

Personal Income Tax Rates

Taxable Income		Tax Is	Plus	Of Amount Over
Over	Not Over			
Single				
\$0	\$11,000	\$0	10.0%	\$0
\$11,001	\$44,275	\$1,100	12.0%	\$11,000
\$44,276	\$95,375	\$5,093	22.0%	\$44,275
\$95,376	\$182,100	\$16,335	24.0%	\$95,375
\$182,101	\$231,250	\$37,148	32.0%	\$182,100
\$231,251	\$578,125	\$52,876	35.0%	\$231,250
\$578,126	and over	\$174,282	37.0%	\$578,125
Married Filing Jointly (MFJ)				
\$0	\$22,000	\$0	10.0%	\$0
\$22,001	\$89,450	\$2,200	12.0%	\$22,000
\$89,451	\$190,750	\$10,294	22.0%	\$89,450
\$190,751	\$364,200	\$32,580	24.0%	\$190,750
\$364,201	\$462,500	\$74,207	32.0%	\$364,200
\$462,501	\$693,750	\$105,663	35.0%	\$462,500
\$693,751	and over	\$186,600	37.0%	\$693,750

Social Security & Medicare/FICA

	Social Security Tax	Medicare Tax	FICA Tax (total)
Employee portion	6.2%	1.45%	7.65%
Employer portion	6.2%	1.45%	7.65%
Totals	12.4%	2.9%	15.3%
Self-employed	12.4%	2.9%	15.3%
Totals	12.4%	2.9%	15.3%

Commonly Used Tax Terms

Adjusted Gross Income (AGI) =

Income Received - Adjustments (deductions)

Deduction - Expenses that can be subtracted from Gross Income. Deductions can be standard, itemized, or pre-tax.

Capital Gains - when the sale price of an asset is higher than the initial purchase.

Tax Credit - An amount of money that can be subtracted from taxes owed to government. Tax credits reduce the actual amount of tax owed.

Exemptions - Amount that the IRS allows to subtract from income to reflect all the people who count on the household income. Subtracted from AGI. Additional to any deductions.

Taxable Income - Overall, or gross, income reduced by all allowable adjustments, deductions & exemptions. Final amount of income used to figure how much tax is owed.

This information is an overview of the relevant and projected federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

Income Subject to Social Security Tax

Year	Max Earned Income Subject to Social Security Tax
2023	\$160,200
2022	\$142,800

Taxation of Capital Gains & Dividends

	Income		
Single:	< \$44,625	\$44,626 - \$492,300	Over
MFJ:	< \$89,250	\$89,251 - \$553,850	
ST <12 mo	Ordinary	Ordinary	Ordinary
LT >12 mo	0%	15%	20%
Qualified Dividends	0%	15%	20%

Misc. Exemptions & Deductions

Personal Exemption	Eliminated
Mortgage Interest Deduction	Debt Limit: \$750,000
Medical Expenses	Deductible > 7.5% AGI
Moving Expenses	Only For Military
Misc. Deductions	No longer deductible
Income Phaseout for Itemizing	No phase-out

Tax Filing Deadlines

Personal	April 15th
IRA Contributions	April 15th

Tax Filing Extensions

Personal	October 15th
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Common Tax Forms

W-9	Used by employers to verify Social Security number when hired.
W-4	Directs your employer to withhold the correct federal income tax from your pay. Used when setting up payroll.
W-2	Used by employers to report wages and taxes for employees.
1099	Used by an entity to report money paid as an independent contractor or sole proprietor.
4070	Used by employees to report tips to employers.
1040	Used to file an annual income tax return.
5498	Used by custodians to report annual contributions made to IRA's (Roth, Traditional & Simple). Also reports rollovers.
1098	Issued by a mortgage company to report home mortgage interest paid during the year.
1095	Used by state and federal health insurance marketplaces to report a coverage to determine eligibility for the premium tax credit.

Standard Deduction

Filing Status	2022	2023
Single	\$12,950	\$13,850
Married Filing Joint (MFJ)	\$25,900	\$27,700

Buying A Home - Terms to Know

PITI Principal Interest Taxes Insurance	<p>P—Amount of your payment applied toward loan principal.</p> <p>I— Amount of your payment applied to interest to the lender.</p> <p>T—Amount of your payment going into escrow to pay real estate taxes.</p> <p>I—Amount of your payment going into escrow for homeowners insurance.</p>
Escrow Account	An account held by a mortgage company used to collect funds to pay real estate taxes, homeowner's insurance premiums and sometimes private mortgage insurance premiums.
Down Payment	The average put down is 20% to avoid PMI, but certain programs allow as little as 3%
HOA Fee	An amount of money that must be paid monthly by owners of certain types of residential properties to help maintaining and improving properties in the residence
PMI Private Mortgage Insurance	A type of insurance required by lenders when homebuyers put down less than 20%. PMI offsets the lenders risk in case the borrower defaults
Closing Costs	Average 2% to 5% of the purchase price.

Buying A Home - Tips

Credit	<ul style="list-style-type: none"> • Credit is a key factor for loan approval. • Helps determine interest rate and loan terms. • Avoid opening or applying for new credit during buying process.
Neighborhoods	<ul style="list-style-type: none"> • Consider neighborhoods as well as school districts. • Determine size based on both short term & long term needs (growing family, etc.) • Prequalification for a mortgage • Estimate of how much a lender is willing to lend based on income and debts.
Pre-approval Letter	<ul style="list-style-type: none"> • Get a preapproval before shopping. • Taken more seriously by seller and can give you an advantage over another buyer. • Before you start looking for your dream
Affordability	<ul style="list-style-type: none"> home, know your price range. • Determine your household income and take your outstanding debts into account.

Common Types of Mortgages

Conventional/ Fixed Rate	<ul style="list-style-type: none"> • Consistent. Monthly payments remain the same over the life of the loan. • Offered in 10, 15, 20, 30 & 40 year terms. • Interest rate changes over time.
Adjustable Rate	<ul style="list-style-type: none"> • Rate changes reflect changes in economy & cost of borrowing money. • Risk of increasing mortgage payments.

*There are lots of different mortgage types available. Talk to a financial advisor, or mortgage lender to see which type of mortgage best fits your needs.

Family Down Payment Assistance

If parents or family give money towards a down payment. Provide a gift letter to the mortgage company indicating funds are NOT a loan. Parents and family gifting money for down payments should refer to the IRS annual tax exclusion to avoid potential tax implications.