



2023 Tax Planning & Reference Guide



The 2023 Tax Planning & Reference Guide is designed to be a reference only and is not intended to provide tax advice. Please consult your tax advisor prior to acting on any information referenced in this Guide.

One James Center | 901 East Cary Street, Suite 1100 | Richmond, VA 23219

Davenport & Company LLC Member: NYSE | FINRA | SIPC | www.investdavenport.com

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REMINDER

Many of the provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) will sunset on December 31, 2025. Starting in 2026, the rules in effect in 2017 will be reinstated with many adjusted for inflation. The main provisions affected include income tax brackets and rates, standard and itemized deductions, personal exemptions, capital gains, dividends, alternative minimum taxes, and estate taxes.

The following three years may provide opportunities to minimize your future taxes and that of your heirs. Ask your Davenport Financial Advisor about creating a financial plan to see if any tax minimizing strategies make sense for you.

2023 Income Tax Rates

Single Individuals

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$11,000	10% of taxable income	N/A	
11,000	44,725	\$1,100 plus	12% over	\$11,000
44,725	95,375	5,147 plus	22% over	44,725
95,375	182,100	16,290 plus	24% over	95,375
182,100	231,250	37,104 plus	32% over	182,100
231,250	578,125	52,832 plus	35% over	231,250
578,125	---	174,238.25 plus	37% over	578,125

Married Filing Jointly

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$22,000	10% of taxable income	N/A	
22,000	89,450	\$2,200 plus	12% over	\$22,000
89,450	190,750	10,294 plus	22% over	89,450
190,750	364,200	32,580 plus	24% over	190,750
364,200	462,500	74,208 plus	32% over	364,200
462,500	693,750	105,664 plus	35% over	462,500
693,750	---	186,601.50 plus	37% over	693,750

Married Filing Separately

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$11,000	10% of taxable income	N/A	
11,000	44,725	\$1,100 plus	12% over	\$11,000
44,725	95,375	5,147 plus	22% over	44,725
95,375	182,100	16,290 plus	24% over	95,375
182,100	231,250	37,104 plus	32% over	182,100
231,250	346,875	52,832 plus	35% over	231,250
346,875	---	93,300.75 plus	37% over	346,875

2023 Income Tax Rates

Head of Household

Taxable Income		Tax	Rate on Excess	
Above	To			
\$0	\$15,700	10% of taxable income	N/A	
15,700	59,850	\$1,570 plus	12% over	\$15,700
59,850	95,350	6,868 plus	22% over	59,850
95,350	182,100	14,678 plus	24% over	95,350
182,100	231,250	35,498 plus	32% over	182,100
231,250	578,100	51,226 plus	35% over	231,250
578,100	---	172,623.50 plus	37% over	578,100

Trusts and Estates

Taxable Income		Tax	Rate on Excess	
Above	To			
\$0	\$2,900	10% of taxable income	N/A	
2,900	10,550	\$290 plus	24% over	\$2,900
10,550	14,450	2,126 plus	35% over	10,550
14,450	---	3,491 plus	37% over	14,450

Corporate

Corporate income is taxed at a flat 21% rate.

Tax on Net Long-Term Capital Gains¹

Taxable Income				
Long-Term Capital Gains Tax Rate ²	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0% ³	Up to \$44,625	Up to \$89,250	Up to \$59,750	Up to \$44,625
15% ³	\$44,625 to \$492,300	\$89,250 to \$553,850	\$59,750 to \$523,050	\$44,625 to \$276,900
20% ³	Over \$492,300	Over \$553,850	Over \$523,050	Over \$276,900
28%	Tax on gains on collectibles			
28%	Tax on gains on qualified small business stock after the section 1202 exclusion			
25%	Tax rate on unrecaptured section 1250 gains			

1. "Net long-term capital gain" is the amount by which your total long-term capital gains for the year are more than your total short-term capital losses. A net short-term capital gain is taxed as ordinary income at the applicable rates on pages 2 and 3.
2. Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.
3. These rates apply to all capital gains other than those relating to collectible gains, gains on qualified small business stock, or unrecaptured section 1250 gains.

Tax on Qualified Dividends

Qualified Dividends are defined as dividends received from domestic and qualified foreign corporations (with some exceptions such as those based on stock holding period). Consult your tax advisor to determine which dividends qualify.

Taxable Income				
Long-Term Capital Gains Tax Rate ¹	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Up to \$44,625	Up to \$89,250	Up to \$59,750	Up to \$44,625
15%	\$44,625 to \$492,300	\$89,250 to \$553,850	\$59,750 to \$523,050	\$44,625 to \$276,900
20%	Over \$492,300	Over \$553,850	Over \$523,050	Over \$276,900

1. Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.

Additional Tax on Unearned (Investment) Income

A 3.8% “surtax” (Unearned Income Medicare Contribution Tax) will apply to the lesser of a taxpayer’s net investment income (generally interest, dividends, capital gains, annuity income, rents, royalties, and passive business income) or the amount the taxpayer’s modified adjusted gross income exceeds the applicable threshold: \$250,000 for married filing jointly or surviving spouse; \$125,000 for married filing separately; \$200,000 for all other filing categories.

Standard Deductions*

2023

Single	\$ 13,850
Head of Household	20,800
Married Filing Separately	13,850
Married Filing Jointly	27,700

*Additional standard deductions of \$1,850 are available for unmarried taxpayers who are 65 or older and are not surviving spouses or for taxpayers who are blind. The additional deduction amount for married taxpayers or a surviving spouse is \$1,500.

Deductions and Exemptions

Personal Exemptions

Under the Tax Cuts and Jobs Act of 2017, personal exemptions were suspended.

Child Tax Credit

The 2023 tax credit for each qualifying dependent child under age 17 is \$2,000. The refundable portion of the credit is limited to \$1,600 in 2023 and will be adjusted for inflation in subsequent years. The income threshold for the refundable credit is \$2,500 and the phase-out for this credit begins at an income of \$200,000 for individuals and \$400,000 for joint filers.

There is a \$500 credit in 2023 for dependents who are not qualifying children, such as dependent children in college and dependent parents being cared for in the home. This non-refundable credit is subject to the same phase-out income of \$200,000 for individuals and \$400,000 for joint filers.

Charitable Contribution Deductions

In 2023, taxpayers may be able to deduct contributions of up to 60% of their Adjusted Gross Income to qualifying charities.

Mortgage and Home Equity Debt Interest Deductions

In 2023, the Mortgage Interest Deduction for mortgages taken on or after December 16, 2017 is limited to mortgage debt of up to \$750,000. Mortgages taken prior to that date are grandfathered to the previous limitation of \$1,000,000 in mortgage debt.

Interest on home equity debt does not qualify for an interest deduction unless used to substantially improve the home.

Medical Expense Deductions

Unreimbursed medical expenses exceeding 7.5% of Adjusted Gross Income may be deducted in 2023. Legislation passed in 2020 makes this threshold amount permanent.

Wash Sales

According to the IRS, a wash sale occurs if “within a period beginning 30 days before the date of a sale” (creating a loss) “and ending 30 days after the date of a sale, the taxpayer acquires or has entered into a contract or option to acquire stock or securities that are substantially identical.” For 2023, this means that for losses incurred on Friday, December 29, 2023 (sell date), the last day to “double-up” would be Tuesday, November 28, 2023 and the next repurchase date would be Monday, January 29, 2024.

Self-Employment Tax

For 2023, a tax is imposed on self-employed individuals at a rate of 15.30%, which is a combination of a 12.40% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 2.90% Medicare Tax. For 2023, the OASDI Tax is computed on the first \$160,200 of self-employment income/earned income. The maximum self-employed OASDI Tax liability for 2023 is \$19,864.80 (12.40% of \$160,200). The 2.90% Medicare Tax is computed on the taxpayer’s entire self-employment income with no cap.

FICA (Social Security & Medicare) Tax

For 2023, a tax is imposed on an employee’s compensation at a rate of 7.65%, which is a combination of a 6.20% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 1.45% Medicare Tax. For 2023, the OASDI Tax is computed on the first \$160,200 of compensation/earned income. The maximum employee OASDI Tax liability for 2023 is \$9,932.40 (6.20% of \$160,200). The 1.45% Medicare Tax is computed on the taxpayer’s entire compensation with no cap.

Additional Medicare Tax

Higher income taxpayers, including self-employed individuals, with earned income above the following thresholds pay an additional Hospital Insurance Tax (Medicare) at a rate of 0.9% on earned income above the threshold amount: \$250,000 for married filing jointly; \$125,000 for married filing separately; \$200,000 for all other filing categories.

Health Savings Accounts

Type	Annual Contribution Limit	Annual Out-of-Pocket Expense Limit	Minimum Deductible
Self only	\$3,850	\$7,500	\$1,500
Family	\$7,750	\$15,000	\$3,000
Age 55 or older catch up	\$1,000	--	--

Taxation of Social Security Retirement Benefits

Under current law, Social Security recipients may be subject to federal income tax on up to 85% of their annual Social Security income. For taxpayers with “provisional” income (Adjusted Gross Income, excluding Social Security benefits, plus tax-exempt interest, plus 50% of Social Security benefits) less than \$25,000 (\$32,000 for married tax payers filing jointly), Social Security benefits are income tax free. For taxpayers with provisional income between \$25,000 and \$34,000 (\$32,000 and \$44,000 for married taxpayers filing jointly) up to 50% of Social Security benefits may be subject to income tax. For taxpayers with provisional income in excess of \$34,000 (\$44,000 for married taxpayers filing jointly) up to 85% of Social Security benefits may be subject to income tax. Additionally, some states may tax Social Security benefits.

Social Security Annual Earnings Limits

Individuals are eligible to receive permanently reduced Social Security retirement benefits between age 62 and their applicable full retirement age. Retirement benefits may be further reduced in years that an individual’s earned income exceeds annual earning limits until the individual reaches full retirement age. For those receiving benefits before their full retirement age, \$1 in benefits will be deducted for each \$2 earned above the annual limit. In 2023, this limit is \$21,240. In the year that full retirement age is reached, \$1 in benefits will be deducted for each \$3 earned above the 2023 limit of \$56,520. This limit applies only to the months prior to the month in which full retirement age is reached. After full retirement age is attained, full benefits can be received with no limit on earnings.

Social Security Full Retirement Age

Social Security Full Retirement Age ¹	Year of Birth ²	Social Security Full Retirement Age for Surviving Spouse
66 and 4 months	1956	66
66 and 6 months	1957	66 and 2 months
66 and 8 months	1958	66 and 4 months
66 and 10 months	1959	66 and 6 months
67	1960	66 and 8 months
67	1961	66 and 10 months
67	1962 and later	67

1. The maximum Social Security benefit in 2023 for a worker at full retirement age is \$3,627 per month or \$43,524 per year.
2. Individuals born on January 1 of any year should refer to the full retirement age for the previous year.

2023 Required Minimum Distribution Rules

Effective January 1, 2023, the Required Beginning Date (RBD) for taking Required Minimum Distributions (RMDs) from a traditional IRA changed from age 72 to age 73. If you turn 72 in 2023, your first RMD is not due until December 31, 2024. You may elect to postpone your first RMD to no later than April 1, 2025. Postponing your first (2024) RMD means you will still have an RMD for 2025, which must be taken by December 31, 2025. If you turn 73 in 2023, you are subject to the previous rules and your second RMD is due by December 31, 2023. Note that funds held in tax-deferred employer-sponsored plans are subject to RMDs, but certain exceptions may apply.

The provision for direct transfers to charity of up to \$100,000 from IRAs, known as a Qualified Charitable Distribution (QCD), is available to IRA owners age 70½ or older. Beginning in 2024, the annual QCD limit will be indexed for inflation.

New for 2023, an IRA owner may make a one-time gift up to \$50,000 (will be inflation adjusted) to a charitable remainder annuity trust, a charitable remainder unitrust, or a charitable gift annuity. The amount of the gift applies to the overall QCD funding limit for that year.

Please consult your tax advisor for guidance when electing a QCD as there may be additional factors that affect your situation.

Traditional IRA & Roth IRA Contribution Limits

Year	Maximum Contribution*	Catch-Up Age 50+*
2023	\$6,500 (will continue to be indexed)	\$1,000

*The maximum contribution amount equals the lesser of \$6,500/\$7,500 or total earned income.

Traditional IRA Contribution Phase-Out

IRA Deduction if You **ARE** Covered by a Retirement Plan at Work

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
Single or Head of Household	\$73,000 or less	A full deduction up to the amount of your contribution limit
	More than \$73,000 but less than \$83,000	A partial deduction
	\$83,000 or more	No deduction
Married Filing Jointly or Qualifying Widow(er)	\$116,000 or less	A full deduction up to the amount of your contribution limit
	More than \$116,000 but less than \$136,000	A partial deduction
	\$136,000 or more	No deduction
Married Filing Separately*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

IRA Deduction if You Are **NOT** Covered by a Retirement Plan at Work
(deduction is limited only if your spouse IS covered by a retirement plan)

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
Single, Head of Household, or Qualifying Widow(er)	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly or Separately with a Spouse Who is Not Covered By a Plan at Work	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly with a Spouse Who is Covered By a Plan at Work	\$218,000 or less	A full deduction up to the amount of your contribution limit
	More than \$218,000 but less than \$228,000	A partial deduction
	\$228,000 or more	No deduction
Married Filing Separately with a Spouse Who is Covered By a Plan at Work*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

Roth IRA Contribution Phase-Out

Your Filing Status is	Full Contribution if Modified AGI is	Modified AGI Phase-Out Range ¹	No Contribution if Modified AGI is
Single or Head of Household	Less than \$138,000	\$138,000 but less than \$153,000	\$153,000 or more
Married Filing Jointly or Qualifying Widow(er)	Less than \$218,000	\$218,000 but less than \$228,000	\$228,000 or more
Married Filing Separately	N/A	Less than \$10,000	\$10,000 or more

1. If the individual's Modified Adjusted Gross Income (MAGI) for the taxable year is in the phase-out range, the maximum regular contribution for the taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.

Traditional IRA to Roth IRA Conversion

- There are no Adjusted Gross Income limits on the conversion of IRA and qualified plan assets to a Roth IRA.
- Any amount in a SEP or SIMPLE IRA may also be converted to a Roth IRA; however, a conversion from a SIMPLE IRA may be made only after the 2-year period beginning on the date the individual first participated in any SIMPLE IRA maintained by the individual's employer.
- The conversion is subject to income tax in the year of the conversion (reported on Form 8606), but is not subject to the 10% premature distribution penalty.
- Intra-plan Roth conversions from vested tax-deferred balances are available within qualified retirement plans (401(k), 403(b), 457) that provide a Roth option, when allowed by the plan's controlling document.

Employer-Sponsored Retirement Plans

401(k)*, 403(b)*, and 457* Salary Deferral Limits**

Year	Maximum Employee Deferral	Catch-Up Age 50+
2023	\$22,500 (will continue to be indexed)	\$7,500

*The Maximum combined employee/employer contribution is \$66,000; \$73,500 with a catch-up contribution.

**Participation in concurrent multiple employer-sponsored retirement plans may incur limitations not addressed here. Participants should consult with their plan sponsors for additional details.

SIMPLE IRA* Deferral Limits

Year	Maximum Deferral	Catch-Up Age 50+
2023	\$15,500 (will continue to be indexed)	\$3,500

*Generally, employers must either match employee contributions dollar-for-dollar up to 3% of the employee's compensation or make a contribution of 2% of compensation for all eligible employees, whether participating or not.

SEP IRA Plans

- The 2023 maximum contribution limit is the lesser of 25% of compensation* or \$66,000.
- Minimum compensation for plan eligibility is \$750 in 2023 unless otherwise noted by the plan.
- Contributions may be made into a SEP plan through the filing date of the employer's tax return, including extensions.

*Compensation is limited to \$330,000 in 2023.

Education Funding

Funding Source/Benefit	Benefit	Annual Limits	Qualified Expenses
Coverdell Education Savings Accounts¹	<ul style="list-style-type: none"> Earnings are not taxed Tax-free withdrawals for qualified expenses 	Maximum 2023 contribution is \$2,000 (generally contributions may be made until the beneficiary turns 18) ²	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment Room & board if at least half-time student Payments to 529 Plans
529 Savings Plans¹	<ul style="list-style-type: none"> Earnings are not taxed Tax-free withdrawals for qualified expenses State income tax deduction in some states, including VA 	Maximum contribution is determined by each state's plan ³ VA: \$550,000 NC: \$540,000	<ul style="list-style-type: none"> Tuition & mandatory fees Room & board if at least half-time student K-12 tuition, public or private, up to \$10,000 annually Fees, books, supplies, and equipment required for participation in a certified apprenticeship program Principal and interest of a qualified education loan of a designated beneficiary or sibling of beneficiary, not to exceed a lifetime limit of \$10,000
Traditional, Roth, SEP, and SIMPLE IRAs⁴	No 10% premature distribution penalty if used for qualified expenses	N/A ²	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment Room & board if at least half-time student
Education Savings Bond Program¹	Interest used for qualified expenses is not taxed	N/A	<ul style="list-style-type: none"> Tuition & mandatory fees Payments to 529 Plans & Coverdell ESAs
Student Loan Interest	Interest is tax deductible	Maximum deduction is \$2,500 per year	N/A
American Opportunity Credit/Hope Scholarship Credit	Credits directly offset the amount of federal tax due	Maximum credit is \$2,500 per student	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment
Lifetime Learning Credit		Maximum credit is \$2,000 per family	<ul style="list-style-type: none"> Tuition & mandatory fees

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Income limits apply at the time of contribution. They are not relevant for withdrawals.

3. Contributions are subject to federal gift tax rules.

4. Normal income tax rules apply on withdrawals.

Education Funding (continued)

Funding Source/Benefit	Qualified Education	Other Conditions	Income Phase-Out
Coverdell Education Savings Accounts ^{1,4}	Grades K-12 and all undergraduate and graduate	<ul style="list-style-type: none"> Can contribute to Coverdell ESA and 529 Plan in the same year Must withdraw assets by age 30 	Single: \$95,000-\$110,000 Joint: \$190,000-\$220,000
529 Savings Plans ¹		<ul style="list-style-type: none"> Distributions are excluded from gross income American Opportunity and Lifetime Learning Credits are permitted in the same year but not for the same expenses 	No Phase-Out
Traditional, Roth, SEP, and SIMPLE IRAs ²	All undergraduate and graduate	N/A	No Phase-Out ³
Education Savings Bond Program ¹		Applies only to qualified series EE bonds and series I bonds issued after 1989	Single: \$91,850-\$106,850 Joint: \$137,800-\$167,800
Student Loan Interest		Must have been at least half-time student in a degree program	Single: \$75,000-\$90,000 Joint: \$155,000-\$185,000
American Opportunity Credit/Hope Scholarship Credit ⁴	First four years of undergraduate	<ul style="list-style-type: none"> Can be claimed only for four years Must be enrolled at least half-time in a degree program 	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000
Lifetime Learning Credit ⁴	All post-secondary education when American Opportunity Credit is unavailable	Undergraduate, graduate, and job skills courses	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Normal income tax rules apply on withdrawals.

3. Income limits apply at the time of contribution. They are not relevant for withdrawals.

4. Phase-out ranges based on latest version of IRS Publication 970 as of January 2023.

Gift & Estate Taxes

For gifts made in 2023, the annual exclusion amount is \$17,000. For larger “taxable” gifts made during 2023, the credit against the gift tax imposed on U.S. citizens or residents effectively exempts the first \$12,920,000 of cumulative transfers from federal gift and Generation Skipping Transfer (GST) taxes. Assets gifted have a “carry-over” cost basis equal to the lesser of the original owner’s basis or the market value on the date of the gift.

The credit (referred to as an exclusion) for estates of individuals dying in 2023 effectively exempts \$12,920,000 from estate and generation skipping transfer taxation. Assets in an estate acquire a cost basis equal to the value on the date of estate valuation, often referred to as a “stepped-up” basis.

Since 2019, the estate and gift tax exclusion has been made “portable,” meaning the estate of a deceased spouse can elect to make any unused portion of the deceased spouse’s exclusion available to the surviving spouse to be used during his or her lifetime or at death.

Annual Gift Tax Exclusion

The annual gift tax exclusion for 2023 is \$17,000. Direct payments of post-secondary education or medical costs to institutions or providers do not count against the annual gift tax exclusion. Gifts larger than the annual exclusion are subject to taxation or the estate tax exclusion.

There is a special provision that allows a contributor to accelerate five years of gifting when funding a 529 Savings Plan on behalf of a beneficiary. For example, an individual may currently contribute as much as \$85,000 (\$170,000 for a married couple) in a given year to a 529 Plan, instead of waiting to contribute \$17,000 in each of the five years. This uses the individual’s annual gifting exclusion to that beneficiary for five years and requires a gift tax filing, although no gift taxes would be due.

Kiddie Tax

The Kiddie Tax rules apply to the unearned income of dependent individuals under age 19 and all dependent, full-time students under age 24. In 2023, a child’s unearned income over the exemption of \$2,500 will be subject to tax at the parent’s marginal tax rate.

Long-Term Care Premium Deduction

Self-employed individuals – including sole proprietors, partners, and more than 2% shareholders of S corporations – may deduct, as a business expense, up to 100% of eligible premiums paid for qualified long-term care plans. Such payments are not imputed income to the insured. Individual taxpayers who itemize deductions may be able to deduct the lesser of the actual long-term care premiums paid or the eligible long-term care premium amounts listed below as part of total medical expenses. This deduction is subject to age-based limits, which are adjusted annually based on increases in the medical care component of the Consumer Price Index.

Premium Deduction Limits	2023
40 or younger	\$ 480
41 - 50	890
51 - 60	1,790
61 - 70	4,770
71 and older	5,960

Generally, a C corporation may deduct, as a business expense, all qualified long-term care premiums paid for employees, their spouses and dependents without application of the above limits. Such payments are not included as imputed income to the insured. These benefits may be offered to select individuals and do not have to be made available to all employees. Benefits paid by the insurance company to an insured are tax-free under all circumstances.

2023 Medicare Part B Premium Costs

Medicare participants share a portion of costs through premiums or surcharges paid on Medicare Parts B and D. For 2023, the basic Part B premium cost for most participants will be \$164.90 per month; however, some participants may continue to pay less than \$164.90 per month for Part B premiums due to protections in place for lower income individuals.

Additionally, individuals with 2021 Modified Adjusted Gross Income above certain thresholds may pay premiums in excess of \$164.90 per month. The chart below shows 2023 monthly premium costs for increasing levels of Modified Adjusted Gross Income (MAGI = Adjusted Gross Income plus tax exempt interest, series EE bond interest used for education, less foreign earned income).

Filing Individually		Filing Jointly		Premium Costs	
2021 Modified AGI was:		2021 Modified AGI was:		Part B	Part D
> than	< than or = to	> than	< than or = to	Monthly Premium	Monthly Surcharge
\$0	\$97,000	\$0	\$194,000	\$164.90	\$0
97,000	123,000	194,000	246,000	230.80	12.20
123,000	153,000	246,000	306,000	329.70	31.50
153,000	183,000	306,000	366,000	428.60	50.70
183,000	500,000	366,000	750,000	527.50	70.00
500,000	---	750,000	---	560.50	76.40

Taxable Equivalent Yields

Federal Income Tax Bracket	Tax-Free Yield (%)										
	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00	5.50	6.00
	Taxable-Equivalent Yield (%)										
10%	1.11	1.67	2.22	2.78	3.33	3.89	4.44	5.00	5.56	6.11	6.67
12%	1.14	1.70	2.27	2.84	3.41	3.98	4.55	5.11	5.68	6.25	6.82
22%	1.28	1.92	2.56	3.21	3.85	4.49	5.13	5.77	6.41	7.05	7.69
24%	1.32	1.97	2.63	3.29	3.95	4.61	5.26	5.92	6.58	7.24	7.89
27.8%*	1.39	2.08	2.77	3.46	4.16	4.85	5.54	6.23	6.93	7.62	8.31
32%	1.47	2.21	2.94	3.68	4.41	5.15	5.88	6.62	7.35	8.09	8.82
35.8%*	1.56	2.34	3.12	3.89	4.67	5.45	6.23	7.01	7.79	8.57	9.35
38.8%*	1.63	2.45	3.27	4.08	4.90	5.72	6.54	7.35	8.17	8.99	9.80
40.8%*	1.69	2.53	3.38	4.22	5.07	5.91	6.76	7.60	8.45	9.29	10.14

*Tax brackets under current legislation are 10%, 12%, 22%, 24%, 32%, 35% and 37%. In addition, there is a 3.8% investment income surtax on single filers who have Modified AGI greater than \$200,000 and married couples filing jointly who have MAGI greater than \$250,000. This leads to potential marginal tax brackets of 27.8%, 35.8%, 38.8% and 40.8%.

An individual in the highest tax bracket would have to purchase a taxable investment yielding more than 5.07% to outperform a 3% tax-free investment.

Uniform Lifetime Table (Partial)

The Uniform Lifetime Table is used by unmarried owners, married owners whose spouses are not more than 10 years younger, and married owners whose spouses are not the sole beneficiary of the IRAs to calculate Required Minimum Distribution. This table is not used for Inherited or Beneficiary IRAs.

The table below is based on the current draft provided by the IRS. Check with your tax professional for the latest table.

Age of IRA Owner or Plan Participant (73 to 87)	Life Expectancy (in years)	Age of IRA Owner or Plan Participant (88 to 102)	Life Expectancy (in years)
73	26.5	88	13.7
74	25.5	89	12.9
75	24.6	90	12.2
76	23.7	91	11.5
77	22.9	92	10.8
78	22.0	93	10.1
79	21.1	94	9.5
80	20.2	95	8.9
81	19.4	96	8.4
82	18.5	97	7.8
83	17.7	98	7.3
84	16.8	99	6.8
85	16.0	100	6.4
86	15.2	101	6.0
87	14.4	102	5.6

Notes



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The information contained herein has been compiled from a variety of publicly available documents and websites believed to be reliable; however, there is no guarantee as to its accuracy or completeness. All information provided is of a general nature and is not intended to address the circumstances of any particular individual or entity.

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