



# Jim Lange's 2022-2023 Tax Planning Card

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## HOW to COMPUTE YOUR FEDERAL INCOME TAX

**Example:** For a married couple in 2022 with taxable income of \$95,000, refer to the *MARRIED FILING JOINTLY* section of the 2022 chart listed below. See \$83,551 - 178,150 and calculate as follows:

$$\$95,000 \times 22\% = \$20,900 - \$8,766 = \$12,134$$

## CALCULATION of TAXABLE INCOME

To determine taxable income, please follow these steps:

1. List your total income. (*U.S. Form 1040, Line 9*)
2. Subtract adjustments to income, which include various deductions from Schedule 1 (*Line 26*)
3. You now have your adjusted gross income, AGI. (*Line 11*)
4. Subtract the larger of your standard deduction, or your itemized deductions from Schedule A. (*Line 12*)
5. Subtract your qualified business income deduction. (*Line 13*)
6. Arrive at taxable income. (*Line 15*)
7. Insert taxable income into the appropriate table below.
8. Make adjustments for qualified dividends and capital gains.

### 2022 QUICK CALC

#### MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 20,550	x 10%	- \$ 0	= Tax
20,551 - 83,550	x 12%	- 411	= Tax
83,551 - 178,150	x 22%	- 8,766	= Tax
178,151 - 340,100	x 24%	- 12,329	= Tax
340,101 - 431,900	x 32%	- 39,537	= Tax
431,901 - 647,850	x 35%	- 52,494	= Tax
647,851 and above	x 37%	- 65,451	= Tax

#### SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 10,275	x 10%	- \$ 0	= Tax
10,276 - 41,775	x 12%	- 206	= Tax
41,776 - 89,075	x 22%	- 4,383	= Tax
89,076 - 170,050	x 24%	- 6,165	= Tax
170,051 - 215,950	x 32%	- 19,769	= Tax
215,951 - 539,900	x 35%	- 26,247	= Tax
539,901 and above	x 37%	- 37,045	= Tax

#### HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 14,650	x 10%	- \$ 0	= Tax
14,651 - 55,900	x 12%	- 293	= Tax
55,901 - 89,050	x 22%	- 5,883	= Tax
89,051 - 170,050	x 24%	- 7,664	= Tax
170,051 - 215,950	x 32%	- 21,268	= Tax
215,951 - 539,900	x 35%	- 27,747	= Tax
539,901 and above	x 37%	- 38,545	= Tax

#### MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 10,275	x 10%	- \$ 0	= Tax
10,276 - 41,775	x 12%	- 206	= Tax
41,776 - 89,075	x 22%	- 4,383	= Tax
89,076 - 170,050	x 24%	- 6,165	= Tax
170,051 - 215,950	x 32%	- 19,769	= Tax
215,951 - 323,925	x 35%	- 26,247	= Tax
323,926 and above	x 37%	- 32,726	= Tax

### 2023 QUICK CALC

#### MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 22,000	x 10%	- \$ 0	= Tax
22,001 - 89,450	x 12%	- 440	= Tax
89,451 - 190,750	x 22%	- 9,385	= Tax
190,751 - 364,200	x 24%	- 13,200	= Tax
364,201 - 462,500	x 32%	- 42,336	= Tax
462,501 - 693,750	x 35%	- 56,211	= Tax
693,751 and above	x 37%	- 70,086	= Tax

#### SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,000	x 10%	- \$ 0	= Tax
11,001 - 44,725	x 12%	- 220	= Tax
44,726 - 95,375	x 22%	- 4,693	= Tax
95,376 - 182,100	x 24%	- 6,600	= Tax
182,101 - 231,250	x 32%	- 21,168	= Tax
231,251 - 578,125	x 35%	- 28,106	= Tax
578,126 and above	x 37%	- 39,668	= Tax

#### HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 15,700	x 10%	- \$ 0	= Tax
15,701 - 59,850	x 12%	- 314	= Tax
59,851 - 95,350	x 22%	- 6,299	= Tax
95,351 - 182,100	x 24%	- 8,206	= Tax
182,101 - 231,250	x 32%	- 22,774	= Tax
231,251 - 578,100	x 35%	- 29,712	= Tax
578,101 and above	x 37%	- 41,274	= Tax

#### MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 11,000	x 10%	- \$ 0	= Tax
11,001 - 44,725	x 12%	- 220	= Tax
44,726 - 95,375	x 22%	- 4,693	= Tax
95,376 - 182,100	x 24%	- 6,600	= Tax
182,101 - 231,250	x 32%	- 21,168	= Tax
231,251 - 346,875	x 35%	- 28,106	= Tax
346,876 and above	x 37%	- 35,043	= Tax

*Note:* Net long-term capital gains and qualified dividends will reduce computed Quick Calc tax liability, while the alternative minimum tax and net investment income tax and other factors increase it.

#### Should You Make a Roth IRA Conversion?

Your current and future tax brackets are an integral factor to be considered in the decision to convert a portion or even all of your IRA to a Roth IRA. For more information, please see Jim's book, *The Roth Revolution: Pay Taxes Once and Never Again*.

## PERSONAL EXEMPTIONS

Personal exemptions are the amount you may deduct for yourself, your spouse, and your dependents.

As a result of the passage of The 2017 Tax Cuts and Jobs Act, all personal and dependent exemptions have been suspended for the tax years of 2018 through 2025.

## PENNSYLVANIA INCOME TAXES

### PA Individual Income Tax

The Pennsylvania individual income tax rate remains at 3.07% for 2022 and 2023.

### PA Corporate Tax

The Corporate Tax rate remains unchanged at 9.99% for 2022. Beginning January 1, 2023, this rate will be reduced to 8.99%. Each year after 2023 the rate will be reduced 0.5% until 2031 when it reaches 4.99%.

### Pittsburgh Income Tax

The Pittsburgh individual earned income tax rate remains at 3% for 2022 and 2023 for city residents.

## ESTATE and INHERITANCE TAXES

### Pennsylvania Inheritance Tax

Transfers to lineal heirs (such as children, grandchildren, parents and grandparents) are taxed at 4½%. Transfers to siblings are taxed at 12% and all other transfers (except transfers to charity) are taxed at 15%.

Pennsylvania still allows unlimited tax-free transfers to spouses.

### Federal Estate and Gift Tax

The federal government allows unlimited transfers to spouses who are American citizens.

In 2023, the maximum amount that can be transferred from an estate to non-spouses without incurring any federal estate taxes is \$12,920,000 per individual or \$25,840,000 per married couple.

In 2023, the gift tax exclusion per donee is \$17,000/year.

In 2022, the lifetime gift exemption increases to \$12,060,000 and to \$12,920,000 in 2023.

#### Disclaimer:

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## 2022 and 2023 STANDARD DEDUCTIONS

The standard deduction is the amount you may deduct if you do not itemize your deductions.

	2022 Standard Deduction	2022 + Age 65 or Over or Blind (EACH)	2023 Standard Deduction	2023 + Age 65 or Over or Blind (EACH)
Married Filing Jointly or Qualifying Widow(er)	\$ 25,900	\$ 1,400	\$27,700	\$ 1,500
Single	12,950	1,750	13,850	1,850
Head of Household	19,400	1,750	20,800	1,850
Married Filing Separately	12,950	1,400	13,850	1,500

## SOCIAL SECURITY/SELF-EMPLOYMENT TAX

	Taxable Wages	(%)	Maximum Amount	S.E. (%)	Maximum S.E.
2023	\$ 0 - 160,200	7.65%	\$ 12,255	15.3%	\$24,511
2023	\$160,201 and above	1.45%	unlimited	2.9%	unlimited

The normal three components of the Social Security Tax are:

1. Social Security Tax	5.60%
2. Disability	.60%
3. Medicare Hospital	1.45%
Paid by Employees & Employers	7.65%*

\* The Self-Employment Tax is twice this amount. Also please note that one-half of the self-employment tax is deductible as an adjustment to income.

Note: An additional Medicare Tax Rate of 0.9% is applied to self-employment income and wages over threshold amounts after December 31, 2012.

## 2022 and 2023 MAXIMUM RETIREMENT PLAN CONTRIBUTIONS

Plan Type	2022	2022 Age 50 or Over	2023	2023 Age 50 or Over
Roth IRA	\$ 6,000	\$ 7,000	\$ 6,500	\$ 7,500
IRA	6,000	7,000	6,500	7,500
SEP (Self-Employed)	61,000	61,000	66,000	66,000
SEP (Employee)	61,000	61,000	66,000	66,000
403(b)/Roth 403(b) (Employee)	20,500	27,000	22,500	30,000
401(k)/Roth 401(k) (Employee)	20,500	27,000	22,500	30,000
Self-Employed Profit Sharing/401(k)s*	61,000	67,500	66,000	73,500
Single Person 401(k) Plan*	61,000	67,500	66,000	73,500
SIMPLE	14,000	17,000	15,500	19,000

\*401(k) plan limits include elective deferral contributions.

## Integrating Asset Management, Tax Planning, and Estate Planning Can Add Millions to Your Retirement Nest Egg and Legacy!

James Lange's somewhat unique business model brings three different but complementary companies under one roof: an investment advisory firm, a CPA firm, and a legal and estate planning law firm. Each company's services can be accessed individually, but a special kind of magic happens when clients use the combined services of all three companies.

A client who combines the services of all three companies (investment minimums apply) is entitled to a **Financial Masterplan**—a comprehensive analysis that projects optimal withdrawal rates, Roth IRA conversions, Social Security strategies, and gifting and charitable giving strategies. That information is then integrated with retirement and estate planning advice, and investment services when we help you implement your Masterplan. Your Masterplan is adjusted for changing circumstances during annual reviews.

Tax rates will be of particular concern for the next few years. The 2023 tax bracket for married joint filers with income between \$190,750 and \$364,200 is 24%. But the 2017 Tax Cut and Jobs Act dictates that in 2026 the tax rates will return to 2017 rates unless Congress acts. That means, married joint filers with incomes between \$233,350 and \$416,700 (plus inflation) will be in the 33% tax bracket. That 9% difference in tax rates offers a compelling incentive to explore opportunities for Roth IRA conversions at the current rates.

We encourage you to call Erin at 412-521-2732 to see if you qualify for your free **Retire Secure Consultation**.