

2015 Tax Facts

Ordinary Tax Rates and Brackets

| | Taxable Income | Pay | % on excess | Of the amount over: |
|---------------------------------------|-------------------|------------|-------------|---------------------|
| Single | \$0 - \$9,225 | \$0 | 10% | \$0 |
| | 9,225 - 37,450 | 922.50 | 15 | 9,225 |
| | 37,450 - 90,750 | 5,156.25 | 25 | 37,450 |
| | 90,750 - 189,300 | 18,481.25 | 28 | 90,750 |
| | 189,300 - 411,500 | 46,075.25 | 33 | 189,300 |
| | 411,500 - 413,200 | 119,401.25 | 35 | 411,500 |
| | 413,200+ | 119,996.25 | 39.6 | 413,200 |
| Married Filing Jointly | \$0 - \$18,450 | \$0 | 10% | \$0 |
| | 18,450 - 74,900 | 1,845.00 | 15 | 18,450 |
| | 74,900 - 151,200 | 10,312.50 | 25 | 74,900 |
| | 151,200 - 230,450 | 29,387.50 | 28 | 151,200 |
| | 230,450 - 411,500 | 51,577.50 | 33 | 230,450 |
| | 411,500 - 464,850 | 111,324.00 | 35 | 411,500 |
| | 464,850+ | 129,996.50 | 39.6 | 464,850 |
| Married Filing Separately | \$0 - \$9,225 | \$0 | 10% | \$0 |
| | 9,225 - 37,450 | 922.50 | 15 | 9,225 |
| | 37,450 - 75,600 | 5,156.25 | 25 | 37,450 |
| | 75,600 - 115,225 | 14,693.75 | 28 | 75,600 |
| | 115,225 - 205,750 | 25,788.75 | 33 | 115,225 |
| | 205,750 - 232,425 | 55,662.00 | 35 | 205,750 |
| | 232,425+ | 64,998.25 | 39.6 | 232,425 |
| Head of Household | \$0 - \$13,150 | \$0 | 10% | \$0 |
| | 13,150 - 50,200 | 1,315.00 | 15 | 13,150 |
| | 50,200 - 129,600 | 6,872.50 | 25 | 50,200 |
| | 129,600 - 209,850 | 26,722.50 | 28 | 129,600 |
| | 209,850 - 411,500 | 49,192.50 | 33 | 209,850 |
| | 411,500 - 439,000 | 115,737.00 | 35 | 411,500 |
| | 439,000+ | 125,362.00 | 39.6 | 439,000 |
| Estates and Non-grantor Trusts | \$0 - \$2,500 | \$0 | 15% | \$0 |
| | 2,500 - 5,900 | 375.00 | 25 | 2,500 |
| | 5,900 - 9,050 | 1,225.00 | 28 | 5,900 |
| | 9,050 - 12,300 | 2,107.00 | 33 | 9,050 |
| | 12,300+ | 3,179.50 | 39.6 | 12,300 |

- 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

| | 2015 | 2014 | 2013 | |
|---|--------------------------------|-----------|-----------|-----------|
| Single | \$6,300 | \$6,200 | \$6,100 | |
| Married, filing jointly | \$12,600 | \$12,400 | \$12,200 | |
| Married, filing separately | \$6,300 | \$6,200 | \$6,100 | |
| Head of Household | \$9,250 | \$9,100 | \$8,950 | |
| Additional deduction for aged or blind – married | \$1,250 | \$1,200 | \$1,200 | |
| Additional deduction for aged or blind – single | \$1,550 | \$1,550 | \$1,500 | |
| Personal exemption | \$4,000 | \$3,950 | \$3,800 | |
| AGI where itemized deduction/personal exemption phase-outs begin | Married Filing Joint | \$309,900 | \$305,050 | \$300,000 |
| | Married Filing Separate | \$154,950 | \$152,525 | \$150,000 |
| | Single | \$258,250 | \$254,200 | \$250,000 |
| | Head of Household | \$284,050 | \$279,650 | \$275,000 |

- 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

| | 2015 | 2014 | 2013 |
|---|---------|---------|---------|
| Unearned income exempt from tax | \$1,050 | \$1,000 | \$1,000 |
| Unearned income taxed at child's rate | \$1,050 | \$1,000 | \$1,000 |
| Point at which income is taxed to parent | \$2,100 | \$2,000 | \$2,000 |

Alternative Minimum Tax

| | 2015 Taxable Income | Pay | Plus % on excess | Of the amount over: |
|--|---------------------|----------|------------------|---------------------|
| Single, Head of Household, Married Filing Joint | \$0 - \$185,400 | \$0 | 26% | \$0 |
| | \$185,401 and above | \$48,204 | 28% | \$185,400 |
| Married Filing Separate | \$0 - \$92,700 | \$0 | 26% | \$0 |
| | \$92,701 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.

| | 2015 | 2014 | 2013 | |
|-----------------------------------|--------------------------------|----------|----------|----------|
| Personal Exemption for AMT | Married Filing Joint | \$83,400 | \$82,100 | \$80,800 |
| | Married Filing Separate | \$41,700 | \$41,050 | \$40,400 |
| | Single | \$53,600 | \$52,800 | \$51,900 |
| | Head of Household | \$53,600 | \$52,800 | \$51,900 |

- For 2015, the AMT Exemption begins to phase for married couples with Alternative Minimum Taxable Income above \$158,900, above \$79,450 for couples filing separately, and above \$119,200 for unmarried taxpayers.



2015 Tax Facts, *continued.*

Retirement Plan Contribution Limits

| | 2015 | 2014 | 2013 |
|--|----------------------|----------------------|----------------------|
| 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 | \$60,000 - \$70,000 | \$59,000 - \$69,000 |
| AGI phaseout range for IRA deduction - married | \$98,000 - \$118,000 | \$96,000 - \$116,000 | \$95,000 - \$115,000 |
| 401(k), 403(b) regular contributions | \$18,000 | \$17,500 | \$17,500 |
| 401(k), 403(b) catch-up contributions | \$6,000 | \$5,500 | \$5,500 |
| Profit Sharing or MPP | \$53,000 | \$52,000 | \$51,000 |
| Individual 401(k) (Salary Deferral + Profit Sharing) | \$53,000 | \$52,000 | \$51,000 |
| Individual 401(k) (Salary Deferral + Profit Sharing) Including Age 50+ Catch-up | \$59,000 | \$57,500 | \$56,500 |
| SIMPLE IRA regular contributions | \$12,500 | \$12,000 | \$12,000 |
| SIMPLE IRA catch-up contributions | \$3,000 | \$2,500 | \$2,500 |
| SEP plan contributions | \$53,000 | \$52,000 | \$51,000 |
| Total Defined Contribution plan contributions | \$53,000 | \$52,000 | \$51,000 |

- Catch-up contributions to IRAs and Roth IRAs are available to taxpayers age 50 and older by 12/31/15.
- For those not covered by an employer retirement plan but whose spouse is covered, the IRA deduction is phased out for MAGI between \$183,000 and \$193,000 for 2015 (\$181,000 and \$191,000 for 2014).
- Roth IRA contributions in 2015 begin to be phased-out for couples with MAGI of \$183,000 (\$116,000 for single taxpayers), and is fully phased out for couples with MAGI of \$193,000 (\$131,000 for single taxpayers).

Social Security Taxes and Benefits

| | 2015 | 2014 | 2013 |
|--|------------|------------|------------|
| Maximum wages subject to FICA tax | \$118,500 | \$117,000 | \$113,700 |
| Maximum earned income before reduction in SS benefits (up to full retirement age) | \$15,720 | \$15,480 | \$15,120 |
| Maximum SS benefit, retiring at full retirement age | \$2,663/mo | \$2,642/mo | \$2,533/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



2015 Tax Facts, *continued.*

Health Savings Accounts

| | 2015 | 2014 | 2013 |
|---|---------|---------|---------|
| Contribution Limit – Single Coverage | \$3,350 | \$3,300 | \$3,250 |
| Contribution Limit – Family Coverage | \$6,650 | \$6,550 | \$6,450 |
| Catch-up Contribution | \$1,000 | \$1,000 | \$1,000 |
| Minimum Deductible – Single | \$1,300 | \$1,250 | \$1,250 |
| Minimum Deductible – Family | \$2,600 | \$2,500 | \$2,500 |

- Catch-up contributions to HSAs are available to account holders age 55 and older by 12/31/15.
- 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 \$6,450 for singles, \$12,900 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% |

- Individuals may use the full \$5,430,000 million exemption to make lifetime gifts without incurring gift tax (married couples up to \$10,860,000). The 40% gift tax rate will apply to gifts above the exemption amount.

| | 2015 | 2014 | 2013 |
|----------------------------------|----------|----------|----------|
| 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.