

2018 Tax Guide

| Individual Tax Rates | | | | | | | | | | | | | | |
|------------------------|-----------------|-----------------------------|----------------------------|------------------------|------------------------|-----------------|-----------------------------|----------------------------|---------------------|------------------------|-----|-----|----|----|
| Single | | | | | Joint | | | | | | | | | |
| Taxable Income | Ordinary Income | Capital Gains and Dividends | Affordable Health Care Act | | Taxable Income | Ordinary Income | Capital Gains and Dividends | Affordable Health Care Act | | | | | | |
| | | | Earned Income | Investment Income** | | | | Earned Income | Investment Income** | | | | | |
| \$0 to \$9,525 | 10% | 0% | 0% | 0% | \$0 to \$19,050 | 10% | 0% | 0% | 0% | | | | | |
| \$9,526 to \$38,599 | 12% | | | | 15% | 0% | | | | \$19,051 to \$77,199 | 12% | 15% | 0% | 0% |
| \$38,600 to \$38,700 | | | | | | | | | | \$38,701 to \$82,500 | | | | |
| \$82,501 to \$157,500 | 24% | \$157,501 to \$200,000 | 32% | \$250,001 to \$315,000 | | | 24% | \$200,001 to \$425,799 | 32% | \$400,001 to \$478,999 | 35% | | | |
| \$425,800 to \$500,000 | 35% | 20% | 0.9% | 3.8%* | \$479,000 to \$600,000 | 35% | 20% | 0.9% | 3.8%* | | | | | |
| > \$500,000 | 37% | | | | > \$600,000 | 37% | | | | | | | | |

*3.8% tax is only imposed on adjusted gross income (AGI) in excess of the \$200,000 (\$250,000 joint) threshold

** Investment income for purposes of 3.8% tax = dividends, interest, capital gains, non-qualified annuity distributions, royalties, rents, and passive income (not qualified retirement distributions)

| Select Tax Items | | | |
|---|------------------------|------------------------|------------------------|
| Tax Limits | | 2018 | |
| Gift tax annual exclusion | | | \$15,000 |
| Estate tax exemption | | | \$11,210,000 + DSUEA* |
| Top federal estate tax bracket | | | 40% |
| IRA distributions direct to charity (over age 70.5) | | | \$100,000 |
| IRA / Roth IRA contribution limit | | | \$5,500 |
| IRA / Roth IRA catch-up provisions for individuals 50+ | | | \$1,000 |
| Health Savings Account contribution limit [Individual, (Family)] | | | \$3,450, (\$6,900) |
| Health Savings Account catch-up provisions for individuals 55+ | | | \$1,000 |
| Phaseout Items | | Single | Joint |
| Itemized deduction phaseout | | N/A | N/A |
| Personal exemption phaseout | | N/A | N/A |
| Deductible IRA contribution phaseout (if covered by qualified plan) | \$63,000 to \$73,000 | \$101,000 to \$121,000 | |
| *If one spouse covered by a plan | | | \$189,000 to \$199,000 |
| Roth IRA contribution phaseout | \$120,000 to \$135,000 | \$189,000 to \$199,000 | |
| AMT exemption | \$70,300 | \$109,400 | |
| Part B / Part D Premiums begin to increase with MAGI over | \$85,000 | \$170,000 | |

*Basic exclusion amount plus deceased spousal unused exclusion amount (DSUEA) -- exclusion is portable for 2011 onward

| Retirement Plan Contribution Limits | | |
|---|---|------------------------|
| Plan | | Limit |
| Defined contribution plans | | \$55,000 |
| 401(k) (Roth/Traditional), 403(b), 457(b) plans | | \$18,500 |
| Catch-up provision for individuals 50+ | | \$6,000 |
| SIMPLE plans | | \$12,500 |
| SIMPLE plans - catch-up provision for individuals 50+ | | \$3,000 |
| Estates and Trusts | | |
| Income | | Rate |
| < \$2,550 | | 10% |
| \$2,551 to \$9,150 | | 24% |
| \$9,151 to \$12,500 | | 35% |
| > \$12,500* | | 37% |
| Short (Sold) Options | | |
| Put/Call Action | Taxable Amount | How taxed (long/short) |
| Option expires worthless | Premium | Short |
| Option is closed | Net gain/loss of closing | Short |
| Call option assigned | Premium + strike price - security basis | Short or long** |

*Investment income > \$12,500 subject to additional 3.8% surtax

**Underlying security held > 1 year is long term gain/loss, security held < 1 year is short term gain/loss

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| 2018 Tax Rate Schedule | | | | | | |
|---|--------------|--------------------|---|-------------------|--|--------------------|
| Taxable income | | Base amount of tax | | Marginal tax rate | | Of the amount over |
| Single | | | | | | |
| < | \$9,525 | \$0.00 | + | 10.0% | | \$0 |
| \$9,526 | to \$38,700 | \$952.50 | + | 12.0% | | \$9,525 |
| \$38,701 | to \$82,500 | \$4,453.50 | + | 22.0% | | \$38,700 |
| \$82,501 | to \$157,500 | \$14,089.50 | + | 24.0% | | \$82,500 |
| \$157,501 | to \$200,000 | \$32,089.50 | + | 32.0% | | \$157,500 |
| \$200,001 | to \$500,000 | \$45,689.50 | + | 35.0% | | \$200,000 |
| > | \$500,000 | \$150,689.50 | + | 37.0% | | \$500,000 |
| Married filing jointly & surviving spouses | | | | | | |
| < | \$19,050 | \$0.00 | + | 10.0% | | \$0 |
| \$19,051 | to \$77,400 | \$1,905.00 | + | 12.0% | | \$19,050 |
| \$77,401 | to \$165,000 | \$8,907.00 | + | 22.0% | | \$77,400 |
| \$165,001 | to \$315,000 | \$28,179.00 | + | 24.0% | | \$165,000 |
| \$315,001 | to \$400,000 | \$64,179.00 | + | 32.0% | | \$315,000 |
| \$400,001 | to \$600,000 | \$91,379.00 | + | 35.0% | | \$400,000 |
| > | \$600,000 | \$161,379.00 | + | 37.0% | | \$600,000 |
| Head of household | | | | | | |
| < | \$13,600 | \$0.00 | + | 10.0% | | \$0 |
| \$13,601 | to \$51,800 | \$1,360.00 | + | 12.0% | | \$13,600 |
| \$51,801 | to \$82,500 | \$5,944.00 | + | 22.0% | | \$51,800 |
| \$82,501 | to \$157,500 | \$12,698.00 | + | 24.0% | | \$82,500 |
| \$157,501 | to \$200,000 | \$30,698.00 | + | 32.0% | | \$157,500 |
| \$200,001 | to \$500,000 | \$44,298.00 | + | 35.0% | | \$200,000 |
| > | \$500,000 | \$149,298.00 | + | 37.0% | | \$500,000 |
| Married filing separately | | | | | | |
| < | \$9,525 | \$0.00 | + | 10.0% | | \$0 |
| \$9,526 | to \$38,700 | \$952.50 | + | 12.0% | | \$9,525 |
| \$38,701 | to \$82,500 | \$4,453.50 | + | 22.0% | | \$38,700 |
| \$82,501 | to \$157,500 | \$14,089.50 | + | 24.0% | | \$82,500 |
| \$157,501 | to \$200,000 | \$32,089.50 | + | 32.0% | | \$157,500 |
| \$200,001 | to \$300,000 | \$45,689.50 | + | 35.0% | | \$200,000 |
| > | \$300,000 | \$80,689.50 | | 37.0% | | \$300,000 |
| Estates and trusts | | | | | | |
| < | \$2,550 | \$0.00 | + | 10.0% | | \$0 |
| \$2,551 | to \$9,150 | \$255.00 | + | 24.0% | | \$2,550 |
| \$9,151 | to \$12,500 | \$1,839.00 | + | 35.0% | | \$9,150 |
| > | \$12,500 | \$3,011.50 | + | 37.0% | | \$12,500 |

| Standard Deductions & Personal Exemption | | | |
|---|---|---|------------|
| Standard Deduction | | Personal exemption | |
| Filing Status | Deduction | Exemption | Phaseouts |
| Married filing joint | \$24,000 | NA | NA |
| Single | \$12,000 | NA | NA |
| Married filing separate | \$12,000 | NA | NA |
| Head of household | \$18,000 | NA | NA |
| Additional deductions for non-itemizers | | | |
| Blind or > 65 | \$1,300 | | |
| Blind or > 65 and single | \$1,600 | | |
| Gift & Estate Tax | | | |
| Maximum estate tax rate | | 40% | |
| Estate/Gift tax exclusion | | \$11,210,000 | |
| Gift tax annual exclusion | | \$15,000 | |
| AMT Exemptions & Phaseouts | | | |
| Filing status | Exemption | Income phaseout threshold | |
| Married filing jointly & qualifying widow(er) | \$109,400 | \$1,000,000 | |
| Single & HOH | \$70,300 | \$500,000 | |
| Married filing separately | \$54,700 | \$500,000 | |
| Capital Gains Tax Rates | | | |
| Assets held less than 1 yr. | | Marginal income rate | |
| | | 0% for joint below \$77,200 and single below \$38,600. | |
| Assets held longer than 1 yr. | | 15% for joint at or above \$77,200 and single at or above \$38,600. | |
| | | 20% for joint at or above \$479,000 and single at or above \$425,800. | |
| Unrecaptured Sec. 1250 gains | | 25% | |
| Collectibles | | 28% | |
| Education Credits / Deductions / Distributions | | | |
| Credit / Deduction / Account | Maximum credit / deduction / distribution | Income phaseouts begin at AGI: | |
| American Opportunity Tax Credit | \$2,500 | \$160,000 to \$180,000 | joint |
| | | \$80,000 to \$90,000 | all others |
| Lifetime Learning Credit | \$2,000 | \$114,000 to \$134,000 | joint |
| | | \$57,000 to \$67,000 | all others |
| Student loan interest deduction | \$2,500 | \$135,000 to \$165,000 | joint |
| | | \$65,000 to \$80,000 | all others |
| Savings bond interest deduction | limited to amount of qualified expenses | \$119,550 to \$149,550 | joint |
| | | \$79,700 to \$94,700 | all others |
| Coverdell | \$2,000 maximum contribution (non-deductible) | \$190,000 to \$220,000 | joint |
| | | \$95,000 to \$110,000 | all others |
| 529 Plan (K-12) | \$10,000 distribution | None | joint |
| | | None | all others |
| Kiddie Tax | | | |
| Dependent children < age 19 (< 24 for full-time students) pay federal income tax at trust and estate income tax rates on investment income > \$2,100. | | | |

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| Retirement Plan Contribution Limits | |
|---|-------------|
| Annual compensation used to determine contribution for most plans | \$275,000 |
| Defined contribution plans | \$55,000 |
| Defined benefit plans | \$220,000 |
| 401(k), 403(b), 457(b) plans | \$18,500 |
| Catch-up provision for individuals 50+ | \$6,000 |
| SIMPLE plans | \$12,500 |
| SIMPLE plans - catch-up provision for individuals 50+ | \$3,000 |
| Roth 401(k) | \$18,500 |
| Roth 401(k) - catch-up provision for individuals 50+ | \$6,000 |
| Maximum ESOP balance subject to 5 year distribution period | \$1,105,000 |

| Individual Retirement Accounts | | | | |
|---|--------------------|-----------------|------------------------|-------------|
| IRA type | Contribution limit | Catch-up at 50+ | Phaseouts (AGI) | |
| Non-deductible | \$5,500 | \$1,000 | None | |
| Covered by qualified plan: | | | | |
| Deductible | \$5,500 | \$1,000 | \$101,000 to \$121,000 | joint |
| | | | \$63,000 to \$73,000 | single, HOH |
| | | | \$0 to \$10,000 | MFS |
| If one spouse covered by a plan: | | | | |
| Roth | \$5,500 | \$1,000 | \$189,000 to \$199,000 | joint |
| | | | \$120,000 to \$135,000 | single, HOH |
| | | | \$0 to \$10,000 | MFS |
| Roth conversion | | | None | |

| Medicare Premiums & Deductibles | | |
|---|----------------------|--------------------|
| Part B premium | \$130.00 / \$134.00* | |
| Part B deductible | \$183 | |
| Part A (inpatient services) deductible < 61 days of hospitalization | \$1,340 | per benefit period |
| Part A deductible 61 - 90 days of hospitalization | \$335 | per day |
| Part A deductible > 90 days of hospitalization | \$670 | per day |

| Part B / Part D Premiums for High-Income Taxpayers | | | |
|--|------------------------|----------------|----------------|
| MAGI single | MAGI joint | Part B premium | Part D premium |
| < \$85,001 | < \$170,001 | \$130 / \$134* | \$0.00 |
| 85,001 to \$107,000 | \$170,001 to \$214,000 | \$187.50 | \$13.00 |
| \$107,001 to \$133,500 | \$214,001 to \$267,000 | \$267.90 | \$33.60 |
| \$133,501 to \$160,000 | \$267,001 to \$320,000 | \$348.30 | \$54.20 |
| > \$160,000 | > \$320,000 | \$428.60 | \$74.80 |

*Most individuals will pay \$130.00; however, individuals who are not subject to the Social Security "hold harmless" provision will pay \$134.00.

| Social Security Benefits | | |
|---|----------|----------------------|
| Full retirement age (FRA) if born between 1943 & 1954 | 66 | |
| Maximum monthly benefit | \$2,788 | |
| Retirement earnings exempt amounts | \$17,040 | Under FRA |
| | \$45,360 | During yr. reach FRA |
| | NA | After FRA |

| Tax (FICA) | % withheld | Maximum tax payable |
|----------------------------------|-------------|---------------------|
| SS tax paid on income | < \$128,400 | |
| Employer pays | 6.20% | \$7,961 |
| Employee pays | 6.20% | \$7,961 |
| Self-employed pays | 12.40% | \$15,922 |
| Medicare tax paid on all income* | | |
| Employer pays | 1.45% | No maximum |
| Employee pays | 1.45% | No maximum |
| Self-employed pays | 2.90% | No maximum |

*Additional 0.9% for wages exceeding \$200,000 (single) and \$250,000 (joint).

| Social Security Taxes | | |
|--|---------------------------|-----------------|
| Filing status | AGI + provisional income* | Taxable portion |
| Married filing jointly | < \$32,000 | 0% |
| | \$32,000 to \$44,000 | up to 50% |
| | > \$44,000 | up to 85% |
| Single, HOH, MFS and living apart from spouse | < \$25,000 | 0% |
| | \$25,000 to \$34,000 | up to 50% |
| | > \$34,000 | up to 85% |
| Married filing separately & living with spouse | > \$0 | up to 85% |

*Provisional income = tax-exempt interest + 50% of SS benefit

| Deductibility of Long-Term Care Premiums on Qualified Policies | | |
|--|---|--|
| Attained age before close of tax yr. | Amount of LTC premiums that qualify as medical expenses | |
| 40 or less | \$420 | |
| 41 to 50 | \$780 | |
| 51 to 60 | \$1,560 | |
| 61 to 70 | \$4,160 | |
| > 70 | \$5,200 | |

| Health Savings Accounts | | | |
|-------------------------|------------------------------|--------------------------|---------------------------|
| Annual limit | Max. deductible contribution | Deductible/Co-pay limits | Minimum annual deductible |
| Individuals | \$3,450 | \$6,650 | \$1,350 |
| Families | \$6,900 | \$13,300 | \$2,700 |
| Catch-up for 55+ | \$1,000 | | |