Key Financial Data for 2019/20

ARETÉ WEALTH STRATEGISTS AUSTRALIA

Ashley S. Murphy, CFP® AIF®
Founder/Principal
ARETE WEALTH STRATEGISTS
888.544.3250
ashley@arete-ws.com
www.arete-ws.com

2019 Tax Rate Schedule

Taxable income ($)	Base amount of tax ($)		Marginal tax rate	Of the amount over ($)	LT Capital Gains Rate*
Single					
0 to 9,700		+	10.0		0%
9,701 to 39,475	970.00	+	12.0	9,700	0%
39,476 to 84,200	4,543.00	+	22.0	39,475	15%
84,201 to 160,725	14,382.50	+	24.0	84,200	15%
160,726 to 204,100	32,748.50	+	32.0	160,725	15%
204,101 to 510,300	46,628.50	+	35.0	204,100	<$434,550 -> 15%^ >$434,550 -> 20%^
Over 510,301	153,798.50	+	37.0	510,300	20%
Married filing jointly and surviving spouses					
0 to 19,400		+	10.0		0%
19,401 to 78,950	1,940.00	+	12.0	19,400	0%
78,951 to 168,400	9,086.00	+	22.0	78,950	15%
168,401 to 321,450	28,765.00	+	24.0	168,400	15%
321,451 to 408,200	65,497.00	+	32.0	321,450	15%
408,201 to 612,350	93,257.00	+	35.0	408,200	<$488,850 -> 15%^ >$488,850 -> 20%^
Over 612,351	164,709.50	+	37.0	612,350	20%
Estates and trusts					
0 to 2,600		+	10.0		0%
2,601 to 9,300	260.00	+	24.0	2,600	15%
9,301 to 12,750	1,868.00	+	35.0	9,300	15%
Over 12,751	3,075.50	+	37.0	12,750	20%

Tax Deadlines

January 15 - 4th installment of the previous year's estimated taxes due

April 15 - Tax filing deadline, or request extension to October 15. 1st installment of 2019 taxes due. Last day to file amended return for 2015. Last day to contribute to: Roth or traditional IRA for 2018; HSA for 2018; Keogh or SEP for 2018 (unless tax filing deadline has been extended).

June 17 - 2nd installment of estimated taxes due

September 16 - 3rd installment of estimated taxes due

October 1 - Last day to establish a SIMPLE IRA for 2019

October 15 - For those with an extension: tax returns due, last day to recharacterize 2018 converted IRA, last day to contribute to 2018 SEP or Keogh.

December 31 – Last day to: pay expenses for itemized deductions; complete transactions for capital gains/losses; establish/fund 2019 Solo 401(k); complete 2019 contributions to employer-sponsored 401(k) plans; correct excess contributions to IRAs, qualified plans to avoid penalty.

^For assets held for <12 months, ordinary income rate applies. 20% LTCG rate applies at $434,550 of taxable income for "Single", $461,700 for "Head of Household", and $488,850 for married couples filing jointly.

Standard Deductions & Personal Exemption

Filing status	Standard deduction	Personal exemption	Phaseouts begin at AGI:
Married, filing jointly and qualifying widow(er)s	$24,400	Personal exemptions are eliminated for 2019. They are, however, expected to return after December 31, 2025.	
Single or married, filing seperately	$12,200		
Head of Household	$18,350		
Dependent filing tax return	$1,100*		

Additional deductions for non-itemizers

Blind or over 65 (Single or HOH)	Add $1,650
Blind or over 65 (all other filing statuses)	Add $1,300

3.8% Tax on Lesser of Net Investment Income or Excess of MAGI Over

Married, filing jointly	$250,000
Single	$200,000
Married, filing separately	$125,000

Gift and Estate Tax Exclusions and Credits

Maximum estate, gift & GST rates	40%
Estate, gift & GST exclusions	$11,400,000
Gift tax annual exclusion	$15,000
Exclusion on gifts to non-citizen spouse	$155,000

Retirement Plan Contribution Limits

Annual compensation used to determine contribution limits	$280,000
Defined-contribution plans, basic limit	$56,000
Defined-benefit plans, basic limit	$225,000
401(k), 403(b), 457(b), Roth 401 (k) plans elective deferrals	$19,000
Catch-up provision for individuals 50 and over, 401(k), 403(b), 457(b), Roth 401(k) plans	$6,000
SIMPLE plans, elective deferral limit	$13,000
SIMPLE plans, catch-up contribution for individuals >50	$3,000

*Greater of $1,050 or $350 plus the individual's earned income

Disclaimer: Information herein is current as of 8/1/19 and furnished "as is" without warranty of any kind. Its accuracy and completeness is not guaranteed and all warranties expressed or implied are hereby excluded. It is subject to legislative changes and is not intended to be legal or tax advice. Consult a qualified tax advisor regarding specific circumstances, individual objectives, financial situations, or needs. The information is of a general nature only, provided for informational and educational purposes, and should not be used, relied upon, or treated as a substitute for specific professional advice.

Individual Retirement Accounts

IRA type	Contribution Limit	Catch-up at 50+	Income limits
Traditional nondeductible	$6,000	$1,000	None
Traditional deductible	$6,000	$1,000	If covered by a plan: $103,000 - $123,000 joint $64,000 - $74,000 single & HOH $0 - 10,000 married filing separately If one spouse covered by a plan: $193,000 - $203,000 joint
Roth	$6,000	$1,000	$193,000 - $203,000 joint; $122,000 - $137,000 single & HOH $0 - 10,000 married filing separately and active participant in a plan
Roth conversion			None

Tax (FICA)

SS tax paid on income up to $132,900	% withheld	Maximum tax payable
Employer pays	6.20%	$8,239.80
Employee pays	6.20%	$8,239.80
Self-employed pays	12.40%	$16,479.60

Medicare tax paid on all income

Employer pays	1.45%	varies per income
Employee pays	1.45% + 0.9% on income over $200,000 (single) or $250,000 (joint)	varies per income
Self-employed pays	2.9% + 0.9% on income over $200,000 (single) or $250,000 (joint)	varies per income

Provisional income = gross income, tax-free interest, and 50% of Social Security benefits

Social Security

Benefits

Full retirement age (FRA) is 66 years old if born between 1943 and 1954

Maximum monthly benefit	$3,770
Retirement earnings exempt amounts	$17,640 under FRA $46,920 during year reach FRA No limit after FRA

2019/20 Australian Individual Tax Rates and Medicare Surcharges

Taxable Income	Residents Tax Payable*	Non-Residents Tax Payable
$0 - $18,200	Nil	32.5% > $0
$18,201 - $37,000	$0 + 19% > $18,200	32.5% > $0
$37,001 - $90,000	$3,572 + 32.5% > $37,000	32.5% > $0
$90,001 - $180,000	$20,797+ 37% > $90,000	$29,250 + 37% > $90,000
Over $180,000	$54,097 + 45% > $180,000	$62,550 + 45% > $180,000

*Rates exclude Medicare Levy of 2%

Minors Non-Working (Unearned) Income

Taxable Income	Residents Tax Payable*
$0 - $416	Nil
$417 - $1,307	66% of each $1 over $416
Over $1,307	45% of entire amount

*Rates exclude Medicare Levy of 2%

Medicare Levy

	No Levy Where Taxable Income	Reduced Levy Where Taxable Income*	Full 2.0% Levy Where Taxable Income
Single Seniors and Pensioners			
Single	$0 - $35,417	$35,418 - $44,272	Over $44,272
Couple	$0 - $49,304	$49,305 - $61,630	Over $61,630
All Other Tax Payers			
Single	$0 - $22,397	$22,398 - $27,977	Over $27,977
Couple	$0 - $37,794	$37,795 - $47,242	Over $47,242

*10c/dollar within income range for single individuals, more complex rules apply to couples.
Add $3,471 to the lower threshold for each dependent child or student.
Add $4,339 to the upper threshold for each dependent child or student.

Medicare Levy

Rates	0%	1.00%	1.25%	1.50%
Single	$90,000 or less	$90,001 - $105,000	$105,001 - $140,000	Over $140,000
Family**	$180,000 or less	$180,001 - $210,000	$210,001 - $280,000	Over $280,000

Private Health Insurance Rebate (1 April 2019 - 31 March 2020)***

Under 65	25.059%	16.706%	8.352%	Not Eligible
Over 65-69	29.236%	20.883%	12.529%	Not Eligible
70 or Over	33.413%	25.059%	16.706%	Not Eligible

Medicare Levy Surcharges

*Income for Medicare levy surcharge purposes includes taxable income reportable fringe benefits, reportable super contributions and total net investment losses
Income thresholds are indexed and will remain unchanged until 30 June 2021.
**Family income threshold increases by $1,500 for each Medicare Levy surcharge dependent child after the first child.
***Income brackets for medicare levy surcharge and health insurance rebate are identical. If the oldest person moves into the next age group during the year, the rebate is based on the number of days that person was in each group.

Capital Gains Tax

Asset Bought Pre-21 September 1999

1. Apply a 50% allowance and pay capital gains tax on the whole of the difference between the original cost base and the disposal price OR
2. Index the cost base and pay capital gains tax on the difference between the indexed cost base and the disposal price. Indexed cost base = Original cost base x (68.7/CPI Factor) as indexation of a cost base was frozen at 30 September 1999.

Asset Bought On or After 21 September 1999

For assets held for at least 12 months, 50% of the capital gain is included in the individual's assessable income. For assets held for less than 12 months, capital gains tax is payable on the whole of the difference between the cost base and the disposal price. No indexation is available for these assets.

Superannuation

Contribution Type	Age	Contribution Limit
Concessional	All Ages	$25,000
Non-Concessional	Under 75	$100,000*

*From July 1, 2017, individuals with a superannuation balance of $1.6 million or over at the end of the prior financial year will have a non-concessional contribution limit of nil. Individuals under age 65 can bring forward 2 years' worth of non-concessional contributions for a $300,000 cap to apply over 3 years.

Government Co-Contribution

The matching rate for the superannuation co-contribtuion is 50% with a maximum co-contribution of $500 that is payable on an individual's eligible personal non-concessional superannuation contributions. For 2019/20, the maximum co-contribution of $500 reduces by 3.33 cents per dollar over the total income threshold of $38,564 with nil co-contribution payable once total income reaches $53,564.

Super Guarantee (SG)

The minimum SG contribution rate for 2019/20 is 9.50% of an eligible employee's ordinary time earnings. The maximum earnings base requiring SG support in 2019/20 is $55,270 per quarter. The minimum earnings base that requires SG to be paid is $450 per month.
Note: *The SG rate will remain at 9.5% for six years, increasing to 10% on 1 July 2021 and eventually to 12% from 1 July 2025.*

Acceptance of Contributions

Less than 65	No restrictions apply.
65–less than 75	At time of contributions, must have worked at least 40 hours within 30 consecutive days during the financial year*; or contributions are mandated employer contributions**.
75 and Over	Contributions are mandated employer contributions.
Spouse	Receiving spouse is less than 65 or aged less than 70 and meets the work test discussed above.

*Contributions can then be made for the remainder of the financial year.
**Includes SG or contributions required under an agreement or award.

Superannuation Spouse Contributions

- Offset of 18% available on spouse contributions up to $3,000.
- Maximum offset of $540 is available when spouse's total income (assessable income + reportable fringe benefits + reportable super contributions) is $37,000 or less. Rebate cuts out at $40,000.
- Offset equals the lesser of: [3,000 – (total income – $37,000)] x 18% OR [total spouse contributions in that year] x 18%.

Taxation of Contributions

Low Income Earners

Individuals with income up to $37,000 p.a. will have the 15% contributions tax refunded into their superannuation accounts up to a maximum of $500.

High Income Earners

From 1 July 2017, individuals who have income and concessional contributions exceeding a combined $250,000 annual threshold will generally have to pay an additional 15% tax on their concessional contributions.

The additional 15% tax will not apply to any concessional contributions that are in excess of the concessional contribution cap.

Superannuation Lump Sums

Tax Free Component

Includes non-concessional contributions, Government co-contributions and spouse contributions made after 30 June 2007 and the crystallised amount of the following components at 30 June 2007: pre-July 1983, concessional, post-June 1994 invalidity, undeducted contributions, CGT exempt component.

Taxable Component

Age of Member at Time of Payment	Tax Treatment	
	Taxed Element*	Untaxed Element**
60 or over	• Tax-free	• 15% up to untaxed plan cap amount • 45% on balance
Between preservation age and 59	• 0% to low rate cap amount • Up to 15% on balance	• 15% up to low rate cap amount • 30% from low rate cap amount to untaxed plan cap amount • 45% on balance
Under preservation age	• Up to 20%	• 30% to untaxed plan cap amount • 45% on balance

*Rates exclude Medicare levy of 2%.
**For 2019/20, CGT cap of $1,515,000 and low rate cap of $210,000, indexed annually.

Preservation Age

Date of Birth	Preservation
Before 1 July 1960	55 Years
1 July 1960-30 June 1961	56 Years
1 July 1961-30 June 1962	57 Years
1 July 1962-30 June 1963	58 Years
1 July 1963-30 June 1964	59 Years
On or after 1 July 1964	60 Years

Note: From 1 July 2016, the preservation age rises from 55 years.

Death Benefits

Paid to dependent**	Tax-free and taxable components are tax free
Paid to non-dependent	Taxed element* - 15% Untaxed element - 30%

*Rates exclude Medicare levy of 2%.
**Refers to the definition of a dependent for tax purposes as distinct from the SIS definition which determines who can be a super death benefit beneficiary.

Sources: Broadridge Advisor 2019 Key Numbers, Hallet Financial "2019 Tax Rates", IRS & ATO files

Disclaimer: Information herein is current as of 8/1/19 and furnished "as is" without warranty of any kind. Its accuracy and completeness is not guaranteed and all warranties expressed or implied are hereby excluded. It is subject to legislative changes and is not intended to be legal or tax advice. Consult a qualified tax advisor regarding specific circumstances, individual objectives, financial situations, or needs. The information is of a general nature only, provided for informational and educational purposes, and should not be used, relied upon, or treated as a substitute for specific professional advice.