

# 2022 tax planning guide

## Tax brackets for 2022

Married, filing jointly (%)	Single (%)
\$0–\$20,550 10.0	\$0–\$10,275 10.0
\$20,551–\$83,550 12.0	\$10,276–\$41,775 12.0
\$83,551–\$178,150 22.0	\$41,776–\$89,075 22.0
\$178,151–\$340,100 24.0	\$89,076–\$170,050 24.0
\$340,101–\$431,900 32.0	\$170,051–\$215,950 32.0
\$431,901–\$647,850 35.0	\$215,951–\$539,900 35.0
Over \$647,850 37.0	Over \$539,900 37.0
Married, filing separately (%)	Head of household (%)
\$0–\$10,275 10.0	\$0–\$14,650 10.0
\$10,276–\$41,775 12.0	\$14,651–\$55,900 12.0
\$41,776–\$89,075 22.0	\$55,901–\$89,050 22.0
\$89,076–\$170,050 24.0	\$89,051–\$170,050 24.0
\$170,051–\$215,950 32.0	\$170,051–\$215,950 32.0
\$215,951–\$323,925 35.0	\$215,951–\$539,900 35.0
Over \$323,925 37.0	Over \$539,900 37.0
Estates and trusts (%)	
\$0–\$2,750 10.0	
\$2,751–\$9,850 24.0	
\$9,851–\$13,450 35.0	
Over \$13,450 37.0	

## Long-term capital gains/ qualified dividend rates

### 0.0% rate when taxable income is below:

Married, filing jointly	\$83,350
Married, filing separately	\$41,675
Head of household	\$55,800
Single	\$41,675
Estates and trusts	\$2,800

### 15.0% rate when taxable income is below:

Married, filing jointly	\$517,200
Married, filing separately	\$258,600
Head of household	\$488,500
Single	\$459,750
Estates and trusts	\$13,700

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

### Standard deduction

Married, filing jointly	\$25,900
Single	\$12,950
Married, filing separately	\$12,950
Head of household	\$19,400
Blind or over 65: additional \$1,400 if married; \$1,750 if single or head of household.	

### Capital loss limit

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

If your capital loss exceeds your capital gains.

## Estate and gift tax

Transfer tax rate (maximum)	40%
Estate tax exemption	\$12,060,000
Gift tax exemption	\$12,060,000
Generation-skipping transfer exemption	\$12,060,000
Annual gift tax exclusion amount	\$16,000

## Education

529 plan contributions, per individual	\$16,000 per yr. before a gift tax
529 plan contributions, per couple	\$32,000 per yr. before a gift tax
Accelerate 5 years of gifting into 1 year per individual	\$80,000
Per couple	\$160,000

### Lifetime learning credits

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

### Coverdell education savings account

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

### Student loan interest

Deduction limit	\$2,500
Phaseout—single	\$70,000–\$85,000 MAGI <sup>1</sup>
Phaseout—joint	\$145,000–\$175,000 MAGI <sup>1</sup>

### Phaseout of tax-free savings bonds interest

Single	\$85,800–\$100,800 MAGI <sup>1</sup>
Joint	\$128,650–\$158,650 MAGI <sup>1</sup>

### American opportunity tax credit

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

## Kiddie tax

Earned income is taxed at single tax bracket rates.

Net unearned income is taxed at the rates of the child's parents.<sup>3</sup>

## Retirement

### IRA and Roth IRA contributions

Under age 50	\$6,000
Aged 50 and over	\$7,000

### Phaseout for deducting IRA contributions

(for qualified plan participants)

Married, filing jointly	\$109,000–\$129,000 MAGI <sup>1</sup>
Single or head of household	\$68,000–\$78,000 MAGI <sup>1</sup>
Married, filing jointly <sup>2</sup>	\$204,000–\$214,000 MAGI <sup>1</sup>

### Phaseout of Roth contribution eligibility

Married, filing jointly	\$204,000–\$214,000 MAGI <sup>1</sup>
Single	\$129,000–\$144,000 MAGI <sup>1</sup>
Married, filing separately	\$0–\$10,000 MAGI <sup>1</sup>

### SEP contribution

Up to 25% of compensation	Limit \$61,000
To participate in SEP	\$650

### SIMPLE elective deferral

Under age 50	\$14,000
Aged 50 and over	\$17,000

### Qualified plan contributions

401(k), 403(b), 457, and SARSEP	\$20,500
Aged 50 and over	\$27,000
Limit on additions to defined contribution plan	\$61,000
Annual benefit limit on defined benefit plan	\$245,000
Highly compensated employee makes	\$135,000
Annual compensation taken into account for qualified plans	\$305,000

**1** Modified adjusted gross income. **2** Phaseout when IRA contributor is not a participant in a qualified plan but spouse is. **3** Unearned income in excess of \$2,300.

## Higher inflation spurs upward adjustments to brackets for tax year 2022

The tax brackets on the front of this flier for tax year 2022 apply to tax returns filed in 2023, and the annual adjustments that the IRS made to these brackets are higher than usual—roughly 3% for most brackets—because inflation rose in 2021. The IRS makes inflation adjustments for more than 60 tax provisions to address what’s commonly known as bracket creep—rising prices pushing taxpayers into higher income brackets paying higher tax rates without a comparable increase in purchasing power. At the same time, inflation can erode the value of credits or deductions that can be used to limit tax bills.

The IRS inflation adjustments for tax year 2022 could eventually help to mitigate some of the negative impact that the recent rise in inflation has had on taxpayers. While the bracket adjustments affect taxpayers across the income spectrum to varying degrees, changes to standard deductions apply to all taxpayers. The standard deduction for married couples will increase to \$25,900, or \$800 higher than in the 2021 tax year; for single taxpayers and married individuals filing separately, it will rise to \$12,950, or an increase of \$400; and for heads of households, the standard deduction will be \$19,400, up \$600.

What’s not changing are the basic income-tax rates that were set with the enactment of the Tax Cuts and Jobs Act of 2017, which set the lowest threshold at 10% and the highest at 37%.

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

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## 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 required minimum distribution (RMD). Taking into account improved mortality rates, the IRS has updated both tables, effective for RMDs required for tax years beginning in 2022. The prior tables still apply to a first-time RMD required for tax year 2021 but deferred until no later than April 1, 2022. Below is the updated Uniform Lifetime Table.

### Uniform Lifetime Table<sup>3</sup>

Age of account owner	Divisor	Age of account owner	Divisor	Age of account owner	Divisor
72	27.4	84	16.8	96	8.4
73	26.5	85	16.0	97	7.8
74	25.5	86	15.2	98	7.3
75	24.6	87	14.4	99	6.8
76	23.7	88	13.7	100	6.4
77	22.9	89	12.9	101	6.0
78	22.0	90	12.2	102	5.6
79	21.1	91	11.5	103	5.2
80	20.2	92	10.8	104	4.9
81	19.4	93	10.1	105	4.6
82	18.5	94	9.5	106	4.3
83	17.7	95	8.9	107	4.1