.8	30	53.3	51	33.3	72	15.5	93	4.6		
10	72.8	31	52.4	52	32.3	73	14.8	94	4.3		
11	71.8	32	51.4	53	31.4	74	14.1	95	4.1		
12	70.8	33	50.4	54	30.5	75	13.4	96	3.8		
13	69.9	34	49.4	55	29.6	76	12.7	97	3.6		
14	68.9	35	48.5	56	28.7	77	12.1	98	3.4		
15	67.9	36	47.5	57	27.9	78	11.4	99	3.1		
16	66.9	37	46.5	58	27.0	79	10.8	100	2.9		
17	66.0	38	45.6	59	26.1	80	10.2	101	2.7		
18	65.0	39	44.6	60	25.2	81	9.7	102	2.5		
19	64.0	40	43.6	61	24.4	82	9.1	103	2.3		
20	63.0	41	42.7	62	23.5	83	8.6	104	2.1		



**2013 Gift and Estate Unified Tax Rates:**

Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 10,000	\$ 0	18%	\$ 0
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

**2014 Gift and Estate Unified Tax Rates:**

Over	But not over	Flat amount	+	Of excess over
\$ 0	\$ 10,000	\$ 0	18%	\$ 0
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

**2013-14 Estate Tax**

Top Estate Tax Rate in 2013: 40%.

Top Estate Tax Rate in 2014: 40%.

Estate Tax Applicable Exclusion Amount in 2013 (Unified Credit): \$5,250,000

Estate Tax Applicable Exclusion Amount in 2014 (Unified Credit): \$5,340,000

Portability: The estate executor can elect to allocate the unused portion of a decedent's estate tax applicable exclusion amount to the surviving spouse.

**2013-14 Gift Tax**

Top Gift Tax Rate in 2013: 40%

Top Gift Tax Rate in 2014: 40%

Annual Gift Tax Exclusion in 2013: \$14,000 per donee

Annual Gift Tax Exclusion in 2014: \$14,000 per donee

Annual Gift Tax Exclusion for a Noncitizen Spouse in 2013: \$143,000

Annual Gift Tax Exclusion for a Noncitizen Spouse in 2014: \$145,000

Lifetime Gift Tax Applicable Exclusion Amount in 2013 (Unified Credit): \$5,250,000

Lifetime Gift Tax Applicable Exclusion Amount in 2014 (Unified Credit): \$5,340,000