

TAX FACTS and Tables

2016 AT A GLANCE

Are you making
smart financial
decisions that can help

reduce
your taxes

**The first step in reducing
the amount of tax you pay
on your savings and personal
finances is to get the facts.
Don't wait until April to start
thinking about your taxes.
Take the time now to learn the
important tax rules that can
affect both your short- and
long-term financial strategy.**

Note: Federal tax laws in this area are complex and subject to change. The tax information presented herein reflects the understanding of SunAmerica Mutual Funds and may not necessarily be current or complete. SunAmerica and its affiliates, distributors and representatives may not give legal or tax advice. Individuals are cautioned to seek the advice and counsel of their attorney or tax advisor for complete information concerning their particular circumstances.

By planning ahead, taking advantage of key tax credits and deductions and making educated financial decisions, you may be able to lower your current taxable income and save more for your financial future.

And this may provide you with a better opportunity to retire with the financial freedom you want!

Use this handy pocket guide to look up:

- Current-year income tax rates
- Tax rates for capital gains and dividends
- Contribution limits for IRAs, 401(k)s and other employer-sponsored retirement plans
- Gift and estate taxes
- Standard deductions, personal exemptions and more!

To customize your tax strategy to fit your individual situation, please consult your financial professional or tax advisor today!

Don't make buy or sell decisions without understanding the tax impact

If you buy or sell an investment that is held in a taxable account (e.g., mutual fund), there are likely to be tax consequences. Here are some examples of taxable events in your portfolio and how they could affect your tax bill.

Taxable Event	Potential Tax Consequence
Sell a security for a profit	<ul style="list-style-type: none">• If held for 12 months or less, your short-term capital gain may be taxed at ordinary income tax rates, which range from 10% to 39.6% at the federal level.• If held for more than one year, your long-term capital gain may be taxed federally between 0% and 20%.
Receive a dividend payment	You may owe taxes even if you reinvest your dividends. Qualified dividends may be taxed federally between 0% and 20%, while non-qualified dividends are taxed as ordinary income.
Receive income from a bond	<ul style="list-style-type: none">• U.S Treasury issues – You may owe federal income tax, but no state or local income tax.• Corporate bonds – You may owe federal, state and local income taxes.• Zero coupon bonds – You may owe taxes on “phantom” interest each year even though you won’t receive the interest until the bond matures.• Municipal bonds – Interest is federally tax-free and may be subject to state and local taxes. Certain types of municipal bonds are also subject to Alternative Minimum Tax (AMT).
Receive a capital gains distribution	Distributions are subject to federal tax ranging from 0% to 20%.
Sell a tax-exempt bond before maturity	The realized capital gain or loss will impact your taxes, even though the bond provided tax-free interest.
Sell a security for a loss and buy a substantially identical security within 30 days of the sale date	This is a wash sale. Tax law generally allows taxpayers to use losses to offset capital gains and limited amounts of other income each year. While losses from wash sales cannot offset gains, they may be added to the cost basis of the replacement investment.

2016 TAX TABLES

Rates, Schedules and Contribution Limits

Income Tax

Ordinary income tax rates			
	If taxable income is	The tax is	Of the amount over
Married filing jointly or qualifying widower	\$18,550 or less	10%	\$0
	More than \$18,550 but not over \$75,300	\$1,855 + 15%	\$18,550
	More than \$75,300 but not over \$151,900	\$10,367.50 + 25%	\$75,300
	More than \$151,900 but not over \$231,450	\$29,517.50 + 28%	\$151,900
	More than \$231,450 but not over \$413,350	\$51,791.50 + 33%	\$231,450
	More than \$413,350 but not over \$466,950	\$111,818.50 + 35%	\$413,350
	More than \$466,950	\$130,578.50 + 39.6%	\$466,950
Single	\$9,275 or less	10%	\$0
	More than \$9,275 but not over \$37,650	\$927.50 + 15%	\$9,275
	More than \$37,650 but not over \$91,150	\$5,183.75 + 25%	\$37,650
	More than \$91,150 but not over \$190,150	\$18,558.75 + 28%	\$91,150
	More than \$190,150 but not over \$413,350	\$46,278.75 + 33%	\$190,150
	More than \$413,350 but not over \$415,050	\$119,934.75 + 35%	\$413,350
	More than \$415,050	\$120,529.75 + 39.6%	\$415,050
Married filing separately	\$9,275 or less	10%	\$0
	More than \$9,275 but not over \$37,650	\$927.50 + 15%	\$9,275
	More than \$37,650 but not over \$75,950	\$5,183.75 + 25%	\$37,650
	More than \$75,950 but not over \$115,725	\$14,758.75 + 28%	\$75,950
	More than \$115,725 but not over \$206,675	\$25,895.75 + 33%	\$115,725
	More than \$206,675 but not over \$233,475	\$55,909.25 + 35%	\$206,675
	More than \$233,475	\$65,289.25 + 39.6%	\$233,475
Head of household	\$13,250 or less	10%	\$0
	More than \$13,250 but not over \$50,400	\$1,325 + 15%	\$13,250
	More than \$50,400 but not over \$130,150	\$6,897.50 + 25%	\$50,400
	More than \$130,150 but not over \$210,800	\$26,835 + 28%	\$130,150
	More than \$210,800 but not over \$413,350	\$49,417 + 33%	\$210,800
	More than \$413,350 but not over \$441,000	\$116,258.50 + 35%	\$413,350
	More than \$441,000	\$125,936 + 39.6%	\$441,000

Tax on capital gains and dividends

	For taxpayers in 10% and 15% tax brackets	For taxpayers in 25%, 28%, 33% and 35% tax brackets	For taxpayers in 39.6% tax bracket
Short term capital gains (≤12 months)	Ordinary income tax	Ordinary income tax	Ordinary income tax
Long term capital gains (>12 months)	0%	15%	20%
Qualified dividends	0%	15%	20%

Retirement Savings

Contribution limits for IRAs and other retirement plans

IRA or plan type	Maximum Contribution	Catch-Up Contribution (Age 50 or older)
Traditional IRAs	\$5,500	\$1,000
Roth IRAs	\$5,500	\$1,000
401(k) and 403(b) Elective Deferrals	\$18,000	\$6,000*
Governmental 457(b) Elective Deferrals	\$18,000	\$6,000*
SIMPLE IRAs	\$12,500	\$3,000

*Note: A special catch-up contribution of up to \$3,000 per year is also available to 403(b) participants of certain employers who have been with their organizations for 15 years or more and under-contributed in prior years. In addition, a special catch-up may also be available to participants in 457(b) plans.

Limits for employer-sponsored plans

Plan type	Limit type	Annual amount
Defined Benefit	Benefit limit per participant	\$210,000
Defined Contribution	Contribution limit per participant	\$53,000
Defined Contribution	Maximum compensation that can be taken into account for each employee	\$265,000

Eligibility of Roth IRA contributions

Filing status	Modified AGI	Eligibility
Single or head of household	Less than \$117,000	Full contribution
	At least \$117,000 but less than \$132,000	Partial contribution
	\$132,000 or more	No contribution
Married filing jointly or qualifying widower	Less than \$184,000	Full contribution
	At least \$184,000 but less than \$194,000	Partial contribution
	\$194,000 or more	No contribution
Married filing separately	Less than \$10,000	Partial contribution
	\$10,000 or more	No contribution

Note: If you file separately and did not live with your spouse at any time during the year, your Roth IRA eligibility is determined under the "Single" filing status.

Deduction limits for Traditional IRAs

Filing status	Are you covered by an employer's retirement plan?	Modified Adjusted Gross Income (AGI)	How much of your contribution can you deduct?
Single or head of household	No	Any amount	Full
	Yes	\$61,000 or less	Full
		More than \$61,000 but less than \$71,000	Partial
		\$71,000 or more	None
Married filing jointly or qualifying widower	No	Any amount	Full
	No, but my spouse is covered (for married filing jointly only)	\$184,000 or less	Full
		More than \$184,000 but less than \$194,000	Partial
		\$194,000 or more	None
	Yes	\$98,000 or less	Full
		More than \$98,000 but less than \$118,000	Partial
\$118,000 or more		None	
Married filing separately	No	Any amount	Full
	No, but my spouse is covered	Less than \$10,000	Partial
		\$10,000 or more	None
	Yes	Less than \$10,000	Partial
		\$10,000 or more	None

Note: 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.

Deductions, Exemptions and Credits

Standard deductions

Filing status	Annual	Additional (Age 65+ or blind)
Single	\$6,300	\$1,550
Married filing separately	\$6,300	\$1,250
Head of household	\$9,300	\$1,550
Married filing jointly or qualifying widower	\$12,600	\$1,250

Itemized deductions

Filing status	Itemized deductions reduced once AGI reaches the following thresholds
Single	\$259,400
Head of household	\$285,350
Married filing jointly	\$311,300
Married filing separately	\$155,650

Personal exemptions

Filing status	Exemption	Phase-out of personal exemptions	
		Begin at AGI	Maximum at AGI
Single	\$4,050	\$259,400	\$381,900
Head of household	\$4,050	\$285,350	\$407,850
Married filing jointly	\$4,050	\$311,300	\$433,800
Married filing separately	\$4,050	\$155,650	\$216,900

Child tax credit

Filing status	Maximum credit	AGI phase-out (Credit is reduced \$50 for each \$1,000 over the following)
Single or head of household	\$1,000 per child	\$75,000
Married filing jointly	\$1,000 per child	\$110,000
Married filing separately	\$1,000 per child	\$55,000

Social Security and Medicare

Base amount of modified AGI that can cause benefits to be taxable

Filing status	50% taxable	85% taxable
Single	\$25,000 - \$34,000	More than \$34,000
Married filing jointly	\$32,000 - \$44,000	More than \$44,000

Maximum earnings before benefits are reduced

Age	Limit
Under full retirement age	\$15,720 (\$1 withheld for every \$2 above limit)
Year that full retirement age is reached	\$41,880 (\$1 withheld for every \$3 above limit)
Full retirement age and over	No limit

Note: The maximum monthly benefit for individuals who reached normal retirement age and earned at least the maximum wage base amount during his or her working years is \$2,639.

Maximum compensation subject to Federal Insurance Contributions Act (FICA) tax

Type	Limit
Social Security (OASDI) maximum	\$118,500
Medicare (HI) maximum	No limit

3.8% Additional Medicare Tax on Net Investment Income Tax (NIIT)

Applies to individuals, estates and trusts with certain investment income above certain threshold amounts

Filing Status	3.8% NIIT may apply if modified adjusted gross income is above the following thresholds
Single or head of household (with qualifying person)	\$200,000
Married filing jointly or qualifying widow(er) with dependent child	\$250,000
Married filing separately	\$125,000

0.9% Additional Medicare Tax

Applies to earned and self-employment income that exceeds a threshold amount based on filing status

Filing Status	Threshold Amount
Single or head of household	\$200,000
Married filing jointly	\$250,000
Married filing separately	\$125,000

College and Health Savings

Education tax credits and deductions

Type	Maximum credit/deduction	AGI phase-out range
American Opportunity (Hope) Tax Credit	\$2,500 per eligible student for first 4 years of post-secondary education	\$80,000 - \$90,000 (Single) \$160,000 - \$180,000 (Married filing jointly)
Lifetime Learning Tax Credit	\$2,000 per return for post-secondary education (no limit in number of years)	\$55,000 - \$65,000 (Single) \$110,000 - \$130,000 (Married filing jointly)

Note: You cannot claim more than one tax benefit for the same education expenses. Maximums may differ by state. Limits do not include interest paid on qualified education loans.

Coverdell Education Savings Account contribution limit

Filing status	Maximum annual contribution	AGI phase-out range
Single or head of household	\$2,000 per beneficiary	\$95,000 - \$110,000
Married filing jointly	\$2,000 per beneficiary	\$190,000 - \$220,000

Health Savings Account contribution limit

Coverage	Maximum annual contribution	Catch-Up Contribution (Age 55 or older)
Individual (Self Only)	\$3,350	\$1,000
Family	\$6,750	\$1,000

Estate and Gift Taxes

Estate and Gift Tax Rate

Maximum rate: 40%

Unified Estate and Gift Tax Credit

Type	Annual
Exclusion amount	\$5,450,000
Annual gift exclusion	\$14,000 to any individual*

* Annual exclusion for gifts to non-citizen spouse is \$148,000.

**Need additional help?
Please talk to your
financial professional
or tax advisor today!**

Sources: www.irs.gov, IRS Information Release 2015-118, IRS Information Release 2015-119, IRS Publication 15, IRS Publication 970, IRS Revenue Procedure 2015-53, and IRS Form W-4.

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