

# 2015 contribution limits and tax reference guide



## Tax-advantaged accounts: retirement plans

### Traditional IRA contribution limits

Under age 50	\$5,500*
Age 50 and above	\$6,500**

### Phase-out ranges for IRA contribution deductibility

Married, filing jointly	\$98,000 - \$118,000 MAGI***
Married, filing separately	\$0 - \$10,000 MAGI
Single and head of household	\$61,000 - \$71,000 MAGI
Spousal IRA, filing jointly, IRA of nonparticipant	\$183,000 - \$193,000 MAGI

Full deduction is permitted below phase-out range. Scaled partial deduction is permitted within range. No deduction is permitted above range. An IRA owner under age 70½ with earned income can make a fully deductible contribution, regardless of his/her MAGI, if neither he/she nor his/her spouse (if married) is an "active participant" in an employer plan. If one or both are active plan participants, the above deductibility phase-out ranges apply. Qualified clients not eligible for deductible contributions may make nondeductible contributions up to the annual limit.

\* Or 100% of taxable compensation, whichever is less

\*\* Includes \$1,000 "catch-up" contribution

\*\*\* Modified adjusted gross income

### Roth IRA contribution limits

Under age 50	\$5,500*
Age 50 and above	\$6,500**

### Phase-out ranges for Roth contribution eligibility

Married, filing jointly	\$183,000 - \$193,000 MAGI
Married, filing separately	\$0 - \$10,000 MAGI
Single and head of household	\$116,000 - \$131,000 MAGI

Roth conversion income is not included in MAGI. Full contribution is permitted below phase-out range. Scaled partial contribution is permitted within range. No contribution is permitted above range.

\* Or 100% of taxable compensation, whichever is less

\*\* Includes \$1,000 catch-up contribution

### Roth IRA conversions

All filing statuses	No MAGI limit
---------------------	---------------

### Defined benefit plans

- Lesser of \$210,000 or 100% of the participant's average compensation for his/her three high consecutive years of active plan participation.

### SEP IRA contribution limits

- Discretionary employer contributions of up to the lesser of \$53,000 or 25% of employee compensation or 20% of net earnings from self employment.\*
- A minimum of \$600 in compensation required to participate in SEP.

\* A maximum compensation cap of \$265,000 per employee applies.

### 401(k), 403(b)\*, 457\*\*, SARSEP contribution limits

#### Salary deferral

Under age 50	\$18,000***
Age 50 and above	\$24,000****

#### Maximum contributions

- Maximum total contributions per employee are limited to \$53,000 or 100% of compensation with a \$265,000 compensation cap per employee.
- 401(k) and profit-sharing plans may be combined, but share a single limit.

\* Employees of certain organizations may be eligible to contribute greater amounts. Merrill Lynch is no longer allowing additional contributions to 403(b) plans.

\*\* Contributions may be doubled in the last three years before retirement, but catch-up cannot be used. Merrill Lynch does not offer 457 plans.

\*\*\* In Puerto Rico, the maximum 401(k) deferral for plans that are not dual-qualified is generally \$15,000.

\*\*\*\* Includes \$6,000 catch-up contribution. (In Puerto Rico, the 401(k) catch-up contribution limit for plans that are not dual-qualified is generally \$1,500.)

### Simple IRA salary deferral contributions

Under age 50	\$12,500
Age 50 and above	\$15,500*

\* Includes \$3,000 catch-up contribution

### Highly compensated employee

- A highly compensated employee is a person who was a 5% owner at any time during the determination year or the preceding year, or for the preceding year received more than \$120,000 in compensation from the employer and, if the employer elects, also was in the "top-paid group" (top 20%) of employees for that year.\*
- Key employee – officer: \$170,000

\* In Puerto Rico, no "top-paid" election is available.

### Saver's tax credit

- Single taxpayers and married individuals filing separately with MAGI below \$30,500, heads of household with MAGI below \$45,750 and joint filers with MAGI below \$61,000 may be eligible for a tax credit for an IRA, 401(k), 403(b) or 457 employee plan contribution, in addition to any deduction or exclusion that would otherwise apply.

Please see last page for important information



Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered broker-dealer and member SIPC, and other subsidiaries of Bank of America Corporation ("BoFA Corp."). Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------

## Tax-advantaged accounts: education plans

### Section 529 College Savings Account

No age or income restrictions for contributors or beneficiaries.  
Limitation on amount of contributions not subject to federal gift tax.

	Annual Contribution*	Five-Year Contribution Made in a Single Year**
Single	\$14,000 per beneficiary	\$70,000 per beneficiary
Married couple	\$28,000	\$140,000

\* Contributions are completed gifts subject to the annual federal gift-tax exclusion and are removed from the contributor's federal estate.

\*\* Contributions between \$14,000 and \$70,000 (\$28,000 and \$140,000 for married couples filing jointly) made in one year can be prorated over a five-year period without subjecting you to federal gift tax or reducing your federal unified estate and gift tax credit. If you contribute less than the \$70,000 (\$140,000 for married couples filing jointly) maximum, additional contributions can be made without you being subject to federal gift tax, up to a prorated level of \$14,000 (\$28,000 for married couples filing jointly) per year. Federal gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given beneficiary in the year of contribution. For contributions between \$14,000 and \$70,000 (\$28,000 and \$140,000 for married couples filing jointly) made in one year, if the account owner dies before the end of the five-year period, a prorated portion of the contribution may be included in his or her gross estate for federal estate tax purposes. Also, any appreciation allocable to the remaining years in the five year period on the entire original gift is not considered part of the estate.

### Section 529 plan tax treatment

- Section 529 plan earnings grow federal and, in most cases, state income-tax-free as long as the withdrawals are used for qualified higher education expenses. The earnings portion of withdrawals for nonqualified expenses will be subject to federal income tax and potentially a 10% additional federal tax, and may also be subject to state income or other taxes.

### Coverdell Education Savings Account

Beneficiaries under age 18 and special needs beneficiaries of any age (maximum contribution) \$2,000

#### Phase-out ranges for Coverdell ESA contribution eligibility

Single	\$95,000 - \$110,000 MAGI
Married, filing jointly	\$190,000 - \$220,000 MAGI

### Student loans

Student loan interest deduction limit \$2,500

#### Phase-out ranges for student loan interest deduction eligibility

Single and head of household	\$65,000 - \$80,000 MAGI
Married, filing jointly	\$130,000 - \$160,000 MAGI

### Lifetime learning credits\*

20% of first \$10,000 of educational expenses (max \$2,000) per tax return

#### Phase-out ranges for credit eligibility

Single and head of household	\$55,000 - \$65,000 MAGI
Married, filing jointly	\$110,000 - \$130,000 MAGI

\* Credit not available if married, filing separately.

### American Opportunity Tax Credit\*

100% of first \$2,000 of education expenses; plus 25% of expenses above \$2,000 and up to \$4,000 (maximum credit is \$2,500) per eligible student

#### Phase-out ranges for credit eligibility

Single and head of household	\$80,000 - \$90,000 MAGI
Married, filing jointly	\$160,000 - \$180,000 MAGI

\* Credit not available if married, filing separately.

### Phase-out of exclusion of U.S. savings bond income

By payor of qualified higher education expenses

#### Phase-out ranges for exclusion eligibility

Married, filing jointly	\$115,750 - \$145,750 MAGI
All others	\$77,200 - \$92,200 MAGI

## HSA contribution and plan limits

### HSA Limits

The following table shows the minimum annual deductible and maximum annual deductible and other out-of-pocket expenses for high deductible health plans (HDHPs) for 2015, as well as the maximum annual HSA contribution.

	Minimum Deductible	Maximum Out-of-Pocket*	Contribution Limit	55+ Contribution
Single	\$1,300	\$6,450	\$3,350	\$1,000
Family	\$2,600	\$12,900	\$6,650	\$1,000

\* These limits do not apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limits apply.

To be an eligible individual and qualify for an HSA, you must:

- be covered under an HDHP on the first day of the month,
- have no other health coverage\*,
- not be enrolled in Medicare benefits, and
- not be claimed as a dependent on someone else's tax return.

For more detailed information on HSAs and taxes, visit the U.S. Department of Treasury Web site at [www.ustreas.gov](http://www.ustreas.gov) or talk with your tax advisor.

\* Coverage under a limited-purpose health care flexible spending arrangement is permissible.

## Federal tax brackets

Single		
Taxable income over	But not over	Tax rate is
0	\$9,225	10%
\$9,225	\$37,450	\$922.50 plus 15%*
\$37,450	\$90,750	\$5,156.25 plus 25%*
\$90,750	\$189,300	\$18,481.25 plus 28%*
\$189,300	\$411,500	\$46,075.25 plus 33%*
\$411,500	\$413,200	\$119,401.25 plus 35%*
\$413,200		\$119,996.25 plus 39.6%*

\* of the excess over the taxable income in the far left-hand column.

Married, filing separately		
Taxable income over	But not over	Tax rate is
\$0	\$9,225	10%
\$9,225	\$37,450	\$922.50 plus 15%*
\$37,450	\$75,600	\$5,156.25 plus 25%*
\$75,600	\$115,225	\$14,693.75 plus 28%*
\$115,225	\$205,750	\$25,788.75 plus 33%*
\$205,750	\$232,425	\$55,662 plus 35%*
\$232,425		\$64,989.25 plus 39.6%*

\* of the excess over the taxable income in the far left-hand column.

Married, filing jointly/qualifying widow(er)		
Taxable income over	But not over	Tax rate is
\$0	\$18,450	10%
\$18,450	\$74,900	\$1,845 plus 15%*
\$74,900	\$151,200	\$10,312.50 plus 25%*
\$151,200	\$230,450	\$29,387.50 plus 28%*
\$230,450	\$411,500	\$51,577.50 plus 33%*
\$411,500	\$464,850	\$111,324 plus 35%*
\$464,850		\$129,996.50 plus 39.6%*

\* of the excess over the taxable income in the far left-hand column.

Estates and trusts		
Taxable income over	But not over	Tax rate is
\$0	\$2,500	15%
\$2,500	\$5,900	\$375 plus 25%*
\$5,900	\$9,050	\$1,225 plus 28%*
\$9,050	\$12,300	\$2,107 plus 33%*
\$12,300		\$3,179.50 plus 39.6%*

\* of the excess over the taxable income in the far left-hand column.

Head of household		
Taxable income over	But not over	Tax rate is
\$0	\$13,150	10%
\$13,150	\$50,200	\$1,315 plus 15%*
\$50,200	\$129,600	\$6,872.50 plus 25%*
\$129,600	\$209,850	\$26,722.50 plus 28%*
\$209,850	\$411,500	\$49,192.50 plus 33%*
\$411,500	\$439,000	\$115,737 plus 35%*
\$439,000		\$125,362 plus 39.6%*

\* of the excess over the taxable income in the far left-hand column.

### Long-term capital gains and qualified dividend rates

The federal income tax rate for long-term capital gains or qualified dividend income is 0% for individuals in the 10% or 15% tax brackets, 15% for individuals in the 25% to 35% tax brackets, and 20% for individuals in the 39.6% bracket. An additional 3.8% medicare tax is imposed on "net investment income" of married individuals filing jointly with MAGI above \$250,000, married individuals filing separately with MAGI above \$125,000 and all other filers with MAGI above \$200,000.

Gains on collectibles	maximum 28%
Unrecaptured 1250 depreciation	maximum 25%

### Gift and estate taxes

Gift tax annual exclusion	\$14,000
Unified estate, gift, and generation-skipping transfer tax exemption	\$5.43 million
Annual exclusion for gifts to noncitizen spouse	\$147,000
Top gift-tax rate	40%
Top estate-tax rate	40%
Single generation-skipping transfer tax rate	40%

## Deductions

Standard deductions	
Married, filing jointly/qualifying widow(er)	\$12,600
Single	\$6,300
Married, filing separately (assuming spouse does not itemize, otherwise \$0)	\$6,300
Head of household	\$9,250

Exemptions	
Personal and dependent	\$4,000
Kiddie tax	\$1,050

Phase-out ranges for Personal and Dependent Exemptions	
Married, filing jointly	\$309,900 - \$432,400 AGI
Single	\$258,250 - \$380,750 AGI
Married, filing separately	\$154,950 - \$216,200 AGI
Head of household	\$284,050 - \$406,550 AGI

## Social Security

Maximum earnings subject to FICA For 2015, the Social Security portion of the employee FICA tax rate is 6.2%.	\$118,500
--	-----------

Post-retirement
<p>The amount of Social Security benefit payments (if any) subject to tax depends on the amount of the taxpayer's provisional income (AGI plus one-half of the Social Security benefits plus tax-exempt bond interest plus certain other adjustments).</p> <p>If provisional income exceeds \$32,000 (\$25,000 for single, head of household and married filing separately (live apart from your spouse), then the amount of Social Security benefits included in gross income is the lesser of:</p> <ul style="list-style-type: none"> <li>• 50% of the Social Security benefits received that year, or</li> <li>• 50% of the excess of provisional income over \$32,000 (or \$25,000).</li> </ul> <p>However, if provisional income exceeds \$44,000 (\$34,000 for single, head of household and married filing separately (live apart from your spouse), then the amount of Social Security benefits included in gross income is the lesser of:</p> <ul style="list-style-type: none"> <li>• 85% of the Social Security benefits received that year, or the sum of:               <ul style="list-style-type: none"> <li>– The amount included under the above 50% rule or, if less, one-half of the difference between \$44,000 (or \$34,000) and \$32,000 (or \$25,000) and</li> <li>– 85% of the excess of provisional income over \$44,000 (\$34,000).*</li> </ul> </li> </ul>

\* If you are married filing separately and live with your spouse, up to 85% of your Social Security benefits are taxable.

Neither Merrill Lynch nor any of its affiliates or financial advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

© 2014 Bank of America Corporation. All rights reserved. | ARLWPW68 | 313225PM15-1014