

2014 Annual Tax Summary

Your NFP Advanced Sales team actively monitors changes in the estate, gift and income tax arenas. To simplify this process for you, the following is a list of the tax limitations for 2014.

Federal Transfer Taxes

Beginning on Jan. 1, 2010, in an effort to reunify the estate, gift and generation-skipping transfer (GST) taxes, the exemption amount for all three taxes was set at \$5 million. For all three transfer taxes, this \$5 million is indexed for inflation.

Applicable Tax	2013	2014
Estate Tax	\$5,250,000	\$5,340,000
Gift Tax	\$5,250,000	\$5,340,000
GST Tax	\$5,250,000	\$5,340,000
Maximum Tax Rate = 40%		

Annual Gift Tax Exemption Amount: The annual gift tax exemption amount is also indexed to inflation. For 2014, the annual gift tax exemption amount remains at \$14,000 per donee.

Federal Income Taxes

Income Tax: The applicability of the maximum income tax rate applies based on the taxpayer's filing status. For individuals, the maximum applies after \$406,750 of annual income. For taxpayers who are married filing jointly, the maximum applies after \$457,600 of annual income. For trusts and estates, the maximum applies after \$12,150 of annual income.

Top Tax Rate	2013	2014
Income Tax	39.6%	39.6%
Long-term Capital Gains	20%	20%
Dividends	20%	20%

Net Investment Income: 2014 is the first year in which a tax of 3.8 percent will be applied to a taxpayer's annual net investment income (NII). The 3.8 percent tax applies to the NII of all taxpayers whose income is in excess of their applicable threshold, based on filing status. The 3.8 percent tax is applied to the lesser of the taxpayer's total NII or the amount by which the taxpayer's income exceeds the applicable threshold. In general, investment income includes, but is not limited to, interest, dividends, capital gains, rental and royalty income, nonqualified annuities, income from businesses involved in trading of financial instruments or commodities, and businesses that are passive activities to the taxpayer.



Trusts and estates are also subject to the 3.8 percent NII tax, if there is undistributed NII and the trust or estate has adjusted gross income over the dollar amount at which the highest tax bracket for an estate or trust begins for such taxable year.

Filing Status	Threshold*
Individual	\$200,000
Head of Household	\$200,000
Married Filing Separately	\$125,000
Married Filing Jointly	\$250,000
Trusts and Estates	\$12,150
*Threshold amounts are not indexed for inflation.	

Alternative Minimum Tax (AMT): In the American Taxpayer Relief Act of 2012, Congress applied a permanent “patch” to the AMT exemption by indexing the exemption amount to inflation.

Filing Status	2013	2014
Individuals	\$51,900	\$52,800
Married Filing Jointly	\$80,800	\$82,100

Qualified Plan Contributions:

Elective Deferral Contributions: The exclusion for elective deferrals remains unchanged at \$17,500. This is also the amount that applies to elective deferrals for state and local governments and tax-exempt organizations.

Catch-up Contributions for 401(k) plans, SAR-SEPs and TSAs: For taxpayers over age 50, the annual limit remains the same at \$5,500.

Roth IRA Contributions: The maximum amount of annual Roth IRA contribution in 2014 remains the same at \$5,500. This amount begins to phase out at certain levels until it is eliminated.

Filing Status	2013	2014
Individual	\$112,000–\$127,000	\$114,000–\$129,000
Married Filing Jointly	\$178,000–\$188,000	\$181,000–\$191,000

IRA Contributions: The \$5,500 limit on IRA contributions remains the same in 2014.

Catch-up Contributions for IRAs (Traditional and Roth): For taxpayers over age 50, the annual limit remains the same at \$1,000.

Long-term Care Per Diem Amount: The amount that an individual can receive under a long-term care contract without incurring income taxes is also indexed for inflation. In 2013 the per diem limit was \$320, and for 2014 the per diem limit has increased to \$330.

Flexible Spending Accounts: The annual dollar limit on employee contributions to employer-sponsored health care flexible spending accounts remains at \$2,500 for 2014.

Personal Exemption: The personal exemption allowed to each taxpayer is up from the 2013 level of \$3,900 to \$3,950 for 2014. The personal exemption phase-out starts at \$254,200 for individuals and is eliminated at \$376,700. For taxpayers who are married and filing jointly, the personal exemption phase out starts at \$305,050 and is eliminated at \$427,550.

Standard Deduction: The following table shows the standard deduction by filing status for the last two years.

Filing Status	2013	2014
Individual	\$6,100	\$6,200
Married Filing Jointly	\$12,200	\$12,400

Itemized Deduction: Like the personal exemption, the itemized deduction is subject to a phase-out based on annual income. This phase-out amount is indexed for inflation. For individuals, the phase-out begins at \$254,200 of annual income, and for taxpayers who are married and filing jointly, the phase-out begins at \$305,050 of annual income.