

December 2020

Certain limitations and base amounts may be adjusted each year. Some of the adjustments are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
401(k) deferral limit	\$19,500/*\$26,000	\$19,500/*26,000	\$19,000/*25,000
SIMPLEs	\$13,500/*16,500	\$13,500/*16,500	\$13,000/*16,000
IRAs	\$6,000/*7,000	\$6,000/*7,000	\$6,000/*7,000
Compensation limit for qualified plan & SEP	\$290,000	\$285,000	\$280,000
Defined contribution annual addition limitation	\$58,000	\$57,000	\$56,000
Employer deduction percentage limit	25%	25%	25%
Social Security wage base	\$142,800	\$137,700	\$132,900
Social Security tax rate – Employer & Employee	6.2%	6.2%	6.2%
Medicare wage base	Unlimited	Unlimited	Unlimited
Medicare tax rate - Employer	1.45%	1.45%	1.45%
Medicare tax rate - Employee	1.45%-2.35%**	1.45%-2.35%**	1.45%-2.35%**
Minnesota unemployment tax wage base	TBD	\$35,000	\$34,000
Social Security limit on outside earnings			
Under full retirement age	\$18,960	\$18,240	\$17,640
Retirement age or older	Unlimited	Unlimited	Unlimited
Automobile mileage rates			
Business miles	\$0.56	\$0.575	\$0.58
Charitable miles	\$0.14	\$0.14	\$0.14
Medical miles or moving miles	\$0.16	\$0.17	\$0.20
Health Savings Accounts Contribution Limits			
Self-coverage maximum	\$3,600	\$3,550	\$3,500
Family coverage maximum	\$7,200	\$7,100	\$7,000
Catch-up contribution if 55 or older	\$1,000	\$1,000	\$1,000
Estate			
Federal estate tax exemption	\$11,700,000+	\$11,580,000+	\$11,400,000+
MN estate tax exemption	\$3,000,000	\$3,000,000	\$2,700,000
Annual gift exclusion	\$15,000	\$15,000	\$15,000

\* Higher limit if you are at least 50 years old by the end of the year

\*\* Higher rate on wages in excess of \$200,000 (\$250,000 MFJ/\$125,000 MFS)

+ Plus Portability from deceased spouse (DSUEA)

If you have any questions, do not hesitate to call. Thank you for giving us the opportunity to serve you.