

# 2023 CLARITY REFERENCE GUIDE

## Federal Income Tax Rates

### SINGLE FILERS

Taxable Income	Tiered Rate
\$0 to \$11,000	10%
\$11,001 to \$44,725	12%
\$44,726 to \$95,375	22%
\$95,376 to \$182,100	24%
\$182,101 to \$231,250	32%
\$231,251 to \$578,125	35%
Over \$578,126	37%

### MARRIED FILING JOINTLY

Taxable Income	Tiered Rate
\$0 to \$22,000	10%
\$22,001 to \$89,450	12%
\$89,451 to \$190,750	22%
\$190,751 to \$364,200	24%
\$364,201 to \$462,500	32%
\$462,501 to \$693,750	35%
Over \$693,751	37%

### MARRIED FILING SEPARATELY

Taxable Income	Tiered Rate
\$0 to \$11,000	10%
\$11,001 - \$44,725	12%
\$44,726 - \$95,375	22%
\$95,376 - \$182,100	24%
\$182,101 - \$231,250	32%
\$231,250 - \$346,875	35%
Over \$346,876	37%

### HEAD OF HOUSEHOLD

Taxable Income	Tiered Rate
\$0 - \$15,700	10%
\$15,701 - \$59,850	12%
\$59,851 - \$95,350	22%
\$95,351 - \$182,100	24%
\$182,101 - \$231,250	32%
\$231,251 - \$578,100	35%
Over \$578,101	37%

## Standard Deductions

Single	\$13,850
Married Filing Jointly	\$27,700
Married Filing Separately	\$13,850
Head of Household	\$20,800

### ADDITIONAL DEDUCTIONS FOR AGE 65 AND OVER OR BLIND DEDUCTION

Single or Head of Household	\$1,850
Married Filing Jointly	\$1,500

## Itemized Deductions

### MEDICAL EXPENSES DEDUCTION

#### Income Threshold

Year 2023	7.5% of AGI
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### PROPERTY, STATE, LOCAL, AND SALES TAX DEDUCTIONS

#### Deduction Capped Combined Limit

Property, State, and Local Taxes	\$10,000
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#### -OR-

Property and Sales Taxes	\$10,000
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*Exception: If the taxes are paid towards carrying on a trade of a business, the \$10,000 capped amount does not apply*

### MORTGAGE INTEREST DEDUCTION

Mortgage Before 12.15.2017	\$1,000,000
Mortgage On or After 12.15.2017	\$750,000

## Alternative Minimum Tax (AMT)

Filing Status	Exemption	Phaseout
Single	\$81,300	\$578,150
Head of Household	\$81,300	\$578,150
Married Filing Jointly	\$126,500	\$1,156,300
Married Filing Separately	\$63,250	\$578,150

## Social Security and Medicare

### TAXABLE WAGE RATES

Social Security	\$160,200
Medicare	No Income Limit

### TAX RATES

Benefit	Employee	Self-Employed
Social Security	6.20%	12.40%
Medicare	1.45%	2.90%
Combined	7.65%	15.30%

**Additional Medicare Tax Rate:** 0.9% of employee's income if their income is above a certain level (applied to both employment and self-employment income):

Single & Head of Household	\$200,000
Married Filing Jointly	\$250,000

### FULL RETIREMENT AGE (FRA)

Birth Year	Age
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and Later	67

## Dividends and Capital Gains

### QUALIFIED DIVIDENDS & LONG-TERM GAINS

Single Filer	Tax Rate
\$0	0%
\$44,625	15%
Over \$492,300	20%

### Married Filing Jointly

\$0	0%
\$89,250	15%
Over \$553,850	20%

### Head of Household

\$0	0%
\$59,750	15%
Over \$523,050	20%

### ORDINARY DIVIDENDS & SHORT-TERM GAINS

Taxed at Ordinary Income Tax Rates

## Net Investment Income (NII) Tax

The NII Tax is 3.8% on the lesser of their net investment income or the amount by which modified AGI exceeds the statutory threshold amount based on their filing status.

Single	\$200,000
Head of Household	\$200,000
Married Filing Jointly	\$250,000

## Child Tax Credit

### MAXIMUM CREDIT

Single/Head of Household	\$2,000
	(AGI up to \$200,000)
Joint Filers	\$2,000
	(AGI up to \$400,000)
Non-Child Dependent	\$600

## Kiddie Tax (Up To Age 23)

### UNEARNED INCOME

The first \$1,250 of a child's unearned income qualifies for the standard deduction. The next \$1,250 is taxed at the child's income rate. Income above \$2,500 is taxed at the parents' tax bracket

## 529 Plans

### CONTRIBUTION LIMITS

Single	\$17,000 per student
	(5 year prepay \$85,000)
Married Filing Jointly	\$34,000 per student
	(5 year prepay \$170,000)

### TAX FREE WITHDRAWAL LIMITS

K-12 Tuition	\$10,000 per year per student
Undergraduate and Graduate	No Limit



2160 The Alameda Suite A, San Jose, CA  
408.560.3220 ClarityWealthAdvisors.com

## Retirement Plans

### TRADITIONAL IRA

Account Holder	Contribution Limits
Under Age 50	\$6,500
Age 50 and Over	\$7,500

Account Holder	AGI Phaseout
Single or Head of Household	\$73,000 - \$83,000
Married Filing Jointly	\$116,000 - \$136,000
Filing Jointly/IRA of Non-Participant	\$218,000 - \$228,000

### ROTH IRA

Account Holder	Contribution Limits
Under Age 50	\$6,500
Age 50 and Over	\$7,500

Account Holder	AGI Phaseout
Single or Head of Household	\$138,000 - \$153,000
Married Filing Jointly	\$218,000 - \$228,000

### 401(k), 403(b), AND 457 PLANS

Account Holder	Contribution Limits
Under Age 50	\$22,500
Age 50 and Over	\$30,000

### SEP IRA

The lesser of \$66,000 or 25% of eligible compensation (up to \$330,000 per employee).

### INDIVIDUAL 401(k) PLANS (SOLO 401(k), UNI-K)

Account Holder	Contribution Limits
Under Age 50	\$66,000
Age 50 and Over	\$73,500

### DEFINED BENEFIT PENSION PLANS

The lesser of \$265,000 or 100% of the participant's average compensation for his/her highest three years.

## Flexible Savings Accounts (FSA)

### CONTRIBUTION LIMITS

Health Care	\$3,050
Dependent Care	\$5,000
Transportation/Transit/Parking	\$300/month
Maximum Rollover	\$610

## Health Savings Accounts (HSA)

### CONTRIBUTION LIMITS

	Under 55	55 and Over
Individual	\$3,850	\$4,850
Family	\$7,750	\$8,750

Can only be used with an HSA-Compatible, High Deductible Health Plans

### Minimum Annual Deductibles

Individual	\$1,500
Family	\$3,000

### Maximum Annual Out-of-Pocket Expenses

Individual	\$7,500
Family	\$15,000

## Important Deadlines

### CONTRIBUTION DEADLINES FOR TRADITIONAL IRAs, ROTH IRAs, and HSAs

2022 Contributions	04.18.2023
2023 Contributions	04.15.2024
2023 Roth Conversions	12.31.2023

## Gift Tax Exclusion

Annual Gift Exclusion	\$17,000 per individual
Gift to Non-U.S. Spouse	\$175,000

## Estate Tax Exclusion

Individual	\$12,920,000
Married	\$25,840,000
Maximum Estate Tax Rate	40%

*Note: these tax laws are scheduled to revert back to the 2017 rules after December 31, 2025. This is for informational purposes only and neither Clarity Wealth Advisors nor its employees are tax advisors. Please contact your accountant and/or financial advisor for further guidance.*

## IRS Uniform Lifetime Table

$$\text{Account Balances as of 12/31} \div \text{Life Expectancy Factor} = \text{RMD}$$

From SECURE Act 2.0. One can delay Required Minimum Distribution (RMD) until age 73.

Note: Does not apply to inherited IRAs

Age	Factor
72	27.4
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4
82	18.5
83	17.7
84	16.8
85	16.0
86	15.2
87	14.4
88	13.7
89	12.9
90	12.2
91	11.5
92	10.8
93	10.1
94	9.5
95	8.9
96	8.4
97	7.8
98	7.3
99	6.8
100	6.4
101	6.0
102	5.6
103	5.2