

# Wealth Strategies

Tax Rates for 2022

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The infamous tax planner, Willie Nelson<sup>1</sup>, once wrote of the tax prep season:  
*When the autumn weather turns leaves to flame*  
*One hasn't got time for the waiting game*  
*Oh, the days dwindle down to a precious few*  
*September, November (September Song, Willie Nelson)*

While you and your clients are preparing for the coming tax season now, here's a look ahead to where some of the **2022 Tax Schedules** will fall. Also attached are the **announced 2022 numbers pertaining to Retirement Accounts and HSAs**.

## **2022**<sup>2</sup>

	If taxable Income Is: Over	But Not More Than	The Tax Is	Of the Amount Over
<b>Married Filing Jointly</b>	\$0	\$20,550	\$0 + 10%	\$0
	20,550	83,550	2,055 + 12%	20,550
	83,550	178,150	9,615 + 22%	83,550
	178,150	340,100	30,427 + 24%	178,150
	340,100	431,900	69,295 + 32%	340,100
	431,900	647,850	98,671 + 35%	431,900
	647,850		174,253.20 + 37%	647,850

<b>Single</b>	\$0	\$10,275	\$0 + 10%	\$0
	10,275	41,775	1,027.50 + 12%	10,275
	41,775	89,075	4,807.50 + 22%	41,775
	89,075	170,050	15,213.50 + 24%	89,075
	170,050	215,950	34,647.50 + 32%	170,050
	215,950	539,900	49,335.50 + 35%	215,950
	539,900		162,718 + 37%	539,900

<b>Estates and Trusts</b>	\$0	\$2,750	\$0 + 10%	\$0
	2,750	9,850	275 + 24%	2,750
	9,850	13,450	1,979 + 35%	9,850
	13,450		3,239 + 37%	13,450

<sup>1</sup>Flashback: Willie Nelson Settles IRS Tax Debt, Rolling Stone, 02/02/2017

<sup>2</sup>Source: Internal Revenue Service – Please refer to IRS.gov for the most up-to-date information.

## Unearned Income of Minor Children Taxed at Parent's Rate (the "Kiddie Tax")

	2021	2022	
First	\$1,100	\$1,150	No tax
Next	\$1,100	\$1,150	Taxed at child's marginal rate
Amount Over	\$2,200	\$2,300	Taxed at parent's marginal rate

## Long-Term Capital Gains and Qualified Dividends Rates for Taxpayers with Taxable Income in the Specified Ranges

	0%	15%	20%
Married filing jointly	\$0 - \$83,350	\$83,351 - \$517,200	over \$517,200
Married filing separately	\$0 - \$41,675	\$41,676 - \$258,600	over \$258,600
Head of household	\$0 - \$55,800	\$55,801 - \$488,500	over \$488,500
Single	\$0 - \$41,675	\$41,676 - \$459,750	over \$459,750
Estates and Trusts	\$0 - \$2,800	\$2,801 - \$13,700	over \$13,700

## Standard Deduction

	2021	2022
<b>Married Filing Jointly</b>	\$25,100	\$25,900
<b>Head of Household</b>	\$18,800	\$19,400
<b>Unmarried Individuals</b>	\$12,550	\$12,950
<b>Married Filing Separately</b>	\$12,550	\$12,950

## Unified Credit Against Estate Tax (aka the Estate Tax Exemption)

2021 — \$11,700,000  
2022 — \$12,060,000

## Exclusion for Gifts

2021 — \$15,000  
2022 — \$16,000

# Retirement Plan Numbers for 2022<sup>2</sup>

## IRA and Employee Contribution Limits

	2022	2021	Catch-up limit age 50 & over
Traditional and Roth IRAs	\$6,000	\$6,000	\$1,000 <sup>3</sup>
401(k), 403(b), 457(b) plans <sup>4</sup>	\$20,500	\$19,500	\$6,500
SIMPLE IRA	\$14,000	\$13,500	\$3,000
SEP-IRA	\$61,000 <sup>5</sup>	\$58,000 <sup>5</sup>	Not Allowed

## IRA and Roth IRA Phaseout Ranges

### Deduction for active participants in an Employer plan<sup>6</sup>

	2022	2021
Married Filing Jointly	\$109,000 - \$129,000	\$105,000 - \$125,000
Single or Head of Household	\$68,000 - \$78,000	\$66,000 - \$76,000
Married Filing Separately	\$0 - \$10,000 <sup>3</sup>	\$0 - \$10,000 <sup>3</sup>
Individual Is Not an Active Participant but Spouse Is	\$204,000 - \$214,000	\$198,000 - \$208,000

### Roth IRA Contribution limits:

	2022	2021
Married Filing Jointly	\$204,00 - \$214,000	\$198,000 - \$208,000
Single or Head of Household	\$129,000 - \$144,000	\$125,000 - \$140,000
Married Filing Separately	\$0 - \$10,000 <sup>3</sup>	\$0 - \$10,000 <sup>3</sup>

## Qualified Plan Benefit, Contribution, and Compensation Limits

Type of Limit	2022	2021
Defined benefit plan maximum annual benefit	\$245,000	\$230,000
Maximum annual addition to defined contribution plans <sup>7</sup>	\$61,000	\$58,000
Covered compensation plan	\$305,000	\$290,000
Minimum compensation amount for SEP plan participation	\$650	\$650
Compensation level for highly compensated employees (HCEs other than 5% owners)	\$135,000	\$130,000
Compensation level for key employees other than 5% owners	\$200,000 (Officers) \$150,000 <sup>3</sup> (1% Owner)	\$185,000 (Officers) \$150,000 <sup>3</sup> (1% Owner)

<sup>3</sup>Not subject to inflation adjustments.

<sup>4</sup>Also applies to salary reduction SEPs (SARSEPs).

<sup>5</sup>Cannot exceed the lesser of 25% of the employee's compensation or amount shown.

<sup>6</sup>The IRA deduction may be limited based on modified adjusted gross income if the individual or the spouse is an active participant in an employer plan.

<sup>7</sup>In addition, the maximum annual addition cannot exceed 100% of an employee's compensation for the year. An employee's elective deferrals are included in computing the contribution limit and are included in compensation.

# Health Savings Accounts (HSA)<sup>2</sup>

## Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans

	2022	2021	Change
<b>HSA contribution limit</b> (employer + employee)	Self-only: <b>\$3,650</b> Family: <b>\$7,300</b>	Self-only: \$3,600 Family: \$7,200	Self-only: +\$50 Family: +\$100
<b>HSA catch-up contributions</b> (age 55 or older)	<b>\$1,000</b>	\$1,000	No change
<b>HDHP minimum deductibles</b>	Self-only: <b>\$1,400</b> Family: <b>\$2,800</b>	Self-only: \$1,400 Family: \$2,800	No change No change
<b>HDHP maximum out-of-pocket amounts</b> (deductibles, co-payments and other amounts, but not premiums)	Self-only: <b>\$7,050</b> Family: <b>\$14,100</b>	Self-only: \$7,000 Family: \$14,000	Self-only: +\$50 Family: +\$100

As a separate, but related item, Flexible Spending Account (FSA) contribution limits are increasing to \$2,850.



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