

# 2023 Federal Tax Guide

Thrivent Asset Management, a division of Thrivent, offers financial professionals a variety of investment products to help meet their clients' needs.

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See the following page for retirement, social security, and investment figures.

## Income taxes & credits

Source: IRS

### 2023 federal income tax brackets and rates

Rate	Single Taxable income up to:	Married filing jointly	Head of household
10%	\$11,000	\$22,000	\$15,700
12%	\$44,725	\$89,450	\$59,850
22%	\$95,375	\$190,750	\$95,350
24%	\$182,100	\$364,200	\$182,100
32%	\$231,250	\$462,500	\$231,250
35%	\$578,125	\$693,750	\$578,100
37%	\$578,126+	\$693,751+	\$578,101+

### 2023 standard deduction and personal exemption

① The standard deduction for single filers will increase by \$900 and by \$1,800 for married couples filing jointly.

Filing status	Deduction amount
Single	\$13,850
Married filing jointly	\$27,700
Head of household	\$20,800

### 2023 alternative minimum tax rates

Tax rate	Married filing a separate return	All others
26%	0 – \$110,350	0 – \$220,700
28%	\$110,350+	\$220,700+

### 2023 alt. minimum tax exemptions & phaseout thresholds

Filing status	Exemption amount	Threshold
Single individuals	\$81,300	\$578,150
Married filing jointly	\$126,500	\$1,156,300
Married filing separate	\$63,250	\$578,150

### 2023 earned income tax credit

Income limit by status	No children	One child	Two children	Three or more children
Maximum credit	\$600	\$3,995	\$6,604	\$7,430
Single/head of household	\$17,640	\$46,560	\$52,918	\$56,838
Married filing jointly	\$24,210	\$53,120	\$59,478	\$63,398

### Child tax credit

① Credit may be full or partial. Credit percentage varies by state and income level. Will be paid as single refund (vs. monthly installments).

Per qualifying child (up to)	\$2,000
Refundable portion (up to)	\$1,400

### 2023 qualified business income deduction thresholds

① The Tax Cuts and Jobs Act includes a 20 percent deduction for pass-through businesses against up to \$182,100 of qualified business income for unmarried taxpayers and \$340,100 for married taxpayers.

Filing status	Threshold
Unmarried individuals	\$182,100
Married filing jointly	\$364,200

### 2023 annual exclusion for gifts

Gift recipient	Tax exclusion limit
Any person	\$17,000
Spouses who are not U.S. citizens	\$175,000
Estate tax exclusion	\$12,920,000*

\*Basic exclusion amount plus deceased spousal unused exclusion amount (exclusion is portable)

## Retirement

Source: IRS

### 2023 Individual Retirement Accounts (IRA)

① Maximum that can be contributed to both a traditional IRA and a Roth IRA.

Maximum contribution	\$6,500
Catch-up provision or age 50 and over	\$1,000

### Maximum 2023 employee contributions to defined contribution plans

401(k), 403(b) and most 457(b) plans	\$22,500
↳ Catch-up contribution limit for age 50 and over	\$7,500
SIMPLE IRA and 401(k) plans	\$15,500
↳ Catch-up contribution limit for age 50 and over	\$3,500

### Modified adjusted gross income for IRA contribution eligibility income phase-out levels

Filing status	Roth IRA	Deductible traditional IRA*
Married filing jointly	\$218,000 – \$228,000	If covered by a workplace retirement plan: • You: \$116,000 – \$136,000 • Non-covered Spouse: \$218,000 – \$228,000
Married filing separately but lived with spouse during the year	\$0 – \$10,000	\$0 – \$10,000
Single/head of household/ married filing separately and did not live with spouse	\$138,000 – \$153,000	If covered by a workplace retirement plan: \$73,000 – \$83,000 If not, generally the limits do not apply.

The information provided is not intended as a source for tax, legal or accounting advice. Please consult with a legal and/or tax professional for specific information regarding your individual situation.

Thrivent employees have general knowledge of the Social Security tenets. For complete details on your situation, contact the Social Security Administration.

### Investing involves risk, including the loss of principal.

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## Social security

Source: SSA

### Tax on Social Security income

Filing status	Combined income*	Percent of Social Security subject to tax
Single	\$25,000 – \$34,000 Over \$34,000	Up to 50% Up to 85%
Joint	\$32,000 – \$44,000 Over \$44,000	Up to 50% Up to 85%

\*Combined income includes adjusted gross income, non-taxable interest, and one-half of Social Security benefits.

### 2023 Social Security tax rate

Status	Combined tax rate	Social Security wage limit	Medicare wage limit*
Employee	7.65%	\$160,200 (6.2% tax)	No limit (1.45% tax)
Self-employed	15.30%	\$160,200 (12.4% tax)	No limit (2.9% tax)

\*Individuals with earned income of more than \$200,000 (\$250,000 for married couples filing jointly) pay an additional 0.9% in Medicare taxes.

### Maximum taxable earnings for Social Security taxes

Retirement earnings test exempt amounts	2022	2023
Under full retirement age*	\$19,560/yr. (\$1,630/mo.)	\$21,240/yr. (\$1,770/mo.)
The year an individual reaches full retirement age**	\$51,960/yr. (\$4,330/mo.)	\$56,520/yr. (\$4,710/mo.)
Beginning the month an individual attains full retirement age	None	

\*One dollar in benefits will be withheld for every \$2 in earnings above the limit.

\*\*Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

### Estimated average monthly Social Security benefits payable in January 2023

Status	Before COLA*	After COLA*
All retired workers	\$1,681	\$1,827
Aged couple, both receiving benefits	\$2,734	\$2,972
Widowed mother and two children	\$3,238	\$3,520
Aged widow(er) alone	\$1,567	\$1,704
Disabled worker, spouse and one or more children	\$2,407	\$2,616
All disabled workers	\$1,364	\$1,483

\*COLA: cost of living adjustment (8.7% for 2023)

## Investment

### 2023 tax rates on long-term capital gains

① Long-term capital gains are taxed using different brackets and rates than ordinary income.

Rate	Single	Married filing jointly	Head of household
		Taxable income up to:	
0%	\$44,625	\$89,251	\$59,751
15%	\$44,626 - \$492,300	\$89,252 – \$553,850	\$59,752 – \$523,050
20%	\$492,301+	\$553,851+	\$523,051+

### Additional net investment income tax

	MAGI* above \$200,000	MAGI* above \$250,000	MAGI* above \$200,000
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\*MAGI: Modified adjusted gross income

Source: "2023 Tax Brackets," Tax Foundation and IRS Topic 559