

2016 Tax Facts

Ordinary Tax Rates and Brackets

	Taxable Income	Pay	% on excess	Of the amount over:
Single	\$0 - \$9,275	\$0	10%	\$0
	9,275 - 37,650	927.50	15	9,275
	37,650 - 91,150	5,183.75	25	37,650
	91,150 - 190,150	18,558.75	28	91,150
	190,150 - 413,350	46,278.75	33	190,150
	413,350 - 415,050	119,934.75	35	413,350
	415,050+	120,529.75	39.6	415,050
Married Filing Jointly	\$0 - \$18,550	\$0	10%	\$0
	18,550 - 75,300	1,855.00	15	18,550
	75,300 - 151,900	10,367.50	25	75,300
	151,900 - 231,450	29,517.50	28	151,900
	231,450 - 413,350	51,791.50	33	231,450
	413,350 - 466,950	111,818.50	35	413,350
	466,950+	130,578.50	39.6	466,950
Married Filing Separately	\$0 - \$9,275	\$0	10%	\$0
	9,275 - 37,650	927.50	15	9,275
	37,650 - 75,950	5,183.75	25	37,650
	75,950 - 115,725	14,758.75	28	75,950
	115,725 - 206,675	25,895.75	33	115,725
	206,675 - 233,475	55,909.25	35	206,675
	233,475+	65,289.25	39.6	233,475
Head of Household	\$0 - \$13,250	\$0	10%	\$0
	13,250 - 50,400	1,325.00	15	13,250
	50,400 - 130,150	6,897.50	25	50,400
	130,150 - 210,800	26,835	28	130,150
	210,800 - 413,350	49,417	33	210,800
	413,350 - 441,000	116,258.50	35	413,350
	441,000+	125,936	39.6	441,000
Estates and Non-grantor Trusts	\$0 - \$2,550	\$0	15%	\$0
	2,550 - 5,950	382.50	25	2,550
	5,950 - 9,050	1,232.50	28	5,950
	9,050 - 12,400	2,100.50	33	9,050
	12,400+	3,206	39.6	12,400

- The tax rate on long-term capital gains and qualified dividends for individuals, estates and grantor trusts varies as income rises:

Tax Bracket	Tax Rate
15% or lower	0%
25% through 35%	15%
39.6%	20%

- In addition, married taxpayers with Modified AGI over \$250,000 (singles over \$200,000) and estates/non-grantor trusts in the top tax bracket are subject to an additional 3.8% tax on Net Investment Income.

The income brackets in the above table are adjusted annually for inflation. Robert W. Baird & Co. does not provide tax advice. Any investment strategies should be implemented under the supervision of a qualified tax advisor.

Standard Deduction / Personal Exemptions

	2016	2015	2014	
Single	\$6,300	\$6,300	\$6,200	
Married, filing jointly	\$12,600	\$12,600	\$12,400	
Married, filing separately	\$6,300	\$6,300	\$6,200	
Head of Household	\$9,300	\$9,250	\$9,100	
Additional deduction for aged or blind – married	\$1,250	\$1,250	\$1,200	
Additional deduction for aged or blind – single	\$1,550	\$1,550	\$1,550	
Personal exemption	\$4,050	\$4,000	\$3,950	
AGI where itemized deduction/personal exemption phase-outs begin	Single	\$259,400	\$258,250	\$254,200
	Married Filing Joint	\$311,300	\$309,900	\$305,050
	Married Filing Separate	\$155,650	\$154,950	\$152,525
	Head of Household	\$285,350	\$284,050	\$279,650

- The standard deduction for dependents is the greater of (i) \$1,050 or (ii) the sum of \$350 and the individual's earned income.

Kiddie Tax

	2016	2015	2014
Unearned income exempt from tax	\$1,050	\$1,050	\$1,000
Unearned income taxed at child's rate	\$1,050	\$1,050	\$1,000
Point at which income is taxed to parent	\$2,100	\$2,100	\$2,000

Alternative Minimum Tax

	2016 Taxable Income	Pay	Plus % on excess	Of the amount over:
Single, Head of Household, Married Filing Joint	\$0 - \$186,300	\$0	26%	\$0
	\$186,300 and above	\$48,204	28%	\$185,400
Married Filing Separate	\$0 - \$93,150	\$0	26%	\$0
	\$93,150 and above	\$24,102	28%	\$92,700

- For AMT purposes, long-term capital gains and qualified dividends are taxed at either 15% or 20%, using the same income thresholds as for regular tax.

	2016	2015	2014	
Personal Exemption for AMT	Single	\$53,900	\$53,600	\$52,800
	Married Filing Joint	\$83,800	\$83,400	\$82,100
	Married Filing Separate	\$41,900	\$41,700	\$41,050
	Head of Household	\$53,900	\$53,600	\$52,800

- For 2016, the AMT Exemption begins to phase for married couples with Alternative Minimum Taxable Income above \$159,700, above \$79,850 for couples filing separately, and above \$119,700 for unmarried taxpayers.



2016 Tax Facts, *continued.*

Retirement Plan Contribution Limits

	2016	2015	2014
IRA and Roth IRA regular contributions	\$5,500	\$5,500	\$5,500
IRA and Roth IRA catch-up contributions	\$1,000	\$1,000	\$1,000
AGI phaseout range for IRA deduction - single	\$61,000- \$71,000	\$61,000 - \$71,000	\$60,000 - \$70,000
AGI phaseout range for IRA deduction - married	\$98,000- \$118,000	\$98,000 - \$118,000	\$96,000 - \$116,000
401(k), 403(b) regular contributions	\$18,000	\$18,000	\$17,500
401(k), 403(b) catch-up contributions	\$6,000	\$6,000	\$5,500
Profit Sharing or MPP	\$53,000	\$53,000	\$52,000
Individual 401(k) (Salary Deferral + Profit Sharing)	\$53,000	\$53,000	\$52,000
Individual 401(k) (Salary Deferral + Profit Sharing) Including Age 50+ Catch-up	\$59,000	\$59,000	\$57,500
SIMPLE IRA regular contributions	\$12,500	\$12,500	\$12,000
SIMPLE IRA catch-up contributions	\$3,000	\$3,000	\$2,500
SEP plan contributions	\$53,000	\$53,000	\$52,000
Total Defined Contribution plan contributions	\$53,000	\$53,000	\$52,000

- Catch-up contributions to IRAs and Roth IRAs are available to taxpayers age 50 and older by 12/31/16.
- For those not covered by an employer retirement plan but whose spouse is covered, the IRA deduction is phased out for MAGI between \$184,000 and \$194,000 for 2016 (\$183,000 and \$193,000 for 2015).
- Roth IRA contributions in 2016 begin to be phased-out for couples with MAGI of \$184,000 (\$117,000 for single taxpayers), and is fully phased out for couples with MAGI of \$194,000 (\$132,000 for single taxpayers).

Social Security Taxes and Benefits

	2016	2015	2014
Maximum wages subject to FICA tax	\$118,500	\$118,500	\$117,000
Maximum earned income before reduction in SS benefits (up to full retirement age)	\$15,720	\$15,720	\$15,480
Maximum SS benefit, retiring at full retirement age	\$2,639/mo	\$2,663/mo	\$2,642/mo

- Earned income above threshold, for taxpayers younger than full retirement age, results in reduced Social Security benefits. Benefit amount is reduced by \$1 for every \$2 over the threshold.

Taxability of Benefits	Single, Head of Household, Married Filing Separate	Married Filing Joint	Taxable Portion of Benefits
Income Level	\$0 - \$25,000	\$0 - \$32,000	0%
	\$25,000 - \$34,000	\$32,000 - \$44,000	50%
	Over \$34,000	Over \$44,000	85%

- Income for purposes of this test includes:
 - All income included on lines 7 through 19, plus line 21, of Form 1040
 - Any tax-exempt interest included on line 8b of Form 1040
 - Half the Social Security benefit itself



2016 Tax Facts, *continued.*

Health Savings Accounts

	2016	2015	2014
Contribution Limit – Single Coverage	\$3,350	\$3,350	\$3,300
Contribution Limit – Family Coverage	\$6,750	\$6,650	\$6,550
Catch-up Contribution	\$1,000	\$1,000	\$1,000
Minimum Deductible – Single	\$1,300	\$1,300	\$1,250
Minimum Deductible – Family	\$2,600	\$2,600	\$2,500

- Catch-up contributions to HSAs are available to account holders age 55 and older by 12/31/16.
- The Minimum Deductible shown above is the minimum amount allowed for the plan to be considered a High Deductible Plan.
- Out of pocket expenses under the plan can't exceed \$6,550 for singles, \$13,100 for a couple.

Estate Planning – Estate and Gift Tax Exemption and Annual Gift Exclusion

Decedents dying in:	Exemption Amount	Tax Rate
2007- 2008	\$2,000,000	45%
2009	\$3,500,000	45%
2010	\$5 million, but estates may elect no estate tax, with capital gain tax on appreciation above \$1.3 million	35%
2011	\$5,000,000	35%
2012	\$5,120,000	35%
2013	\$5,250,000	40%
2014	\$5,340,000	40%
2015	\$5,430,000	40%
2016	\$5,450,000	40%

- Individuals may use the full \$5,450,000 million exemption to make lifetime gifts without incurring gift tax (married couples up to \$10,900,000). The 40% gift tax rate will apply to gifts above the exemption amount.

	2016	2015	2014
Annual Gift Tax exclusion	\$14,000	\$14,000	\$14,000

- The annual exclusion is indexed annually for inflation, but increases are only made in \$1,000 increments.