



Tax brackets for 2016

Married, filing jointly

\$0–\$18,550	10.0%
\$18,551–\$75,300	15.0%
\$75,301–\$151,900	25.0%
\$151,901–\$231,450	28.0%
\$231,451–\$413,350	33.0%
\$413,351–\$466,950	35.0%
Over \$466,950	39.6%

Single

\$0–\$9,275	10.0%
\$9,276–\$37,650	15.0%
\$37,651–\$91,150	25.0%
\$91,151–\$190,150	28.0%
\$190,151–\$413,350	33.0%
\$413,351–\$415,050	35.0%
Over \$415,050	39.6%

Married, filing separately

\$0–\$9,275	10.0%
\$9,276–\$37,650	15.0%
\$37,651–\$75,950	25.0%
\$75,951–\$115,725	28.0%
\$115,726–\$206,675	33.0%
\$206,676–\$233,475	35.0%
Over \$233,475	39.6%

Head of household

\$0–\$13,250	10.0%
\$13,251–\$50,400	15.0%
\$50,401–\$130,150	25.0%
\$130,151–\$210,800	28.0%
\$210,801–\$413,350	33.0%
\$413,351–\$441,000	35.0%
Over \$441,000	39.6%

Estates and trusts

\$0–\$2,550	15.0%
\$2,551–\$5,950	25.0%
\$5,951–\$9,050	28.0%
\$9,051–\$12,400	33.0%
Over \$12,400	39.6%

Long-term capital gains/qualified dividend rates

0.0%–15.0% brackets	0.0%
>15.0% but <39.6% brackets	15.0%
Top bracket (39.6%)	20.0%
Capital gains on collectibles	28.0%

Standard deduction

Married, filing jointly	\$12,600
Single	\$6,300
Married, filing separately	\$6,300
Head of household	\$9,300
Blind or over 65, \$1,250 if married; \$1,550 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 tax

Transfer tax rate	40%
Estate tax exemption	\$5,450,000
Gift tax exemption	\$5,450,000
Generation-skipping transfer exemption	\$5,450,000

Education

Kiddie tax exemption	\$2,100
529 plan contributions, per individual	\$14,000 per yr. before a gift tax
529 plan contributions, per couple	\$28,000 per yr. before a gift tax
Accelerate 5 years of gifting into 1 year per individual	\$70,000
Per couple	\$140,000

Lifetime learning credits

Maximum credit	\$2,000
Phaseout—single	\$5,500–\$65,000
Phaseout—joint	\$110,000–\$130,000

Coverdell Education Savings Account

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

Student loan interest

Deduction limit	\$2,500
Phaseout—single	\$65,000–\$80,000 MAGI
Phaseout—joint	\$130,000–\$160,000 MAGI

Phaseout of tax-free savings bonds interest

Single	\$77,200–\$92,200 MAGI
Joint	\$115,750–\$145,750 MAGI

American Opportunity Education Tax Credit

Maximum credit	\$2,500
Phaseout—single	\$80,000–\$90,000 MAGI
Phaseout—joint	\$160,000–\$180,000 MAGI

¹ Modified adjusted gross income.

Retirement

IRA and Roth contributions

Under age 50	\$5,500
Aged 50 and over	\$6,500

Phaseout for deducting IRA

Contribution (qualified plan participant)	
Married, filing jointly	\$98,000–\$118,000 MAGI
Single or head of household	\$61,000–\$71,000 MAGI
Spousal IRA	\$184,000–\$194,000 MAGI

Phaseout of Roth contribution eligibility

Joint	\$184,000–\$194,000 MAGI
Single	\$117,000–\$132,000 MAGI
Filing separately	\$0–\$10,000 MAGI

SEP contribution

Up to 25% of compensation Limit	\$53,000
To participate in SEP	\$600

SIMPLE elective deferral

Under age 50	\$12,500
Aged 50 and over	\$15,500

Qualified plan contributions

401(k), 403(b), 457, and SARSEP	\$18,000
Aged 50 and over	\$24,000
Limit on additions to defined contribution plan	\$53,000
Annual benefit limit on defined benefit plan	\$210,000
Highly compensated employee makes	\$120,000
Annual compensation taken into account for qualified plans	\$265,000

The U.S. Internal Revenue Service has made annual inflation adjustments affecting many tax provisions, including tax rate schedules, that affect income earned in 2015 and tax returns filed in early 2016. The front page of this flyer provides specifics on many of these changes, and some of the key changes are also highlighted below.

Noteworthy changes in tax provisions for the 2016 tax year*

Adjusted tax bracket thresholds

For 2016 the tax brackets have adjusted slightly upward. The threshold for the top (39.6%) tax rate has increased by approximately 0.45% for both single and joint filers, and the thresholds for the other individual tax rates are adjusted upward accordingly.

Increases in standard deductions

The standard deduction remains the same as 2015 for singles and married persons filing separate returns and for married couples filing jointly. The standard deduction for head of household rises to \$9,300, up from \$9,250.

Increases in personal exemptions

The personal exemption rises to \$4,050, up from the 2015 exemption of \$4,000. However, the exemption is subject to a phaseout that begins with an adjusted gross income of \$259,400 (\$311,300 for married couples filing jointly). It phases out completely at \$381,900 (\$433,800 for married couples filing jointly).

Estate tax exemption rises

Estates of decedents who die during 2016 have a basic exemption amount of \$5,450,000, up from a total of \$5,430,000 for estates of decedents who died in 2015.

Required minimum distributions

The Uniform Lifetime Table can be used by all IRA owners, at age 70 years, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the regular Joint Life Expectancy Table is used (see IRS Pub. 590), which could reduce the required minimum distribution even further.

Uniform Lifetime Table

Age of account owner	Divisor	Age of account owner	Divisor
70	27.4	81	17.9
71	26.5	82	17.1
72	25.6	83	16.3
73	24.7	84	15.5
74	23.8	85	14.8
75	22.9	86	14.1
76	22.0	87	13.4
77	21.2	88	12.7
78	20.3	89	12.0
79	19.5	90	11.4
80	18.7		

* U.S. Internal Revenue Service, 2016.

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