

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%	\$315,001 to \$400,000	32%			
\$425,800 to \$500,000	35%	20%	0.9%	3.8%*	\$400,001 to \$478,999	35%	20%	0.9%	3.8%*					
> \$500,000	37%				\$479,000 to \$600,000	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		