



It's 2021: Time to Check Your Tax Bracket

Will your tax bracket change in 2021? Each year the tax rate schedules are adjusted for inflation. That could result in your income being subject to a higher or lower tax rate in the new year. It's especially important to check your tax bracket for this year if your taxable income was lower in 2020, due to:

- Experiencing a reduction in full or part-time work-related income during the pandemic
- Taking less income from your investment portfolio to avoid cementing losses during periods of increased market volatility
- Suspending required minimum distributions (RMDs) under the [CARES Act](#)
- Other circumstances resulting in a temporary reduction in income

For tax year 2021, the top tax rate of 37% will apply to income above \$523,600 for individuals (\$628,300 for married couples filing jointly), compared to income above \$518,400 for individuals (\$622,050 for married couples filing jointly) in 2020.

2021 Tax Brackets ¹			2020 Tax Brackets ²		
Rate	Individuals	Married Couples Filing Jointly	Rate	Individuals	Married Couples Filing Jointly
37%	> \$523,600	> \$628,300	37%	> \$518,400	> \$622,050
35%	> \$209,425	> \$418,850	35%	> \$207,350	> \$414,700
32%	> \$164,925	> \$329,850	32%	> \$163,300	> \$326,600
24%	> \$86,375	> \$172,750	24%	> \$85,525	> \$171,050
22%	> \$40,525	> \$81,050	22%	> \$40,125	> \$80,250
12%	> \$9,950	> \$19,900	12%	> \$9,875	> \$19,750
10%	< \$9,950	< \$19,900	10%	< \$9,875	< \$19,750

The Standard Deduction Increases in 2021

The standard deduction increases to \$12,550 for single filers (\$25,100 for married couple filing jointly) for tax-year 2021, up from \$12,400 (\$24,800 for couples) for 2020.¹ Taxpayers over age 65 taking the standard deduction receive even more. For single filers age 65 and older, the standard deduction increases by \$1,700 to \$15,750. Joint filers can increase the standard deduction by \$1,350 each for a total of \$27,800 if both joint filers are age 65 or over. Keep in mind, if you're considering itemizing on your 2020 or 2021 returns, your total tax deductions will need to exceed the amount of your applicable standard deduction for that tax year to make itemizing worthwhile.³

Taxes are one of the biggest risks to income in retirement. Having a plan in place to manage your tax bill in retirement is critical to helping to ensure your income will last as long as you will need it.

If you have questions about tax-smart strategies for managing your income in retirement, call the office to schedule time to talk.

¹ <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2021>

² <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2020>

³ <https://www.aarp.org/money/taxes/info-2020/income-tax-brackets.html>



5 Ways to Reduce Pandemic-Related Stress in 2021

If you're suffering from pandemic fatigue, you're far from alone. The distribution of the first COVID-19 vaccines in December marked a major milestone in the fight to end the global pandemic. However, public health experts urge patience, warning that it could take until the summer or fall to administer the vaccine to enough Americans to achieve herd immunity. In the meantime, here are five ways to help boost your emotional and physical health to maintain a positive outlook in the months ahead.

1. **Stay informed.** It's important to remain informed about the latest news and information regarding the COVID-19 vaccine distribution and related public health guidance. However, information overload can increase anxiety. Take regular breaks from news coverage of the pandemic to engage in programs or activities that you find helpful for lowering stress. These could include hobbies, watching a favorite show or movie, or calling a friend or family member.
2. **Maintain social connections.** For years, studies have pointed to the importance of maintaining meaningful social connections as we age. However, months of social distancing and isolation have made it difficult for many older Americans to engage with family and friends. While digital platforms are no replacement for a hug or gathering with others to share a meal, it's important to find ways to keep in touch with friends and family on a regular basis. If feelings of sadness or isolation persist or worsen, talk to family, friends or a healthcare professional about what you are feeling.
3. **Add healthy choices to your diet.** A top resolution for many Americans in 2021 is to lose the "quarantine 15." That refers to those extra pounds many of us gained last year, often due to an increase in comfort food and a decrease in physical activity. The Cleveland Clinic suggests that instead of focusing solely on eliminating certain foods from your diet, consider adding more healthy choices to your meals. Fruits, vegetables and grains can help you feel fuller so you can cut back on your main-course portions to accommodate the extra calories.¹
4. **Exercise.** Exercise is a great way to help reduce stress and anxiety. Best of all, you may not have to work out that hard to see benefits. According to a recent study, "higher levels of physical activity—regardless of intensity—are associated with a lower risk of early death in middle-aged and older people." Conversely, the study found, being sedentary for 9½ hours a day or more (not counting sleeping) can increase your risk of early death.²
5. **Stay positive.** While maintaining a positive outlook can be difficult during challenging times, it's important for both mental and emotional health. Consider making a list of the things you're grateful for and the things that bring you joy. Writing these things down and reviewing your list from time to time can be a great reminder of the people and things you cherish most in life. Also, take time to reflect on and give yourself credit for getting through the physical and emotional challenges of the past few months. Finally, embrace a sense of hope for the future as administration of the vaccines gains momentum in the months ahead.

¹ <https://health.clevelandclinic.org/can-eat-still-lose-weight/>

² <https://www.sciencedaily.com/releases/2019/08/190821185336.htm>