

PROPOSED TAX CHANGES - BUILD BACK BETTER ACT

On Sept. 16, 2021, the House Ways and Means Committee released the details of President Biden's \$3.5 trillion Build Back Better Act tax proposals. The impact of the current rates and policies vs. the proposed tax plan is shown in the chart below.

Tax Analysis	Current	Build Back Better Act (Proposed)
Income Tax	37.00% ¹	39.60% ¹
Capital Gains Tax	23.80% ²	28.80% ³
Dividend Tax	23.80% ²	28.80% ³
Estate Tax	40.00%	40.00%
Estate Tax Exemption	\$11,700,000 ⁴	\$6,020,000 beginning in 2022 ⁵
Step-Up in Basis at Death	Yes	Yes

Additional tax proposals included in the Build Back Better Act:

- 3 percent surcharge on modified gross adjusted income above \$5 million
- Prohibits Individual Retirement Account (IRA) contributions when balances reach \$10 million and accelerates required minimum distributions for those accounts
- Prohibits "back door" Roth IRA conversions for those with taxable income exceeding \$400,000 for single filers and \$450,000 for joint filers

¹Top individual income tax rate for taxable incomes above \$400,000 for single filers and \$450,000 for joint filers

²Includes investment gain surtax of 3.8%

³Adjusts the top capital gains tax bracket to \$400,000 for single filers and \$450,000 for joint filers; includes investment gain surtax of 3.8%

⁴Per individual, \$23,400,000 per couple (indexed) through 2026; then reverting back to 2017 rules

⁵Per individual, \$12,040,000 per couple

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