



# 2014 TAX PLANNING TABLES

# 2014 Important Deadlines

## Last day to ...

### January 15

- Pay fourth-quarter 2013 federal individual estimated income tax

### January 27

- Buy in to close a short-against-the-box position (regular-way settlement)

### March 17

- Establish and fund SEP plans for corporations for 2013 (filing an extension extends the deadline)
- Fund employer contributions for retirement plans for corporations (filing an extension extends the deadline)

### April 1

- Take 2013 required minimum distribution (RMD) from traditional IRAs if you reached age 70½ in 2013

### April 15

- File 2013 federal individual income tax return (or file an extension)
- Pay first-quarter 2014 federal individual estimated income tax
- Make 2013 contribution to traditional IRA, Roth IRA, or Education Savings Account (ESA)
- Establish and fund SEP plans for sole proprietorships and partnerships for 2013 (filing an extension extends the deadline)

### June 16

- Pay second-quarter 2014 federal individual estimated income tax

### September 15

- Pay third-quarter 2014 federal individual estimated income tax

### October 1

- Establish a SIMPLE IRA/safe harbor 401(k)

### October 15

- File 2013 federal individual income tax return subject to automatic extensions
- Recharacterize a 2013 Roth IRA conversion

### November 28

- Double up to avoid violating the “wash sale” rule

### December 31

- Sell stock or listed options to realize a gain or loss
- Establish a new qualified plan (calendar-year taxpayers)
- Complete gifts for the current calendar year (charitable or other)
- Take RMDs from traditional IRAs and most qualified plans if you reached age 70½ before 2014
- Complete a Roth IRA conversion
- Complete a 529 plan contribution
- Sell shares acquired through the 2014 exercise of incentive stock options (ISOs) in disqualifying disposition to limit alternative minimum tax (AMT) exposure

# Income Tax Rate Schedules

## Married Taxpayer Filing Jointly/Surviving Spouse

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 18,150	\$ 0.00	10%	\$ 0
18,150	73,800	1,815.00	15	18,150
73,800	148,850	10,162.50	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

## Single Taxpayer

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	9,075	\$ 0.00	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

## Head of Household

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 12,950	\$ 0.00	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 Taxpayer Filing Separately

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 9,075	\$ 0.00	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

\* Taxable income is income after all deductions (including either itemized deductions or the standard deduction) and exemptions.

## Standard Deductions

Married/ joint	Single	Head of household	Dependents	Married/ separate
\$12,400	\$6,200	\$9,100	\$1,000	\$6,200

For dependents with earned income, the deduction is greater of \$1,000 or earned income + \$350 of unearned income (up to \$6,200)

## Additional Standard Deductions

Married, age 65 or older or blind	\$ 1,200*
Married, age 65 or older and blind	2,400*
Single, age 65 or older or blind	1,550
Single, age 65 or older and blind	3,100

\* per person

## Personal and Dependency Exemption: \$3,950 Personal and Dependency Exemption Phase-outs

Phase-outs	Exemption reduced when AGI exceeds	Exemption phased out when AGI exceeds
Married/joint	\$305,050	\$427,550
Single	\$254,200	\$376,700
Head of household	\$279,650	\$402,150
Married/ separate	\$152,525	\$213,775

## Itemized Deduction Phaseouts

Phase-outs	Deduction reduced when AGI exceeds*
Married/joint	\$305,050
Single	\$254,200
Head of household	\$279,650
Married/separate	\$152,525

\* Itemized deductions will be trimmed by 3% of the amount by which your AGI exceeds these thresholds. However, the amount of your itemized deductions will never be reduced by more than 80%.

## Tax Credit for Dependent Children

	Modified adjusted gross income (MAGI)	Tax credit for each child younger than age 17
Married/joint	\$0 - 110,000	\$1,000
Individual	0 - 75,000	\$1,000

Tax credit is reduced by \$50 for each \$1,000 by which the taxpayer's MAGI exceeds the maximum threshold.

# Alternative Minimum Tax (AMT)

## Tax Brackets

AMT income	Tax
Up to \$182,500*	26%
Over \$182,500	28%

\* \$91,250 if married filing separately

## AMT Exemption

	Exemption	Phased out on excess over
<b>Married filing joint and surviving spouse</b>	\$82,100	\$156,500
<b>Unmarried individual</b>	\$52,800	\$117,300
<b>Married filing separately</b>	\$41,050	\$78,250
<b>Estates and trusts</b>	\$23,500	\$78,250

# Capital Gains and Losses and Dividends

	10% and 15% tax brackets	25% up to 35% tax brackets	39.6% tax bracket
<b>Short-term</b> (one year or less)	Ordinary rate	Ordinary rate	Ordinary rate
<b>Long-term</b> (longer than one year)	0%*	15%*	20%

### Dividends

Qualified dividends are taxed at the long-term capital gains rates. Nonqualified dividends are taxed at ordinary income tax rates.

\* To the extent taxable income remains in these brackets. Consult your tax advisor about how this applies to your situation.

## Netting Capital Gains and Losses

1. Net short-term gains and short-term losses.
2. Net long-term gains and long-term losses.
3. Net short-term against long-term.
4. Deduct up to \$3,000 of excess losses against ordinary income per year.
5. Carry over any remaining losses to future tax years.

# Education Planning

## Education Savings Accounts (ESA)

- Maximum nondeductible contribution is \$2,000 per child, per year.
- Must be established for the benefit of a child younger than the age of 18.
- Maximum contribution amount is lowered if a contributor's modified adjusted gross income (MAGI) is between:
  - \$95,000 and \$110,000 for individual filers
  - \$190,000 and \$220,000 for joint filers
- No contributions can be made if contributor's MAGI exceeds the stated limits or the beneficiary is age 18 or older.
- Interest, dividends, and capital gains grow tax deferred and may be distributed federal-income-tax free as long as the money is used to pay qualified education expenses.

## 529 Plans

- Earnings accumulate tax-deferred; qualified withdrawals may be federal-income-tax-free.
- No income, state-residency, or age restrictions.
- Potential state-tax incentives available in some states.
- Contributions up to \$70,000 (single) and \$140,000 (married couples) allowed in one year without a reduction in the applicable gift/estate tax exclusion (see page 11). No additional gifting in the current year or next four years without incurring potential gift tax implications.

*Please consider the investment objectives, risk, charges, and expenses carefully before investing in a 529 savings plan. The official statement, which contains this and other information, can be obtained by calling your financial professional. Read it carefully before you invest.*

## American Opportunity Credit

<b>Maximum credit</b>	\$2,500 per student for first four years of qualified expenses paid
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### MAGI phase-outs:

Married filing jointly	\$160,000 - 180,000
Single filer	\$ 80,000 - 90,000

## Lifetime Learning Credit

<b>Maximum credit</b>	20% of first \$10,000 (per tax return) of qualified expenses paid in 2014
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### MAGI phase-outs:

Married filing jointly	\$108,000 - 128,000
Single filer	\$ 54,000 - 64,000

## Exclusion of U.S. Savings Bond Interest

### MAGI phase-outs:

Married filing jointly	\$113,950 - 143,950
Others	\$ 76,000 - 91,000

Bonds must be titled in name(s) of taxpayer(s) only. Owner must be age 24 or older at time of issue. Must be Series EE issued after 1989 or any Series I bonds. Proceeds must be used for qualified postsecondary education expenses of the taxpayer, spouse, or dependent.

## Student Loan Interest Deduction

<b>Maximum deduction</b>	<b>\$2,500</b>
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### MAGI phase-outs:

Married filing jointly	\$130,000 - 160,000
Others	\$ 65,000 - 80,000

## Kiddie Tax

Children who have not reached the age of 19 by the end of the tax year are subject to the “kiddie tax” rules. If the child continues to be a full-time student, the rules apply until he or she turns age 24. The following tax rate schedule will apply (assumes no earned income).

### Unearned income Tax treatment

Less than \$1,000	No tax
\$1,000 - 2,000	Taxed at child's rate
More than \$2,000	Taxed at the higher of the parents' top marginal rate or the child's tax rate

## Estimated Annual College Costs

	<b>Public*</b>	<b>Private*</b>
2014	\$19,598	\$ 42,170
2019	22,609	50,814
2024	26,083	61,231
2029	30,091	73,784

\* Total yearly costs for in-state tuition, fees, books, room and board (transportation and miscellaneous expenses not included). Base is 2013-2014 school year. Costs for all future years projected by Wells Fargo Advisors in November 2013 assuming a 2.9% national average increase per year for public and a 3.8% national average increase per year for private. Source: Trends in College Pricing. ©2013 collegeboard.com, Inc. Reprinted with permission. All rights reserved. collegeboard.com.

# Retirement Accounts

## Pretax 401(k), 403(b), 457, Roth 401(k), or 403(b)

Employee maximum deferral contributions	Catch-up contribution (if age 50 or older)
\$17,500	\$5,500

Combined limit for Roth 401(k) or Roth 403(b) and pretax traditional 401(k) or pretax 403(b) deferral contributions is \$17,500 for those younger than 50.

## Traditional and Roth IRA

Maximum contribution	Catch-up contribution (if age 50 or older)
\$5,500	\$1,000

2014 contributions must be made no later than the tax-filing deadline (April 15, 2015), regardless of tax extensions. Traditional IRA contributions cannot be made for the year the owner turns age 70½ or subsequent years.

## Traditional IRA Deductibility Limits

**If neither individual nor spouse is a participant in another plan:**  
\$5,500<sup>1</sup> maximum deduction

**If the individual is an active participant in another plan:**

Married/joint MAGI <sup>2</sup>	Single MAGI <sup>2</sup>	Deduction
Up to \$96,000	Up to \$60,000	\$5,500 <sup>1,3</sup>
\$96,000 - 116,000	\$60,000 - 70,000	Phased out
\$116,000 and over	\$70,000 and over	\$0

<sup>1</sup> If a spouse (working or non-working) is not covered by a retirement plan, but his or her spouse is covered, the spouse who is not covered is allowed full deductibility up to \$181,000 joint MAGI, phased out at \$191,000 joint MAGI.

<sup>2</sup> Modified adjusted gross income

<sup>3</sup> Maximum deduction is \$6,500 if age 50 or older.

Note: Phaseout for married filing separately is \$0-\$10,000.

## Roth IRA Qualifications

- Contribution amount is limited if modified adjusted gross income (MAGI) is between:
  - \$114,000 and \$129,000 for individual returns\*
  - \$181,000 and \$191,000 for married/joint filers
  - \$0 and \$10,000 for married filing separate
- Cannot contribute if MAGI exceeds limits.
- Contributions are taxable.
- Contributions are allowed after the age of 70½ if made from earned income.

\* Includes single filers, head of household, and married filing separately if you did not live with your spouse at any time during the year.



# Retirement Plan Limits

Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$ 12,000
Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (if age 50 or older)	2,500
Maximum annual defined contribution plan limit	52,000
Maximum compensation for calculating qualified plan contributions	260,000
Maximum annual defined benefit limit	210,000
Threshold for highly compensated employee	115,000
Threshold for key employee in top-heavy plans	170,000
Maximum SEP contribution is lesser of limit or 25% of eligible income	52,000

## Uniform Lifetime/Minimum Distribution Table

Age	Life Expectancy Factor	Age	Life Expectancy Factor
70	27.4	88	12.7
71	26.5	89	12.0
72	25.6	90	11.4
73	24.7	91	10.8
74	23.8	92	10.2
75	22.9	93	9.6
76	22.0	94	9.1
77	21.2	95	8.6
78	20.3	96	8.1
79	19.5	97	7.6
80	18.7	98	7.1
81	17.9	99	6.7
82	17.1	100	6.3
83	16.3	101	5.9
84	15.5	102	5.5
85	14.8	103	5.2
86	14.1	104	4.9
87	13.4	105	4.5

# Social Security Benefits

## Earnings Test

The earnings test indicates the level of earnings permissible for Social Security benefits recipients without incurring a deduction from benefits. These limits are indexed to increases in national earnings.

<b>Worker younger than full retirement age</b>	\$15,480
<b>Year worker reaches full retirement age</b> (applies only to earnings for months prior to attaining full retirement age)	\$41,400
<b>Worker at full retirement age</b>	No limit

## Maximum Monthly Benefit: \$2,642

This benefit is for an individual who reaches full retirement age in 2014 and earns at least the maximum wage base amount for the best 35 years.

Information provided by the Social Security Administration.

## Taxation Thresholds

Up to a certain percentage of an individual's Social Security benefits is subject to taxation when his or her provisional income\* exceeds certain threshold amounts:

	Up to 50% taxed	Up to 85% taxed
<b>Married/joint</b>	\$32,000 - 44,000	More than \$44,000
<b>Single</b>	\$25,000 - 34,000	More than \$34,000
<b>Married filing separately</b>	85% taxable†	

\* Provisional income generally includes modified adjusted gross income (MAGI) plus nontaxable interest and one-half of Social Security benefits.

† There is an exception to this rule if you lived apart from your spouse for the entire year. Consult your tax advisor for more information.

## Social Security Tax Rates

<b>Maximum wage base for Social Security</b>	\$117,000
<b>Employee</b>	6.20%
<b>Employer</b>	6.20%
<b>Self-employed</b>	12.40%

# Medicare Tax Rates

## Thresholds

Single	\$200,000
Married/joint	\$250,000
Married/separate	\$125,000
Trust/estate	\$ 12,150

	Below threshold	Above threshold
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## Tax rate on employee compensation

Compare thresholds to Medicare wages as reported on IRS Form W2

Employee's tax rate	1.45%	2.35%
Employer's tax rate	1.45%	1.45%

## Tax rate on self-employment income

Compare threshold to net self-employment income as determined on IRS Form 1040 Schedule SE

Owner's rate	2.90%	3.80%
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## Tax rate on net investment income

Compare threshold to MAGI

Investor's tax rate	0.00%	3.80%
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# Health and Long-Term Care

## Long-Term Care Deduction for Medical Care\*

Age attained before the close of the taxable year	Limit on premiums
40 or less	\$ 370
More than 40 but not more than 50	700
More than 50 but not more than 60	1,400
More than 60 but not more than 70	3,720
More than 70	4,660

\* Limitations apply based on type of taxpayer. You should consult your tax advisor regarding your situation.

## Health Savings Account (HSA) Limits

### Maximum contribution

<b>Single</b>	<b>Family</b>
\$3,300	\$6,550

\$1,000 catch-up contribution allowed per individual age 55 or older

### Minimum health insurance plan deductible

<b>Single</b>	<b>Family</b>
\$1,250	\$2,500

### Maximum out-of-pocket expenses

<b>Single</b>	<b>Family</b>
\$6,350	\$12,700

# Federal Trust and Estate Income Tax

## Tax Rates

Taxable income		Tax		
More than	But not more than	Pay	+ % on excess	Of the amount more than
\$ 0	\$ 2,500	\$0.00	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

## Estate, Gift, and Generation-Skipping Transfer Tax

### Gift tax annual exclusion

\$14,000

An individual can give up to \$14,000 per person per year to any number of beneficiaries (family or nonfamily) without paying gift tax or “using up” any available applicable exclusion amount.

### Estate and gift tax - basic exclusion

\$5,340,000

Estate or gift taxes apply to the extent that your cumulative transfers (lifetime exclusion gifts plus the taxable estate at death) exceed your applicable exclusion.

Your applicable exclusion consists of your \$5,340,000 basic exclusion plus any “unused” exclusion received from a spouse who predeceased you.

*Exclusion “portability”:* A deceased spouse’s unused exclusion can only be transferred if (1) the spouse died after December 31, 2010, and (2) the deceased spouse’s executor made an election to transfer any unused exclusion to the surviving spouse, by filing a timely estate tax return.

### Generation-skipping transfer (GST) tax exemption

\$5,340,000

### Estate, gift, and GST tax rate

40%

Applies to transfers in excess of the applicable exclusion/GST exemption.

# Corporate Income Tax

## Tax Rates

Taxable income		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 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

Note: There are no special federal capital gains rates for corporations. For corporations, capital losses are deductible only against capital gains. Corporations pay alternative minimum tax (AMT) at a 20% rate.

Stay abreast of pending tax legislation and keep in touch with your financial professional.

### Our Firm's Suggested Spending Guidelines

<b>Mortgage payments</b>	Not to exceed 28% of gross (pretax) income
<b>Discretionary expenses</b> (clothing, entertainment, restaurants, etc.)	Not to exceed 20% of after-tax income
<b>Auto loans and credit card debt</b>	Not to exceed 20% of after-tax income
<b>Combined monthly debt</b>	Not to exceed 36% of monthly gross (pretax) income

# Municipal Bond Taxable-Equivalent Yields

Based on various federal income tax brackets  
(does not account for state taxes)

		Tax-free yield (%)								
		2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0
Tax bracket (%)	Taxable-equivalent yield (%)									
10	2.2	2.8	3.3	3.9	4.4	5.0	5.6	6.1	6.7	
15	2.4	2.9	3.5	4.1	4.7	5.3	5.9	6.5	7.1	
25	2.7	3.3	4.0	4.7	5.3	6.0	6.7	7.3	8.0	
28	2.8	3.5	4.2	4.9	5.6	6.3	6.9	7.6	8.3	
33	3.0	3.7	4.5	5.2	6.0	6.7	7.5	8.2	9.0	
35	3.1	3.8	4.6	5.4	6.2	6.9	7.7	8.5	9.2	
39.6	3.3	4.1	5.0	5.8	6.6	7.5	8.3	9.1	9.9	

Example: A taxpayer in the 28% federal income tax bracket would have to purchase a taxable investment yielding more than 6.9% to outperform a 5% tax-free investment.

# Compounding

At hypothetical rates of return

4%					
Monthly investment		5 years	10 years	20 years	30 years
\$ 50	Amount invested	\$ 3,000	\$ 6,000	\$ 12,000	\$ 18,000
	Value	3,326	7,387	18,400	34,818
100	Amount invested	6,000	12,000	24,000	36,000
	Value	6,652	14,774	36,800	69,636
500	Amount invested	30,000	60,000	120,000	180,000
	Value	33,260	73,870	183,998	348,181
1,000	Amount invested	60,000	120,000	240,000	360,000
	Value	66,520	147,741	367,997	696,363

6%					
Monthly investment		5 years	10 years	20 years	30 years
\$ 50	Amount invested	\$ 3,000	\$ 6,000	\$ 12,000	\$ 18,000
	Value	3,506	8,235	23,218	50,477
100	Amount invested	6,000	12,000	24,000	36,000
	Value	7,012	16,470	46,435	100,954
500	Amount invested	30,000	60,000	120,000	180,000
	Value	35,059	82,349	232,176	504,769
1,000	Amount invested	60,000	120,000	240,000	360,000
	Value	70,119	164,699	464,351	1,009,538

8%					
Monthly investment		5 years	10 years	20 years	30 years
\$ 50	Amount invested	\$ 3,000	\$ 6,000	\$ 12,000	\$ 18,000
	Value	3,698	9,208	29,647	75,015
100	Amount invested	6,000	12,000	24,000	36,000
	Value	7,397	18,417	59,295	150,030
500	Amount invested	30,000	60,000	120,000	180,000
	Value	36,983	92,083	296,474	750,148
1,000	Amount invested	60,000	120,000	240,000	360,000
	Value	73,967	184,166	592,947	1,500,295

Values shown are based on investments made at the beginning of each month, compounded monthly, and do not reflect the return of any particular investment. These tables are for illustrative purposes only and do not reflect the effects of taxes or transaction costs.

Our firm does not render legal or tax advice. While this reference guide is not intended to replace your discussions with your appointed tax advisor, it may help you comprehend the tax implications of your investments and plan tax efficiently.

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