
2022 tax planning tables



Investment and Insurance Products:

• NOT FDIC Insured • NO Bank Guarantee • MAY Lose Value

2022 important deadlines

Last day to ...

January 18

- Pay fourth-quarter 2021 federal individual estimated income tax

January 26

- Buy in to close a short-against-the-box position (regular-way settlement) for 2021

April 18

- Pay first-quarter 2022 federal individual estimated income tax
- File 2021 federal individual income tax return (or make payment with extension)
- Make 2021 contribution to traditional IRA, Roth IRA, Health Savings Account (HSA), or Education Savings Account (ESA)

June 15

- Pay second-quarter 2022 federal individual estimated income tax

September 15

- Pay third-quarter 2022 federal individual estimated income tax

October 17

- File 2021 federal individual income tax return subject to automatic extensions

November 29

- Double up to avoid violating the “wash sale” rule

December 30

- Sell stock or listed options to realize a gain or loss
- Take 2022 RMDs from traditional IRAs and most qualified plans if you reached age 72 before 2022
- Complete a Roth IRA conversion
- Complete a 529 plan contribution
- Sell shares acquired through the 2022 exercise of incentive stock options (ISOs) in disqualifying disposition to limit Alternative Minimum Tax (AMT) exposure

December 31

- Deadline for completion of gifts for the current calendar year (charitable or other)

2022 income tax rate schedules

Information accurate as of
December 13, 2021

Married taxpayer filing jointly/surviving spouse

| If taxable income is: | The tax is: |
|-----------------------|---|
| \$0 – \$20,550 | 10% of the taxable income |
| \$20,550 – \$83,550 | \$2,055.00 + 12% of excess over \$20,550 |
| \$83,550 – \$178,150 | \$9,615.00 + 22% of excess over \$83,550 |
| \$178,150 – \$340,100 | \$30,427.00 + 24% of excess over \$178,150 |
| \$340,100 – \$431,900 | \$69,295.00 + 32% of excess over \$340,100 |
| \$431,900 – \$647,850 | \$98,671.00 + 35% of excess over \$431,900 |
| \$647,850 or more | \$174,253.50 + 37% of excess over \$647,850 |

Single Taxpayer

| If taxable income is: | The tax is: |
|-----------------------|---|
| \$0 – \$10,275 | 10% of the taxable income |
| \$10,275 – \$41,775 | \$1,027.50 + 12% of excess over \$10,275 |
| \$41,775 – \$89,075 | \$4,807.50 + 22% of excess over \$41,775 |
| \$89,075 – \$170,050 | \$15,213.50 + 24% of excess over \$89,075 |
| \$170,050 – \$215,950 | \$34,647.50 + 32% of excess over \$170,050 |
| \$215,950 – \$539,900 | \$49,335.50 + 35% of excess over \$215,950 |
| \$539,900 or more | \$162,718.00 + 37% of excess over \$539,900 |

Head of household

| If taxable income is: | The tax is: |
|-----------------------|---|
| \$0 – \$14,650 | 10% of the taxable income |
| \$14,650 – \$55,900 | \$1,465.00 + 12% of excess over \$14,650 |
| \$55,900 – \$89,050 | \$6,415.00 + 22% of excess over \$55,900 |
| \$89,050 – \$170,050 | \$13,708.00 + 24% of excess over \$89,050 |
| \$170,050 – \$215,950 | \$33,148.00 + 32% of excess over \$170,050 |
| \$215,950 – \$539,900 | \$47,836.00 + 35% of excess over \$215,950 |
| \$539,900 or more | \$161,218.50 + 37% of excess over \$539,900 |

Married taxpayer filing separately

| If taxable income is: | The tax is: |
|-----------------------|--|
| \$0 – \$10,275 | 10% of the taxable income |
| \$10,275 – \$41,775 | \$1,027.50 + 12% of excess over \$10,275 |
| \$41,775 – \$89,075 | \$4,807.50 + 22% of excess over \$41,775 |
| \$89,075 – \$170,050 | \$15,213.50 + 24% of excess over \$89,075 |
| \$170,050 – \$215,950 | \$34,647.50 + 32% of excess over \$170,050 |
| \$215,950 – \$323,925 | \$49,335.50 + 35% of excess over \$215,950 |
| \$323,925 or more | \$87,126.75 + 37% of excess over \$323,925 |

* Taxable income is income after all deductions (including either itemized or standard deduction).

Standard deductions

| Married/ joint | Single | Head of household | Married/ separate | Dependents |
|-------------------|----------|----------------------|----------------------|------------|
| \$25,900 | \$12,950 | \$19,400 | \$12,950 | \$1,150 |

For dependents with earned income, the deduction is the greater of \$1,150 or earned income + \$400 (up to \$12,950).

Additional standard deductions

| | |
|------------------------------------|----------|
| Married, age 65 or older or blind | \$1,400* |
| Married, age 65 or older and blind | \$2,800* |
| Single, age 65 or older or blind | \$1,750 |
| Single, age 65 or older and blind | \$3,500 |

* per person

Capital gains and losses and dividends

| | Long-term capital gain rate (longer than one year) | | |
|---|--|----------------------|-------------|
| | 0%* | 15%* | 20%* |
| Single | \$0 – \$41,675 | \$41,676 – \$459,750 | \$459,751 + |
| Married filing jointly and surviving spouse | \$0 – \$83,350 | \$83,351 – \$517,200 | \$517,201 + |
| Head of household | \$0 – \$55,800 | \$55,801 – \$488,500 | \$488,501 + |
| Married filing separately | \$0 – \$41,675 | \$41,676 – \$258,600 | \$258,601 + |
| Trusts and estates | \$0 – \$2,800 | \$2,801 – \$13,700 | \$13,701 + |

*Determine your capital gain bracket by adding your net long-term capital gains and/or qualified dividends to your other taxable income net of deductions.

For example, assume a joint filer has net taxable income of \$90,000 which includes \$20,000 in net long-term capital gain. The first \$13,350 of the gain falls within the 0% rate threshold of \$83,350 and will be taxed at 0%; while the remaining \$6,650 of long-term capital gain is above the \$83,350 threshold and will be taxed at 15%.

| Short-term capital gain rate (one year or less) | Taxed at ordinary income tax rate. |
|---|---|
| Dividends | Qualified dividends are taxed at the long-term capital gain rates. Nonqualified dividends are taxed at ordinary income tax rates. |

Higher rates apply to collectibles and unrecaptured §1250 gain. Consult your tax advisor about how they apply to your situation.

Netting capital gains and losses

1. Net short-term gains and short-term losses.
2. Net long-term gains and long-term losses.
3. Net short-term against long-term.
4. Deduct up to \$3,000 of excess losses against ordinary income per year.
5. Carry over any remaining losses to future tax years.

Alternative Minimum Tax (AMT)

Tax brackets

| AMT income | Tax |
|------------------|-----|
| Up to \$206,100* | 26% |
| Over \$206,100 | 28% |

* \$103,050 if married filing separately

AMT exemption

| | Exemption | Phased out on excess over |
|---|-----------|---------------------------|
| Married filing joint and surviving spouse | \$118,100 | \$1,079,800 |
| Unmarried individual | \$75,900 | \$539,900 |
| Married filing separately | \$59,050 | \$539,900 |
| Trusts and estates | \$26,500 | \$88,300 |

Education planning

Education Savings Accounts (ESA)

- Maximum nondeductible contribution is \$2,000 per child, per year.
- Maximum contribution amount is lowered if a contributor's modified adjusted gross income (MAGI) is between:
 - \$95,000 and \$110,000 for individual filers
 - \$190,000 and \$220,000 for joint filers
- No contributions can be made if contributor's MAGI exceeds the stated limits or the beneficiary is age 18 or older.
- Interest, dividends, and capital gains grow tax-deferred and may be distributed federal-income-tax free as long as the money is used to pay qualified education expenses.

529 plans

- Earnings accumulate tax-deferred; qualified withdrawals may be federal income-tax-free.
- State-tax incentives available in some states.
- Contributions up to \$80,000 (single) and \$160,000 (married couples) allowed in one year without a reduction in the applicable gift/estate tax exclusion (see page 14). No additional gifting in the current year or next four years without incurring potential gift tax implications.

Please consider the investment objectives, risk, charges, and expenses carefully before investing in a 529 savings plan. The official statement for a specific plan, which contains this and other information, can be obtained by calling your financial advisor. Read it carefully before you invest.

American Opportunity Credit

| | |
|------------------------|---|
| Maximum credit | \$2,500 per student for first four years of qualified expenses paid |
| MAGI phaseouts: | |
| Married filing jointly | \$160,000 – \$180,000 |
| Single filer | \$80,000 – \$90,000 |

Lifetime Learning Credit

| | |
|------------------------|---|
| Maximum credit | 20% of first \$10,000 (per tax return) of qualified expenses paid in 2022 |
| MAGI phaseouts: | |
| Married filing jointly | \$160,000 – \$180,000 |
| Single filer | \$80,000 – \$90,000 |

Exclusion of U.S. Savings Bond interest

| | |
|------------------------|-----------------------|
| MAGI phaseouts: | |
| Married filing jointly | \$128,650 – \$158,650 |
| Others | \$85,800 – \$100,800 |

Bonds must be titled in name(s) of taxpayer(s) only. Owner must be age 24 or older at time of issue. Must be Series EE issued after 1989 or any Series I bonds. Proceeds must be used for qualified postsecondary education expenses of the taxpayer, spouse, or dependent.

Student loan interest deduction

| | |
|------------------------|-----------------------|
| Maximum deduction | \$2,500 |
| MAGI phaseouts: | |
| Married filing jointly | \$145,000 – \$175,000 |
| Others | \$70,000 – \$85,000 |

Kiddie tax

Children who have not reached the age of 19 by the end of the tax year are subject to the “kiddie tax” rules. If the child continues to be a full-time student, the rules apply until he or she turns age 24. If a child is age 18 or older and provides more than half of his or her own support, the kiddie tax rules do not apply. The following tax rate schedule will apply (assumes no earned income).

| Unearned income | Tax treatment |
|-------------------|---|
| Less than \$1,150 | No tax |
| \$1,150 – \$2,300 | Taxed at child's rate |
| More than \$2,300 | Taxed at the higher of the parents' top marginal rate or the child's tax rate |

Estimated annual college costs

| | Public | Private |
|------|----------|----------|
| 2022 | \$23,930 | \$52,930 |
| 2027 | \$27,207 | \$61,360 |
| 2032 | \$30,933 | \$71,133 |
| 2037 | \$35,168 | \$82,463 |

Total yearly costs for in-state tuition, fees, books, and room and board (transportation and miscellaneous expenses not included). Base is 2021 – 2022 school year. Costs for all future years projected by Wells Fargo Advisors in November 2021 assuming a 2.6% national average increase per year for public and 3.0% for private (based on a 10-year historical average).

Source: Trends in College Pricing and Student Aid. collegeboard.org

Retirement accounts

Pretax 401(k), 403(b), 457; Roth 401(k) or 403(b)

| Employee maximum deferral contributions | Catch-up contribution (if age 50 or older) |
|--|--|
| \$20,500 | \$6,500 |
| Combined limit for Roth 401(k) or Roth 403(b) and pretax traditional 401(k) or pretax 403(b) deferral contributions is \$20,500 for those younger than 50. | |

Traditional and Roth IRA

| Maximum contribution | Catch-up contribution (if age 50 or older) |
|----------------------|--|
| \$6,000 | \$1,000 |

Contributions must be made no later than the tax-filing deadline, regardless of tax extensions.

Traditional IRA deductibility limits

If neither individual nor spouse is a participant in another plan: \$6,000* maximum deduction

If the individual is an active participant in another plan:

| Married/joint MAGI [†] | Single MAGI [†] | Deduction |
|---------------------------------|--------------------------|------------|
| Up to \$109,000 | Up to \$68,000 | \$6,000** |
| \$109,000 – 129,000 | \$68,000 – \$78,000 | Phased out |
| Over \$129,000 | Over \$78,000 | \$0 |

* If a spouse (working or nonworking) is not covered by a retirement plan but his or her spouse is covered, the spouse who is not covered is allowed full deductibility up to \$204,000 joint MAGI, phased out at \$214,000 joint MAGI.

[†] Modified adjusted gross income.

[‡] Maximum deduction is \$7,000 if age 50 or older.

Note: Phaseout for married filing separately is \$0 – \$10,000.

Roth IRA qualifications

- Contribution amount is limited if modified adjusted gross income (MAGI) is between:
 - \$129,000 and \$144,000 for individual returns*
 - \$204,000 and \$214,000 for married/joint filers
 - \$0 and \$10,000 for married filing separate
- Cannot contribute if MAGI exceeds limits.
- Contributions are not deductible.

* Includes single filers, head of household, and married filing separately if you did not live with your spouse at any time during the year.

Retirement plan limits

| | |
|---|-----------|
| Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans | \$14,000 |
| Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (if age 50 or older) | \$3,000 |
| Maximum annual defined contribution plan limit | \$61,000 |
| Maximum compensation for calculating qualified plan contributions | \$305,000 |
| Maximum annual defined benefit limit | \$245,000 |
| Threshold for highly compensated employee | \$135,000 |
| Threshold for key employee in top-heavy plans | \$200,000 |
| Maximum SEP contribution is lesser of limit or 25% of eligible income | \$61,000 |

Uniform Lifetime/ Minimum Distribution Table

| Age | Life Expectancy Factor | Age | Life Expectancy Factor |
|-----|------------------------|-----|------------------------|
| 72 | 27.4 | 90 | 12.2 |
| 73 | 26.5 | 91 | 11.5 |
| 74 | 25.5 | 92 | 10.8 |
| 75 | 24.6 | 93 | 10.1 |
| 76 | 23.7 | 94 | 9.5 |
| 77 | 22.9 | 95 | 8.9 |
| 78 | 22.0 | 96 | 8.4 |
| 79 | 21.1 | 97 | 7.8 |
| 80 | 20.2 | 98 | 7.3 |
| 81 | 19.4 | 99 | 6.8 |
| 82 | 18.5 | 100 | 6.4 |
| 83 | 17.7 | 101 | 6.0 |
| 84 | 16.8 | 102 | 5.6 |
| 85 | 16.0 | 103 | 5.2 |
| 86 | 15.2 | 104 | 4.9 |
| 87 | 14.4 | 105 | 4.6 |
| 88 | 13.7 | 106 | 4.3 |
| 89 | 12.9 | 107 | 4.1 |

Social Security benefits

Earnings test

The earnings test indicates the level of earnings permissible for Social Security benefits recipients without incurring a reduction of benefits. These limits are indexed to increases in national earnings.

| | |
|--|----------|
| Worker younger than full retirement age | \$19,560 |
| Year worker reaches full retirement age (applies only to earnings for months prior to attaining full retirement age) | \$51,960 |
| Worker at full retirement age | No limit |

Maximum monthly benefit: \$3,345

This benefit is for an individual who reaches full retirement age in 2022 and earns at least the maximum wage base amount for the best 35 years.

Information provided by the Social Security Administration.

Taxation thresholds

Up to a certain percentage of an individual's Social Security benefits is subject to taxation when his or her provisional income* exceeds certain threshold amounts:

| | Up to 50% taxed | Up to 85% taxed |
|---------------------------|---------------------|--------------------|
| Married/joint | \$32,000 – \$44,000 | More than \$44,000 |
| Single | \$25,000 – \$34,000 | More than \$34,000 |
| Married filing separately | | 85% taxable† |

* Provisional income generally includes modified adjusted gross income (MAGI) plus nontaxable interest and one-half of Social Security benefits.

† There is an exception to this rule if you lived apart from your spouse for the entire year. Consult your tax advisor for more information.

Social Security tax rates

| | |
|---------------------------------------|-----------|
| Maximum wage base for Social Security | \$147,000 |
| Employee | 6.20% |
| Employer | 6.20% |
| Self-employed | 12.40% |

Medicare tax rates

Thresholds

| | |
|------------------|-----------|
| Single | \$200,000 |
| Married/joint | \$250,000 |
| Married/separate | \$125,000 |
| Trust/estate | \$13,450 |

| | Below threshold | Above threshold |
|---|-----------------|-----------------|
| Tax rate on employee compensation | | |
| <i>Compare thresholds to Medicare wages as reported on IRS Form W-2</i> | | |
| Employee's tax rate | 1.45% | 2.35%* |
| Employer's tax rate | 1.45% | 1.45% |

| | | |
|---|-------|--------|
| Tax rate on self-employment income | | |
| <i>Compare threshold to net self-employment income as determined on IRS Form 1040 Schedule SE</i> | | |
| Owner's rate | 2.90% | 3.80%* |

| | | |
|--|-------|-------|
| Tax rate on net investment income | | |
| <i>Compare threshold to MAGI</i> | | |
| Investor's tax rate | 0.00% | 3.80% |

* Includes the 0.9% Medicare surtax.

Health and long-term care

Long-term care deduction for medical care*

| Age attained before the close of the taxable year | Limit on premiums |
|---|-------------------|
| 40 or less | \$450 |
| More than 40 but not more than 50 | \$850 |
| More than 50 but not more than 60 | \$1,690 |
| More than 60 but not more than 70 | \$4,510 |
| More than 70 | \$5,640 |

* Limitations apply based on type of taxpayer. You should consult your tax advisor regarding your situation.

Health Savings Account (HSA) limits

| Maximum contribution | |
|---|----------|
| Single | Family |
| \$3,650 | \$7,300 |
| <i>\$1,000 catch-up contribution allowed per individual age 55 or older</i> | |
| Minimum health insurance plan deductible | |
| Single | Family |
| \$1,400 | \$2,800 |
| Maximum out-of-pocket expenses | |
| Single | Family |
| \$7,050 | \$14,100 |

Estate, gift, and generation-skipping transfer tax

Gift tax annual exclusion

\$16,000

An individual can give up to \$16,000 per person per year to any number of beneficiaries (family or nonfamily) without paying gift tax or “using up” any available applicable exclusion amount.

Estate and gift tax — basic exclusion

\$12,060,000

Estate or gift taxes apply to the extent that your cumulative transfers (lifetime exclusion gifts plus the taxable estate at death) exceed your applicable exclusion.

Your applicable exclusion consists of your \$12,060,000 basic exclusion plus any “unused” exclusion received from a spouse who predeceased you.

Portability: The election to transfer unused exclusion to a surviving spouse is made by filing an estate tax return. The filing deadline is 9 months after death for taxable estates, or 2 years after death if a return is filed solely to elect portability. (Election is only available if the first spouse died after 12/31/2010.)

Generation-skipping transfer (GST) tax exemption

\$12,060,000

Estate, gift, and GST tax rate

40%

Applies to transfers in excess of the applicable exclusion/GST exemption.

Federal trust and estate income tax

Tax rates*

| If taxable income is: | The tax is: |
|-----------------------|--|
| \$0 – \$2,750 | 10% of the taxable income |
| \$2,750 – \$9,850 | \$275.00 + 24% of excess over \$2,750 |
| \$9,850 – \$13,450 | \$1,979.00 + 35% of excess over \$9,850 |
| \$13,450 or more | \$3,239.00 + 37% of excess over \$13,450 |

* See page 5 for corresponding capital gain and qualified dividend rates.

Corporate income tax

- Tax rate — 21%
- AMT at corporate level has been eliminated

Note: There are no special federal capital gains rates for corporations. For corporations, capital losses are deductible only against capital gains.

Wells Fargo Advisors suggested spending guidelines

| | |
|-----------------------|--|
| Mortgage payments | Not to exceed 28% of gross (pretax) income |
| Combined monthly debt | Not to exceed 36% of monthly gross (pretax) income |

Compounding

At hypothetical rates of return

| 4% | | | | | |
|--------------------|-----------------|----------|-----------|-----------|-----------|
| Monthly investment | | 5 years | 10 years | 20 years | 30 years |
| \$50 | Amount invested | \$3,000 | \$6,000 | \$12,000 | \$18,000 |
| | Value | \$3,326 | \$7,387 | \$18,400 | \$34,818 |
| \$100 | Amount invested | \$6,000 | \$12,000 | \$24,000 | \$36,000 |
| | Value | \$6,652 | \$14,774 | \$36,800 | \$69,636 |
| \$500 | Amount invested | \$30,000 | \$60,000 | \$120,000 | \$180,000 |
| | Value | \$33,260 | \$73,870 | \$183,998 | \$348,181 |
| \$1,000 | Amount invested | \$60,000 | \$120,000 | \$240,000 | \$360,000 |
| | Value | \$66,520 | \$147,741 | \$367,997 | \$696,363 |

| 6% | | | | | |
|--------------------|-----------------|----------|-----------|-----------|-------------|
| Monthly investment | | 5 years | 10 years | 20 years | 30 years |
| \$50 | Amount invested | \$3,000 | \$6,000 | \$12,000 | \$18,000 |
| | Value | \$3,506 | \$8,235 | \$23,218 | \$50,477 |
| \$100 | Amount invested | \$6,000 | \$12,000 | \$24,000 | \$36,000 |
| | Value | \$7,012 | \$16,470 | \$46,435 | \$100,954 |
| \$500 | Amount invested | \$30,000 | \$60,000 | \$120,000 | \$180,000 |
| | Value | \$35,059 | \$82,349 | \$232,176 | \$504,769 |
| \$1,000 | Amount invested | \$60,000 | \$120,000 | \$240,000 | \$360,000 |
| | Value | \$70,119 | \$164,699 | \$464,351 | \$1,009,538 |

| 8% | | | | | |
|--------------------|-----------------|----------|-----------|-----------|-------------|
| Monthly investment | | 5 years | 10 years | 20 years | 30 years |
| \$50 | Amount invested | \$3,000 | \$6,000 | \$12,000 | \$18,000 |
| | Value | \$3,698 | \$9,208 | \$29,647 | \$75,015 |
| \$100 | Amount invested | \$6,000 | \$12,000 | \$24,000 | \$36,000 |
| | Value | \$7,397 | \$18,417 | \$59,295 | \$150,030 |
| \$500 | Amount invested | \$30,000 | \$60,000 | \$120,000 | \$180,000 |
| | Value | \$36,983 | \$92,083 | \$296,474 | \$750,148 |
| \$1,000 | Amount invested | \$60,000 | \$120,000 | \$240,000 | \$360,000 |
| | Value | \$73,967 | \$184,166 | \$592,947 | \$1,500,295 |

Values shown are based on investments made at the beginning of each month, compounded monthly, and do not reflect the return of any particular investment. These tables are for illustrative purposes only and do not reflect the effects of taxes or transaction costs.

How Wells Fargo Advisors can help

Connect with a financial advisor as a resource for a variety of strategies in the areas of portfolio management, tax planning, preparing for retirement, education funding, estate planning, cash flow management, and asset protection.

Wells Fargo Advisors does not render legal or tax advice. While this reference guide is not intended to replace your discussions with your appointed tax advisor, it may help you comprehend the tax implications of your investments and plan tax efficiently.

This publication was updated in December 2021 and does not reflect changes due to any subsequent legislation.

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