2021 tax rates, schedules, and contribution limits

### Income tax

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>If Taxable Income is Over</th>
<th>But Not Over</th>
<th>The Tax is</th>
<th>Of the Amount Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$0</td>
<td>$9,950</td>
<td>$0.00 + 10%</td>
<td>$0</td>
</tr>
<tr>
<td>Single</td>
<td>$9,950</td>
<td>$40,525</td>
<td>$995 + 12%</td>
<td>$9,950</td>
</tr>
<tr>
<td>Single</td>
<td>$40,525</td>
<td>$86,375</td>
<td>$4,664 + 22%</td>
<td>$40,525</td>
</tr>
<tr>
<td>Single</td>
<td>$86,375</td>
<td>$164,925</td>
<td>$14,751 + 24%</td>
<td>$86,375</td>
</tr>
<tr>
<td>Single</td>
<td>$164,925</td>
<td>$209,425</td>
<td>$33,603 + 32%</td>
<td>$164,925</td>
</tr>
<tr>
<td>Single</td>
<td>$209,425</td>
<td>$523,600</td>
<td>$47,843 + 35%</td>
<td>$209,425</td>
</tr>
<tr>
<td>Estate and Trusts</td>
<td>$0</td>
<td>$2,650</td>
<td>$0.00 + 10%</td>
<td>$0</td>
</tr>
<tr>
<td>Estate and Trusts</td>
<td>$2,650</td>
<td>$9,550</td>
<td>$265 + 24%</td>
<td>$2,650</td>
</tr>
<tr>
<td>Estate and Trusts</td>
<td>$9,550</td>
<td>$13,050</td>
<td>$1,921 + 35%</td>
<td>$9,550</td>
</tr>
<tr>
<td>Estate and Trusts</td>
<td>$13,050</td>
<td>$3,146</td>
<td>$3,146 + 37%</td>
<td>$13,050</td>
</tr>
</tbody>
</table>

### Tax on corporations and other businesses

- 21% tax rate applied on C-corporation income
- Taxpayers may generally deduct up to 20% of the qualified business income (QBI) of S corporations, partnerships, and sole proprietorships (reduced by net capital gain and qualified dividends), subject to limitations:
  - Deduction generally not available for a Specified Service Trade or Business (SSTB) if taxable income exceeds $214,900 (single) or $429,800 (married/filing jointly); the deduction is subject to a phaseout unless taxable income is at or below $164,900 (single) or $329,800 (married/filing jointly)
  - If taxable income exceeds $214,900 (single) or $429,800 (married/filing jointly), the deduction is limited to the lesser of: (a) 20% of QBI or (b) the greater of (i) 50% of W-2 wages paid by each business or (ii) 25% of W-2 wages paid by each business plus 2.5% of the unadjusted basis of qualified property; wage and qualified property limitations are not applicable to taxable incomes at or below $164,900 (single) or $329,800 (married/filing jointly) and are fully phased in once taxable income exceeds $214,900 (single) or $429,800 (married/filing jointly)

### Deduction for mortgage interest

- Deduction on interest for qualifying mortgages up to $750,000 ($375,000 if married/filing separately); homes under agreement before 12/15/17 for purchase prior to 1/1/18 (grandfathered under previous $1,000,000 ($500,000 if married/filing separately) limits)
- Interest on home equity lines of credit (HELOC) deductible in certain cases where proceeds are utilized to acquire or improve a residence

### Deduction for state and local taxes

Individuals may deduct state and local income (or sales) taxes and real and personal property taxes up to $10,000 ($5,000 if married filing separately) in the aggregate.

### Child tax credit

- $2,000 per “qualifying child” (who has not attained age 17 during the year), phased out as income exceeds $400,000 (married/filing jointly) or $200,000 (all other); $1,400 per child is refundable
- $500 nonrefundable credit for qualified dependents other than qualifying children (without limits)

### Standard deductions

- **Individual:** $12,550
- **Family:** $25,100
- **Additional age 65+ or blind:** $3,500

### Catch-up contribution:

Taxpayers who are 55 or older in 2021 may contribute an additional $1,000, or a total of $4,600 for individuals and $8,200 for families.

### Health savings accounts contribution limits

- **Individual:** $3,600
- **Family:** $6,900

Sources: IRS and Social Security Administration updates 2021.
Maximum Qualified Long-Term-Care insurance premiums eligible for deduction

<table>
<thead>
<tr>
<th>Age</th>
<th>40 or less</th>
<th>&gt;40, ≤50</th>
<th>&gt;50, ≤60</th>
<th>&gt;60, ≤70</th>
<th>Over 70</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$450</td>
<td>$850</td>
<td>$1,690</td>
<td>$4,520</td>
<td>$5,640</td>
</tr>
</tbody>
</table>

Traditional IRAs

Maximum annual contribution
- Lesser of compensation or $6,000
- Up to $6,000 contribution can also be made for nonworking spouse
- Catch-up contributions (age 50 and over): $1,000

Traditional IRA deductibility table

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Covered by employer's retirement plan</th>
<th>Modified AGI 2021</th>
<th>Modified AGI 2020</th>
<th>Deductibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>No</td>
<td>Any amount</td>
<td>Any amount</td>
<td>Full</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>$66,000 or less</td>
<td>$65,000 or less</td>
<td>Full</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>$66,001–$75,999</td>
<td>$65,001–$74,999</td>
<td>Partial</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>$76,000 or more</td>
<td>$75,000 or more</td>
<td>None</td>
</tr>
<tr>
<td>Married/Jointly</td>
<td>Yes, but spouse is not covered</td>
<td>$105,000 or less</td>
<td>$104,000 or less</td>
<td>Full</td>
</tr>
<tr>
<td></td>
<td>Yes, but spouse is covered</td>
<td>$105,011–$124,999</td>
<td>$104,001–$123,999</td>
<td>Partial</td>
</tr>
<tr>
<td>Married/Jointly</td>
<td>Both spouses covered</td>
<td>$125,000 or more</td>
<td>$124,000 or more</td>
<td>None</td>
</tr>
</tbody>
</table>

Roth IRAs

Maximum annual contribution
- Lesser of compensation or $6,000
- Up to $6,000 contribution can also be made for nonworking spouse
- Catch-up contributions (age 50 and over): $1,000

Contribution eligibility
Modified AGI is less than $125,000 (single) or $198,000 (married/filing jointly); phaseouts apply if modified AGI is $125,000–$139,999 (single) or $198,000–$207,999 (married/filing jointly).

Deductibility
Contributions to Roth IRAs are not deductible.

Conversion eligibility
There is no income restriction on eligibility for a Roth IRA conversion.

Base amount of modified AGI causing Social Security benefits to be taxable

<table>
<thead>
<tr>
<th>Age</th>
<th>Up to 50% taxable</th>
<th>Up to 85% taxable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married/Filing jointly</td>
<td>$32,001–$44,000</td>
<td>&gt; $44,000</td>
</tr>
<tr>
<td>Single</td>
<td>$25,001–$34,000</td>
<td>&gt; $34,000</td>
</tr>
</tbody>
</table>

Maximum earnings before Social Security benefits are reduced

<table>
<thead>
<tr>
<th>Age</th>
<th>Up to $2 above limit</th>
<th>No limit*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full retirement age and over</td>
<td>$18,960</td>
<td></td>
</tr>
</tbody>
</table>

Maximum compensation subject to FICA taxes

| OASDI (Social Security) maximum | $142,800 |
| HI (Medicare) maximum | No limit |

OASDI and HI tax rate: 12.4% OASDI and 2.9% HI (15.3% combined) for self-employed; 6.2% and 1.45% (7.65% combined) for employees. An additional 0.9% HI tax imposed on individuals with wages or self-employment income in excess of $200,000 (single and qualifying widow(er)s) or $250,000 (married/filing jointly).

Death/gifts occurring in 2021*

(subtract applicable credit from calculated tax)

<table>
<thead>
<tr>
<th>If gift/gross estate is over</th>
<th>But not over</th>
<th>The tax is</th>
<th>Of the amount over</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$10,000</td>
<td>$0 + 18%</td>
<td>$0</td>
</tr>
<tr>
<td>$10,000</td>
<td>$20,000</td>
<td>$1,800 + 20%</td>
<td>$10,000</td>
</tr>
<tr>
<td>$20,000</td>
<td>$40,000</td>
<td>$3,800 + 22%</td>
<td>$20,000</td>
</tr>
<tr>
<td>$40,000</td>
<td>$60,000</td>
<td>$8,200 + 24%</td>
<td>$40,000</td>
</tr>
<tr>
<td>$60,000</td>
<td>$80,000</td>
<td>$13,000 + 26%</td>
<td>$60,000</td>
</tr>
<tr>
<td>$80,000</td>
<td>$100,000</td>
<td>$18,200 + 28%</td>
<td>$80,000</td>
</tr>
<tr>
<td>$100,000</td>
<td>$150,000</td>
<td>$23,800 + 30%</td>
<td>$100,000</td>
</tr>
<tr>
<td>$150,000</td>
<td>$250,000</td>
<td>$38,800 + 32%</td>
<td>$150,000</td>
</tr>
<tr>
<td>$250,000</td>
<td>$500,000</td>
<td>$70,800 + 34%</td>
<td>$250,000</td>
</tr>
<tr>
<td>$500,000</td>
<td>$750,000</td>
<td>$155,800 + 36%</td>
<td>$500,000</td>
</tr>
<tr>
<td>$750,000</td>
<td>$1,000,000</td>
<td>$248,300 + 39%</td>
<td>$750,000</td>
</tr>
<tr>
<td>$1,000,000</td>
<td>$345,800 + 40%</td>
<td>$1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

* Annual gift exclusion: individual, $15,000; married electing split gifts, $30,000. Combined lifetime gift tax and gross estate tax exemption: $11,700,000. GST tax exemption: $11,700,000.

Higher education tax credits

Modified AGI phaseouts for American Opportunity Tax Credit

| Married/Filing jointly | $160,001–$179,999 |
| Others                | $80,001–$89,999 |

Modified AGI phaseouts for Lifetime Learning Credit

| Married/Filing jointly | $160,001–$179,999 |
| Single                | $80,001–$89,999 |

2021 AMT exemptions

| Single | $73,600 |
| Married/Filing jointly and qualifying widow(er)s | $114,600 |

Phases out beginning with alternative minimum taxable income over $1,047,200 (married/filing jointly and qualifying widow(er)s) or $523,600 (single filers); AMT ordinary income rate increases from 26% to 28% for alternative minimum taxable income over $199,900 (married/filing jointly and qualifying widow(er)s), and single.

This information is general in nature and is not meant as tax or legal advice. Tax laws are subject to change. Please consult your legal or tax advisor.

Putnam Retail Management

Putnam Investments | 100 Federal Street | Boston, MA 02110 | putnam.com