

2023 tax planning guide

Tax brackets for 2023

Married, filing jointly (%)	Single (%)
\$0–\$22,000 10.0	\$0–\$11,000 10.0
\$22,001–\$89,450 12.0	\$11,001–\$44,725 12.0
\$89,451–\$190,750 22.0	\$44,726–\$95,375 22.0
\$190,751–\$364,200 24.0	\$95,376–\$182,100 24.0
\$364,201–\$693,750 32.0	\$182,101–\$231,250 32.0
\$462,501–\$693,750 35.0	\$231,251–\$578,125 35.0
Over \$693,750 37.0	Over \$578,125 37.0
Married, filing separately (%)	Head of household (%)
\$0–\$11,000 10.0	\$0–\$15,700 10.0
\$11,001–\$44,725 12.0	\$15,701–\$59,850 12.0
\$44,726–\$95,375 22.0	\$59,851–\$95,350 22.0
\$95,376–\$182,100 24.0	\$95,351–\$182,100 24.0
\$182,101–\$231,250 32.0	\$182,101–\$231,250 32.0
\$231,251–\$346,875 35.0	\$231,251–\$578,100 35.0
Over \$346,875 37.0	Over \$578,100 37.0
Estates and trusts (%)	
\$0–\$2,900 10.0	
\$2,901–\$10,550 24.0	
\$10,551–\$14,450 35.0	
Over \$14,450 37.0	

Long-term capital gains/ qualified dividend rates

0.0% rate when taxable income is below:

Married, filing jointly	\$89,250
Married, filing separately	\$44,625
Head of household	\$59,750
Single	\$44,625
Estates and trusts	\$3,000

15.0% rate when taxable income is below:

Married, filing jointly	\$553,850
Married, filing separately	\$276,900
Head of household	\$523,050
Single	\$492,300
Estates and trusts	\$14,650

20.0% rate applies to higher taxable income amounts; 28.0% rate generally applies to capital gains on collectibles

Standard deduction

Married, filing jointly	\$27,700
Married, filing separately	\$13,850
Single	\$13,850
Head of household	\$20,800
Blind or over 65: additional \$1,500 if married; \$1,850 if single or head of household	

Capital loss limit

Married, filing jointly	\$3,000
Married, filing separately	\$1,500
Single	\$3,000

If your capital loss exceeds your capital gains

Estate and gift tax

Transfer tax rate (maximum)	40%
Estate tax exemption	\$12,920,000
Gift tax exemption	\$12,920,000
Generation-skipping transfer exemption	\$12,920,000
Annual gift tax exclusion	\$17,000

Education

529 education savings plans

529 plan contributions, per individual	\$17,000 per year before gift tax
529 plan contributions, per couple	\$34,000 per year before gift tax
Accelerate 5 years of gifting into 1 year per individual	\$85,000
Per couple	\$170,000

Lifetime learning credits

Maximum credit	\$2,000
Phaseout—single	\$80,000–\$90,000 MAGI ¹
Phaseout—joint	\$160,000–\$180,000 MAGI ¹

Coverdell education savings account

Contribution	\$2,000
Phaseout—single	\$95,000–\$110,000 MAGI ¹
Phaseout—joint	\$190,000–\$220,000 MAGI ¹

Student loan interest

Deduction limit	\$2,500
Phaseout—single	\$75,000–\$90,000 MAGI ¹
Phaseout—joint	\$155,000–\$185,000 MAGI ¹

Phaseout of tax-free savings bonds interest

Single	\$91,850–\$106,850 MAGI ¹
Joint	\$137,800–\$167,800 MAGI ¹

American opportunity tax credit

Maximum credit	\$2,500
Phaseout—single	\$80,000–\$90,000 MAGI ¹
Phaseout—joint	\$160,000–\$180,000 MAGI ¹

Kiddie tax

Earned income is taxed at single tax bracket rates. Unearned income in excess of \$2,500 is taxed at the rates of the child's parents.

Retirement

IRA and Roth IRA contributions

Under age 50	\$6,500
Aged 50 and over	\$7,500

Phaseout for deducting IRA contributions

(for qualified plan participants only)

Married, filing jointly	\$116,000–\$136,000 MAGI ¹
Married, filing jointly ²	\$218,000–\$228,000 MAGI ¹
Single or head of household	\$73,000–\$83,000 MAGI ¹

Phaseout of Roth contribution eligibility

Married, filing jointly	\$218,000–\$228,000 MAGI ¹
Married, filing separately	\$0–\$10,000 MAGI ¹
Single	\$138,000–\$153,000 MAGI ¹

SEP contribution

Up to 25% of compensation	Limit \$66,000
To participate in SEP	\$750

SIMPLE elective deferral

Under age 50	\$15,500
Aged 50 and over	\$19,000

Qualified plan contributions

401(k), 403(b), 457, and SARSEP	\$22,500
Aged 50 and over	\$30,000
Limit on additions to defined contribution plan	\$66,000
Benefit limit on defined benefit plan	\$265,000
Highly compensated employee makes	\$150,000
Annual compensation taken into account for qualified plans	\$330,000

1 Modified adjusted gross income **2** Phaseout occurs when an IRA contributor isn't a participant in a qualified plan but the spouse is.

Getting to know SECURE Act 2.0

The Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 was signed into law at the end of 2022, bringing many current and future enhancements to qualified retirement plans. The new provisions enable employers, the federal government, and the retirement plan industry to help Americans save more for retirement.

Increased ages for RMDs

Effective January 1, 2023, for individuals born after 1950, the age when they must begin taking required minimum distributions (RMDs) rises from 72 to 73. A person born in 1951 does not have to take an RMD until 2024 and can delay the first RMD until April 1, 2025. Beginning in 2033, the minimum age will rise to 75. In addition, the excise tax for delayed or insufficient RMDs is reduced from 50% to 25%, effective January 1, 2023.

Expanding automatic features

Starting in 2025, employers offering new 401(k) and 403(b) plans will be required to automatically enroll workers at 3% to 10% of the employee's pay. Automatic escalation will also be required for these plans, increasing contributions by 1% a year, up to 10% to 15% of compensation.

Emergencies become exempt from 10% penalty

Starting in 2024, Americans under age 59½ can withdraw up to \$1,000 for an unforeseeable personal or family expense (subject to certain conditions) without paying the additional 10% tax on early withdrawals.

Saver's Credit to be payable as a match

Starting in 2027, the existing retirement savings contributions credit (Saver's Credit) will become a matching contribution from the federal government available for lower- and middle-income workers.

Increased catch-up contributions

Beginning in 2025, people ages 60 to 63 will have increased catch-up contribution limits, capped at the greater of:

- \$10,000, or
- 50% more than the regular catch-up amount for the year.

Roth enhancements

For 401(k), 403(b), and governmental 457(b) plans:

- Roth distributions are no longer subject to RMD rules, aligning with Roth IRAs.
- Employers may now make Roth matching or nonelective contributions, if they choose to.

For more information on the SECURE Act 2.0, visit retirement.johnhancock.com/us/en/b2b/Helping-with-SECURE-Act-2

Required minimum distributions

The Uniform Lifetime Table can be used by all IRA owners, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the Joint Life Expectancy Table is used (see IRS Pub. 590-B), which could reduce the RMD. Taking into account changes in mortality rates, the IRS has updated both tables, effective for RMDs required for tax years beginning in 2023. As a result of the SECURE Act 2.0, effective January 1, 2023, the minimum age at which IRA owners are required to take RMDs rose from 72 to 73; the age increases to 75 beginning January 1, 2033.

Uniform Lifetime Table³

Age of account owner	Divisor	Age of account owner	Divisor	Age of account owner	Divisor
73	26.5	82	18.5	92	10.8
74	25.5	83	17.7	93	10.1
75	24.6	85	16.0	94	9.5
76	23.7	86	15.2	95	8.9
77	22.9	87	14.4	96	8.4
78	22.0	88	13.7	97	7.8
79	21.1	89	12.9	98	7.3
80	20.2	90	12.2	99	6.8
81	19.4	91	11.5	100	6.4

³ The table progresses until the divisor becomes 2.0 for ages 120 and higher.

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