


Shorepoint Capital Partners, LLC

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Retirement Planning Key Numbers

Certain retirement plan and IRA limits are indexed for inflation each year, but only some of the limits eligible for a cost-of-living adjustment (COLA) have increased for 2021. Some of the key numbers for 2021 are listed below, with the corresponding limit for 2020. (The source for these 2021 numbers is IRS Notice 2020-79.)



Elective deferral limits	2020	2021
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ¹ (includes Roth contributions)	Lesser of \$19,500 or 100% of participant's compensation (\$26,000 if age 50 or older) ²	Lesser of \$19,500 or 100% of participant's compensation (\$26,000 if age 50 or older) ²
SIMPLE 401(k) plans and SIMPLE IRA plans ¹	Lesser of \$13,500 or 100% of participant's compensation (\$16,500 if age 50 or older)	Lesser of \$13,500 or 100% of participant's compensation (\$16,500 if age 50 or older)

IRA contribution limits	2020	2021
Traditional and Roth IRAs	Lesser of \$6,000 or 100% of earned income (\$7,000 if age 50 or older)	Lesser of \$6,000 or 100% of earned income (\$7,000 if age 50 or older)

Defined benefit plan annual benefit limits	2020	2021
Annual benefit limit per participant	Lesser of \$230,000 or 100% of average compensation for highest three consecutive years	Lesser of \$230,000 or 100% of average compensation for highest three consecutive years

Defined contribution plan limits (qualified plans, 403(b) plans, and SEP plans)	2020	2021
Annual addition limit per participant (employer contributions; employee pre-tax, after-tax, and Roth contributions; and forfeitures)	Lesser of \$57,000 or 100% (25% for SEP) of participant's compensation	Lesser of \$58,000 or 100% (25% for SEP) of participant's compensation

¹ Must aggregate employee deferrals to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers; 457(b) contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively a 20% maximum contribution).

² Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

Retirement plan compensation limits	2020	2021
Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans/SEPs)	\$285,000	\$290,000
Compensation threshold used to determine a highly compensated employee	\$130,000 (when 2020 is the look-back year)	\$130,000 (when 2021 is the look-back year)
Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners \$185,000 for officers \$150,000 for more-than-1% owners	\$1 for more-than-5% owners \$185,000 for officers \$150,000 for more-than-1% owners
Compensation threshold used to determine a qualifying employee under a SIMPLE plan	\$5,000	\$5,000
Compensation threshold used to determine a qualifying employee under a SEP plan	\$600	\$650

Income phaseout range for determining deductibility of traditional IRA contributions for taxpayers:	2020	2021
1. Covered by an employer-sponsored plan and filing as:		
Single/Head of household	\$65,000 - \$75,000	\$66,000 - \$76,000
Married filing jointly	\$104,000 - \$124,000	\$105,000 - \$125,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by a plan	\$196,000 - \$206,000	\$198,000 - \$208,000

Income phaseout range for determining ability to fund a Roth IRA for taxpayers filing as:	2020	2021
Single/Head of household	\$124,000 - \$139,000	\$125,000 - \$140,000
Married filing jointly	\$196,000 - \$206,000	\$198,000 - \$208,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000

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Estate Planning Key Numbers



You will find here some key numbers associated with estate planning, as well as the federal gift tax and estate tax rate schedules for 2020 and 2021.

	2020	2021
Annual gift tax exclusion:	\$15,000	\$15,000
Gift tax and estate tax applicable exclusion amount:	\$11,580,000 ¹ + DSUEA ²	\$11,700,000 ¹ + DSUEA ²
Noncitizen spouse annual gift tax exclusion:	\$157,000	\$159,000
Generation-skipping transfer (GST) tax exemption:	\$11,580,000 ³	\$11,700,000 ³
GST tax rate	40%	40%
Special use valuation limit (qualified real property in decedent's gross estate):	\$1,180,000	\$1,190,000

¹ The basic exclusion amount.

² Deceased spousal unused exclusion amount (for 2011 and later years)

³ The GST tax exemption is not portable.

2020 and 2021 Gift Tax and Estate Tax Rate Schedule

Taxable Gift/Estate	Tentative Tax Equals	Plus	Of Amount Over
0 - \$10,000	\$0	18%	\$0
\$10,000 - \$20,000	\$1,800	20%	\$10,000
\$20,000 - \$40,000	\$3,800	22%	\$20,000
\$40,000 - \$60,000	\$8,200	24%	\$40,000
\$60,000 - \$80,000	\$13,000	26%	\$60,000
\$80,000 - \$100,000	\$18,200	28%	\$80,000
\$100,000 - \$150,000	\$23,800	30%	\$100,000
\$150,000 - \$250,000	\$38,800	32%	\$150,000
\$250,000 - \$500,000	\$70,800	34%	\$250,000
\$500,000 - \$750,000	\$155,800	37%	\$500,000
\$750,000 - \$1,000,000	\$248,300	39%	\$750,000
\$1,000,000 +	\$345,800	40%	\$1,000,000
Credit shelter amount: \$11,580,000 in 2020, \$11,700,000 in 2021	Unified credit amount: \$4,577,800 in 2020, \$4,625,800 in 2021		

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