

# WHAT IS A TAX BRACKET?

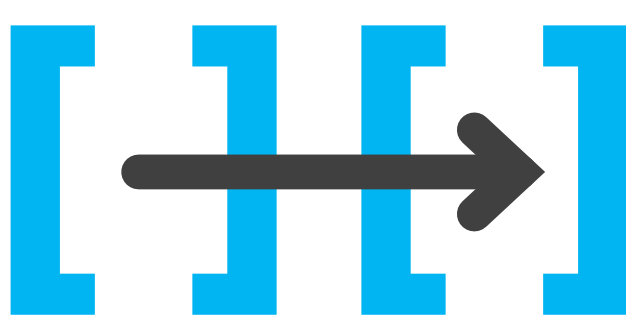
## Tax Bracket

A range of income taxed at a given rate.

### EXAMPLE



Salary: **\$8,350 A YEAR**  
 Bracket: **10% TAX BRACKET [\$0 - \$9,275]**  
 Taxes Owed: **\$835**



Make more money and you eventually move to a higher tax bracket.



Moving up means you're in multiple brackets.

### EXAMPLE



**You get a promotion. YAY YOU!**

Your annual pay jumps from **\$8,350** to **\$10,000**.

### SO

Your income falls into two brackets and your tax looks like this:

Tax Bracket	Tax Rate x Income Amount = Tax
[\$0 - \$9,275]	10% x \$9,275 = \$927.50
[\$9,276 - \$37,650]	15% x \$725 = \$108.75

**Total Tax = \$1,036.25**

**More Income = More Brackets**

## 2016 Projected IRS Tax Brackets

Tax Rate	Single Filers	Married Filing Jointly or Qualifying Widow(er)	Married Filing Separately	Head of Household
10%	Up to \$9,275	Up to \$18,550	Up to \$9,275	Up to \$13,250
15%	\$9,276 - \$37,650	\$18,551 - \$75,300	\$9,276 - \$37,650	\$13,251 - \$50,400
25%	\$37,651 - \$91,150	\$75,301 - \$151,900	\$37,651 - \$75,950	\$50,401 - \$130,150
28%	\$91,151 - \$190,150	\$151,901 - \$231,450	\$75,951 - \$115,725	\$130,151 - \$210,800
33%	\$190,151 - \$413,350	\$231,451 - \$413,350	\$115,726 - \$206,675	\$210,801 - \$413,350
35%	\$413,351 - \$415,050	\$413,351 - \$466,950	\$206,676 - \$233,475	\$413,351 - \$441,000
39.60%	\$415,051 and Up	\$466,951 and Up	\$233,476 and Up	\$441,001 and Up

Source: Bloomberg BNA