

# 2023 Tax Summary

Federal income tax rates	
Taxable income between:	
Single <sup>1</sup>	
\$0-\$11,000	10%
\$11,000-\$44,725	12%
\$44,725-\$95,375	22%
\$95,375-\$182,100	24%
\$182,100-\$231,250	32%
\$231,250-\$578,125	35%
Over \$578,125	37%
Married, filing jointly <sup>1</sup>	
\$0-\$22,000	10%
\$22,000-\$89,450	12%
\$89,450-\$190,750	22%
\$190,750-\$364,200	24%
\$364,200-\$462,500	32%
\$462,500-\$693,750	35%
Over \$693,750	37%
Head of household (HOH) <sup>1</sup>	
\$0-\$15,700	10%
\$15,700-\$59,850	12%
\$59,850-\$95,350	22%
\$95,350-\$182,100	24%
\$182,100-\$231,250	32%
\$231,250-\$578,100	35%
Over \$578,100	37%
Married, filing separately <sup>1</sup>	
\$0-\$11,000	10%
\$11,000-\$44,725	12%
\$44,725-\$95,375	22%
\$95,375-\$182,100	24%
\$182,100-\$231,250	32%
\$231,250-\$346,875	35%
Over \$346,875	37%
Estates and trusts <sup>1</sup>	
\$0-\$2,900	10%
\$2,900-\$10,550	24%
\$10,550-\$14,450	35%
Over \$14,450	37%
Standard deduction <sup>1</sup>	
Single	\$13,850
Married, filing jointly	\$27,700
Head of household	\$20,800
Married, filing separately	\$13,850

Additional standard deduction for taxpayers who are age 65 or older, or who are blind: \$1,500 for married; \$1,850 for unmarried and not a surviving spouse.

Kiddie tax exemption <sup>1</sup>		\$2,500			
A "kiddie" is under age 18; or age 18 provided child's earned income does not exceed ½ of his/her support; or ages 19-23 if full-time student and earned income does not exceed ½ of support.					
Rates for long-term capital gains and qualified dividends <sup>1,2</sup>					
	Individuals	Head of Household	Married, filing jointly	Married, filing separately	Estates and trusts
0%	\$0-\$44,625	\$0-\$59,750	\$0-\$89,250	\$0-\$44,625	\$0-\$3,000
15%	\$44,625-\$492,300	\$59,750-\$523,050	\$89,250-\$553,850	\$44,625-\$276,900	\$3,000-\$14,650
20%	Over \$492,300	Over \$523,050	Over \$553,850	Over \$276,900	Over \$14,650
28%	Collectibles				
IRA <sup>4</sup>			Phase-out of Roth IRA contribution eligibility <sup>4</sup>		
IRA contribution (under age 50)			Single phase-out		
IRA contribution (50 and older)			\$138,000-\$153,000		
Single or HOH phase-out			Married, filing jointly		
Married, filing jointly			\$218,000-\$228,000		
Married, filing separately			Married, filing separately		
Spousal IRA			\$0-\$10,000		
Individual 401(k) <sup>4</sup>			SEP <sup>4, 11</sup>		
Employer contribution			SEP contribution		
Up to 25% of compensation			Up to 25% of compensation (limit \$66,000)		
Employee salary deferral (under 50)			Minimum compensation participant		
\$22,500			\$750		
Employee salary deferral (50 and older)			SIMPLE <sup>4</sup>		
\$30,000			SIMPLE elective deferral (under age 50)		
\$15,500			SIMPLE elective deferral (50 and older)		
\$19,000					
Total employer and employee					
\$66,000 (\$73,500 age 50 and older)					
Other qualified plans <sup>4</sup>					
401(k), 403(b), <sup>5</sup> governmental 457(b), <sup>6</sup> and SARSEP elective deferral (under age 50)					\$22,500
401(k), 403(b), <sup>5</sup> governmental 457(b), <sup>6</sup> and SARSEP elective deferral (age 50 and older)					\$30,000
Limit on additions to defined contribution plans					\$66,000
Annual benefit limit on defined benefit plans					\$265,000
Highly compensated employee makes					\$150,000
Maximum compensation taken into account for qualified plans					\$330,000
HSA contribution individual coverage <sup>12,14</sup>					\$3,850
HSA contribution family coverage <sup>12,14</sup>					\$7,750
Federal gift and estate tax <sup>1</sup>			3.8% Medicare surtax thresholds <sup>3</sup>		
Gift tax annual exclusion			\$17,000	Single or HOH	\$200,000
Annual exclusion for gift to noncitizen spouse			\$175,000	Married, filing jointly	\$250,000
Highest estate and gift tax rate <sup>13</sup>			40%	Married, filing separately	\$125,000
Unified estate and gift tax credit amount <sup>1</sup>			\$12,920,000	Estates and trusts <sup>1,3</sup>	\$14,450
Generation-skipping transfer tax exclusion <sup>1</sup>			\$12,920,000	The tax is assessed on the lesser of the amount of income over the threshold or the amount of net investment income.	
Unused credit can pass to the surviving spouse if decedent spouse elects on Form 706.					

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Social Security <sup>7</sup>	
Maximum earnings (during working years) subject to payroll tax <sup>7</sup>	\$160,200
Social Security payroll tax <sup>7</sup>	Employees pay 7.65%
	Self-employed pay 15.30%
Additional 0.9% high-income payroll tax for wages in excess of <sup>10</sup>	
Single or HOH	\$200,000
Married, filing jointly	\$250,000
Married, filing separately	\$125,000
Income <sup>8</sup> (in retirement) causing Social Security benefits to be taxable <sup>9</sup>	
Single or HOH	
Up to 50% taxable	\$25,000 MAGI
Up to 85% taxable	\$34,000 MAGI
Married, filing jointly	
Up to 50% taxable	\$32,000 MAGI
Up to 85% taxable	\$44,000 MAGI
Max earnings (from a job) between age 62 and full (normal) Social Security retirement age before Social Security benefits are reduced \$1 for every \$2 above \$21,240. For individuals who reach FRA in 2023, \$1 for every additional \$3 earned: \$56,520 up until first of month of birthday. Thereafter unlimited. <sup>7</sup>	
Education	
Student loan interest deduction <sup>1</sup>	\$2,500
PHASE-OUT: <sup>1</sup>	
Single	\$75,000-\$90,000
Married, filing jointly	\$155,000-\$185,000
American Opportunity Tax Credit (Hope Scholarship Credit) <sup>12</sup>	
Maximum \$2,500 (100% of first \$2,000 + 25% of next \$2,000 of eligible expenses)	
PHASE-OUT: <sup>12</sup>	
Single	\$80,000-\$90,000
Married, filing jointly	\$160,000-\$180,000
Lifetime learning credit <sup>12</sup>	20% of qualified expenses up to \$10,000
PHASE-OUT: <sup>12,15</sup>	
Single or HOH	\$80,000-\$90,000
Married, filing jointly	\$160,000-\$180,000
LTC <sup>1,10</sup>	
Maximum premium amount allowed as a medical expense (deductible to extent all medical expenses exceed 7.5% AGI) <sup>15</sup>	
Age 40 or less	\$480
More than age 40 but not more than 50	\$890
More than age 50 but not more than 60	\$1,790
More than age 60 but not more than 70	\$4,770
More than age 70	\$5,960

<sup>1</sup> Rev. Proc. 2022-38.

<sup>2</sup> IRC Sec. 1(j)(1), (2), (4), (5)(B).

<sup>3</sup> IRC Sec. 1411.

<sup>4</sup> IRS Notice 2022-55.

<sup>5</sup> Additional catch-up contributions may be available for 403(b) participants with 15 or more years of service. Treas. Reg. 1.403(b)-4(c)(3).

<sup>6</sup> In last three years pre-retirement, governmental 457(b) participants may be able to increase elective deferral if needed to catch up on missed contributions. IRC Sec. 457(b)(3).

<sup>7</sup> "2023 Social Security Changes," Fact Sheet, Social Security Administration.

<sup>8</sup> Most income, including municipal bond interest, but only ½ of Social Security benefits.

<sup>9</sup> IRC Sec. 86.

<sup>13</sup> IRC Sec. 2001(c).

<sup>10</sup> IRC Sec. 3101(b)(2).

<sup>14</sup> Rev. Proc. 2022-24.

<sup>11</sup> IRC Sec. 402 (h)(2).

<sup>15</sup> Consolidated Appropriations Act, 2021.

# 2023 Tax Summary

The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 and the Consolidated Appropriations Act of 2023, increases the age for required minimum distributions (RMDs) for all qualified retirement plans to age 73 in 2023.<sup>1</sup> IRA owners who were born June 30, 1949 or prior must continue to take RMDs under the previous rules. The required minimum distribution (RMD) for any year is calculated as the December 31 value of the prior year (plus the actuarial present value of any additional benefit provided within the annuity contract) divided by the RMD factor from the appropriate table.

## Uniform Lifetime Table<sup>2</sup>

### For use by:

- Unmarried IRA owners
  - Married IRA owners whose spouses are not more than 10 years younger
  - Married IRA owners whose spouses are not the sole beneficiaries of their IRAs
- (For married IRA owners whose spouses are more than 10 years younger, use Joint Life Table from Treas. Reg. 1.401(a)(9)-9(c))

## Single Life Expectancy Table<sup>3</sup>

### Spouse beneficiary

**IRA owner dies on/after Required Beginning Date (RBD):** Beginning in the year following the year of the IRA owner's death, recalculate spouse beneficiary's single life expectancy each year while spouse beneficiary survives, using spouse beneficiary's age on birthday in that calendar year. If RMD would be less, spouse beneficiary would use IRA owner's term certain life expectancy. For that, use IRA owner's age attained on the birthday in the calendar year of IRA owner's death. Reduced by one for each passing year. (Note: Spouse beneficiary could instead roll over to his or her own IRA at IRA owner's death.)

**Death before RBD:** Same options as above, minus using IRA owner's term certain life expectancy, plus spouse beneficiary can delay until IRA owner would have turned age 73.

### Nonspouse beneficiary<sup>4</sup>

**Death after December 31, 2019:** The stretch IRA option will be replaced with a 10-year rule for the vast majority of nonspouse beneficiaries. The rule will require assets to be liquidated by the end of the 10<sup>th</sup> year following the year of death of the IRA owner. According to Proposed Treasury Regulations, in some circumstances, such as when the IRA owner died on or after their RBD or after an eligible designated beneficiary who was receiving life expectancy payments dies, RMD payments must be satisfied each year until the entire death benefit is distributed within 10 years. There are some exceptions if the nonspouse beneficiary is a minor, disabled, chronically ill, or not more than 10 years younger than the deceased IRA owner. For minors, the exception only applies until the child reaches age 21, at which point the 10-year rule is enforced.

### Death prior to December 31, 2019

**Death on/after RBD:** Beneficiary uses beneficiary's own term certain life expectancy. For that, use the beneficiary's age attained on the birthday in the calendar year after the calendar year of IRA owner's death. Reduce by one for each passing year. If RMD would be less, beneficiary would use IRA owner's term certain life expectancy. For that, use IRA owner's attained age in the calendar year of IRA owner's death. Reduce by one for each passing year.

**Death before RBD:** Same options as above, minus using IRA owner's term certain life expectancy, or beneficiary can defer all distributions as long as all funds are distributed in five years.

### No designated beneficiary

**Death on/after RBD:** Inheritor uses IRA owner's term certain life expectancy. For that, use IRA owner's age attained on the birthday in the calendar year of owner's death. Reduce by one for each passing year.

**Death before RBD:** Distribute all within five years.

<sup>1</sup>The Consolidated Appropriations Act of 2023

<sup>2</sup>Treas. Reg. 1.401(a)(9) - 5, Q&A 4.

<sup>3</sup>Treas. Reg. 1.401(a)(9) - 5, Q&A 5 and 6.

<sup>4</sup>IRS Notice 2022-53

<sup>5</sup>Treas. Reg. 1.401(a)(9) - 9 This table updated for regulations beginning January 1, 2022 under Federal Register FR Doc. 2020-24723.

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Uniform Lifetime Table <sup>5</sup> (for RMD purposes)	
Age	Distribution period
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4
82	18.5
83	17.7
84	16.8
85	16.0
86	15.2
87	14.4
88	13.7
89	12.9
90	12.2
91	11.5
92	10.8
93	10.1
94	9.5
95	8.9
96	8.4
97	7.8
98	7.3
99	6.8
100	6.4
101	6.0
102	5.6
103	5.2
104	4.9
105	4.6
106	4.3
107	4.1
108	3.9
109	3.7
110	3.5
111	3.4
112	3.3
113	3.1
114	3.0
115	2.9
116	2.8
117	2.7
118	2.5
119	2.3
120+	2.0

Single Life Expectancy Table <sup>5</sup>			
Age	Life expectancy	Age	Life expectancy
0	84.6	60	27.1
1	83.7	61	26.2
2	82.8	62	25.4
3	81.8	63	24.5
4	80.8	64	23.7
5	79.8	65	22.9
6	78.8	66	22.0
7	77.9	67	21.2
8	76.9	68	20.4
9	75.9	69	19.6
10	74.9	70	18.8
11	73.9	71	18.0
12	72.9	72	17.2
13	71.9	73	16.4
14	70.9	74	15.6
15	69.9	75	14.8
16	69.0	76	14.1
17	68.0	77	13.3
18	67.0	78	12.6
19	66.0	79	11.9
20	65.0	80	11.2
21	64.1	81	10.5
22	63.1	82	9.9
23	62.1	83	9.3
24	61.1	84	8.7
25	60.2	85	8.1
26	59.2	86	7.6
27	58.2	87	7.1
28	57.3	88	6.6
29	56.3	89	6.1
30	55.3	90	5.7
31	54.4	91	5.3
32	53.4	92	4.9
33	52.5	93	4.6
34	51.5	94	4.3
35	50.5	95	4.0
36	49.6	96	3.7
37	48.6	97	3.4
38	47.7	98	3.2
39	46.7	99	3.0
40	45.7	100	2.8
41	44.8	101	2.6
42	43.8	102	2.5
43	42.9	103	2.3
44	41.9	104	2.2
45	41.0	105	2.1
46	40.0	106	2.1
47	39.0	107	2.1
48	38.1	108	2.0
49	37.1	109	2.0
50	36.2	110	2.0
51	35.3	111	2.0
52	34.3	112	2.0
53	33.4	113	1.9
54	32.5	114	1.9
55	31.6	115	1.8
56	30.6	116	1.8
57	29.8	117	1.6
58	28.9	118	1.4
59	28.0	119	1.1
60	27.1	120+	1.0