



Jim Lange's 2019-2020 Tax Planning Card

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HOW to COMPUTE YOUR FEDERAL INCOME TAX

Example: For a married couple in 2019 with taxable income of \$85,000, refer to the *MARRIED FILING JOINTLY* section of the 2019 chart listed below. See \$78,951 - 168,400 and calculate as follows:

$$\$85,000 \times 22\% = \$18,700 - \$8,283 = \$10,417$$

CALCULATION of TAXABLE INCOME

To determine taxable income, please follow these steps:

1. List your total income. (*U.S. Form 1040, Line 6*)
2. Subtract adjustments to income, which include allowable IRA and retirement plan deductions, alimony paid and one-half of self-employment tax. (*Schedule 1, Line 36*)
3. You now have your adjusted gross income, AGI. (*Line 7*)
4. Subtract the larger of the standard deduction or your itemized deductions. (*Line 8*)
5. Subtract your qualified business income deduction. (*Line 9*)
6. Arrive at taxable income. (*Line 10*)
7. Insert taxable income into the appropriate table below.
8. Make adjustments for qualified dividends and capital gains.

2019 QUICK CALC

MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 19,400	x 10%	- \$ 0	= Tax
19,401 - 78,950	x 12%	- 388	= Tax
78,951 - 168,400	x 22%	- 8,283	= Tax
168,401 - 321,450	x 24%	- 11,651	= Tax
321,451 - 408,200	x 32%	- 37,367	= Tax
408,201 - 612,350	x 35%	- 49,613	= Tax
612,351 and above	x 37%	- 61,860	= Tax

SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,700	x 10%	- \$ 0	= Tax
9,701 - 39,475	x 12%	- 194	= Tax
39,476 - 84,200	x 22%	- 4,142	= Tax
84,201 - 160,725	x 24%	- 5,826	= Tax
160,726 - 204,100	x 32%	- 18,684	= Tax
204,101 - 510,300	x 35%	- 24,807	= Tax
510,301 and above	x 37%	- 35,013	= Tax

HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 13,850	x 10%	- \$ 0	= Tax
13,851 - 52,850	x 12%	- 277	= Tax
52,851 - 84,200	x 22%	- 5,562	= Tax
84,201 - 160,700	x 24%	- 7,246	= Tax
160,701 - 204,100	x 32%	- 20,102	= Tax
204,101 - 510,300	x 35%	- 26,225	= Tax
510,301 and above	x 37%	- 36,431	= Tax

MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,700	x 10%	- \$ 0	= Tax
9,701 - 39,475	x 12%	- 194	= Tax
39,476 - 84,200	x 22%	- 4,142	= Tax
84,201 - 160,725	x 24%	- 5,826	= Tax
160,726 - 204,100	x 32%	- 18,684	= Tax
204,101 - 306,175	x 35%	- 24,807	= Tax
306,176 and above	x 37%	- 30,930	= Tax

2020 QUICK CALC

MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 19,750	x 10%	- \$ 0	= Tax
19,751 - 80,250	x 12%	- 395	= Tax
80,251 - 171,050	x 22%	- 8,420	= Tax
171,051 - 326,600	x 24%	- 11,841	= Tax
326,601 - 414,700	x 32%	- 37,969	= Tax
414,701 - 622,050	x 35%	- 50,410	= Tax
622,051 and above	x 37%	- 62,851	= Tax

SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,875	x 10%	- \$ 0	= Tax
9,876 - 40,125	x 12%	- 198	= Tax
40,126 - 85,525	x 22%	- 4,210	= Tax
85,526 - 163,300	x 24%	- 5,921	= Tax
163,301 - 207,350	x 32%	- 18,985	= Tax
207,351 - 518,400	x 35%	- 25,205	= Tax
518,401 and above	x 37%	- 35,573	= Tax

HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 14,100	x 10%	- \$ 0	= Tax
14,101 - 53,700	x 12%	- 282	= Tax
53,701 - 85,500	x 22%	- 5,652	= Tax
85,501 - 163,300	x 24%	- 7,362	= Tax
163,301 - 207,350	x 32%	- 20,426	= Tax
207,351 - 518,400	x 35%	- 26,647	= Tax
518,401 and above	x 37%	- 37,015	= Tax

MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,875	x 10%	- \$ 0	= Tax
9,876 - 40,125	x 12%	- 198	= Tax
40,126 - 85,525	x 22%	- 4,210	= Tax
85,526 - 163,300	x 24%	- 5,921	= Tax
163,301 - 207,350	x 32%	- 18,985	= Tax
207,351 - 311,025	x 35%	- 25,205	= Tax
311,026 and above	x 37%	- 31,426	= 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 2019 and 2020.

PA Corporate Tax

The Corporate Tax rate remains unchanged at 9.99% for 2019.

Pittsburgh Income Tax

The Pittsburgh individual earned income tax rate remains at 3% for 2019 and 2020 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 (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 2020, the maximum amount that can be transferred from an estate to non-spouses without incurring any federal estate taxes is \$11,580,000 per individual or \$23,160,000 per married couple.

In 2020, the gift tax exclusion per donee is \$15,000/year.

The lifetime gift exemption increases to \$11,400,000 in 2019 and \$11,580,000 in 2020.

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2019 and 2020 STANDARD DEDUCTIONS

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

	2019 Standard Deduction	2019 + Age 65 or Over or Blind (EACH)	2020 Standard Deduction	2020 + Age 65 or Over or Blind (EACH)
Married Filing Jointly or Qualifying Widow(er)	\$ 24,400	\$ 1,300	\$24,800	\$ 1,300
Single	12,200	1,650	12,400	1,650
Head of Household	18,350	1,650	18,650	1,650
Married Filing Separately	12,200	1,300	12,400	1,300

SOCIAL SECURITY/SELF-EMPLOYMENT TAX

	Taxable Wages	(%)	Maximum Amount	S.E. (%)	Maximum S.E.
2020	\$ 0 - 137,700	7.65%	\$ 10,534	15.3%	\$21,068
2020	\$137,701 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.

2019 and 2020 MAXIMUM RETIREMENT PLAN CONTRIBUTIONS

Plan Type	2019	2019 Age 50 or Over	2020	2020 Age 50 or Over
Roth IRA	\$ 6,000	\$ 7,000	\$ 6,000	\$ 7,000
IRA	6,000	7,000	6,000	7,000
SEP (Self-Employed)	56,000	56,000	57,000	57,000
SEP (Employee)	56,000	56,000	57,000	57,000
403(b)/Roth 403(b) (Employee)	19,000	25,000	19,500	26,000
401(k)/Roth 401(k) (Employee)	19,000	25,000	19,500	26,000
Self-Employed Profit Sharing/401(k)'s*	56,000	62,000	57,000	63,500
Single Person 401(k) Plan*	56,000	62,000	57,000	63,500
SIMPLE	13,000	16,000	13,500	16,500

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

An Integrated Asset Protection, Tax Minimization, and Wealth Accumulation Strategy Can Add Millions to Your Retirement Nest Egg and Legacy!

James Lange, CPA/Attorney, is the president of three companies:

1. An investment advisory firm, **Lange Financial Group**, that helps IRA and retirement plan owners get the most out of their hard-earned savings, investments and assets. We combine strategic advice on retirement and estate planning, withdrawal rates, Roth IRA conversions, Social Security maximization, and gifting to come up with a masterplan. Then, we work closely with different money management firms to invest your money and implement the masterplan.
2. A CPA firm that provides expert tax planning and preparation services, so you can minimize your tax burden and grow your retirement nest egg faster.
3. A law firm which prepares wills, trusts and IRA beneficiary designations and the best estate plan for married couples, **Lange's Cascading Beneficiary Plan**. Together with his team, Jim has written 2,688 wills and trusts.

Retirement planning involves a complex interplay of legal, accounting and investment strategies that can often conflict with one another when executed separately. An integrated, holistic, multi-disciplinary approach to planning can spell the difference between a lavish retirement and having to greet shoppers at Walmart in your golden years.

You may qualify for a free **Retire Secure Initial Consultation**. Jim and/or his team will review your tax returns, wills and trust, and investments to uncover tax savings or asset appreciation/protection opportunities and, if appropriate, a proposal for services.

If you haven't taken advantage of this offer, we encourage you to call Alice at 412-521-2732 to see if you qualify for your free **Retire Secure Initial Consultation**.