

2018 tax rates, schedules, and contribution limits

Income tax

| | If taxable income is over | But not over | The tax is | Of the amount over |
|---|---------------------------|--------------|--------------------|--------------------|
| Married/Filing jointly and qualifying widow(er)s | \$0 | \$19,050 | \$0.00 + 10% | \$0 |
| | \$19,050 | \$77,400 | \$1,905.00 + 12% | \$19,050 |
| | \$77,400 | \$165,000 | \$8,907.00 + 22% | \$77,400 |
| | \$165,000 | \$315,000 | \$28,179.00 + 24% | \$165,000 |
| | \$315,000 | \$400,000 | \$64,179.00 + 32% | \$315,000 |
| | \$400,000 | \$600,000 | \$91,379.00 + 35% | \$400,000 |
| | \$600,000 | — | \$161,379.00 + 37% | \$600,000 |
| Single | \$0 | \$9,525 | \$0.00 + 10% | \$0 |
| | \$9,525 | \$38,700 | \$952.50 + 12% | \$9,525 |
| | \$38,700 | \$82,500 | \$4,453.50 + 22% | \$38,700 |
| | \$82,500 | \$157,500 | \$14,089.50 + 24% | \$82,500 |
| | \$157,500 | \$200,000 | \$32,089.50 + 32% | \$157,500 |
| | \$200,000 | \$500,000 | \$45,689.50 + 35% | \$200,000 |
| | \$500,000 | — | \$150,689.50 + 37% | \$500,000 |
| Estates and trusts | \$0 | \$2,550 | \$0.00 + 10% | \$0 |
| | \$2,550 | \$9,150 | \$255.00 + 24% | \$2,550 |
| | \$9,150 | \$12,500 | \$1,839.00 + 35% | \$9,150 |
| | \$12,500 | — | \$3,011.50 + 37% | \$12,500 |

Tax on corporations and other businesses

- 21% tax rate applied on C-corporation income
- Taxpayers may generally deduct up to 20% of the qualified business income of S corporations, partnerships and sole proprietorships, subject to limitations:
 - Deduction may not exceed taxable income reduced by net capital gain and qualified dividend income
 - Deduction not available for specified service businesses, unless taxable income is below full phase-in amount described below
 - Deduction is limited to the greater of (a) 50% of the total wages paid by each business or (b) 25% of W-2 wages paid by each business plus 2.5% of the unadjusted basis of qualifying property; wage and qualifying property limitations are not applicable for taxable incomes at or below \$157,500 (single) and \$315,000 (married/filing jointly) and are fully phased in once taxable income is \$207,500 (single) and \$415,000 (married filing jointly)

Employer retirement plans

| | |
|---|-----------|
| Maximum elective deferral to retirement plans, e.g., 401(k), 403(b) | \$18,500 |
| Catch-up contribution limit for 401(k), 403(b), and 457 plans | \$6,000 |
| Maximum elective deferral to SIMPLE IRA plans | \$12,500 |
| Catch-up contribution limit for SIMPLE plans | \$3,000 |
| Maximum elective deferral to 457 plans of gov't and tax-exempt employers | \$18,500 |
| Limit on annual additions to defined contribution plans | \$55,000 |
| Annual compensation threshold requiring SEP contribution | \$600 |
| Limit on annual additions to SEP plans | \$55,000 |
| Maximum annual compensation taken into account for contributions | \$275,000 |
| Annual benefit limit under defined benefit plans | \$220,000 |
| Limitation used in definition of highly compensated employee | \$120,000 |
| Health flexible spending account maximum salary reduction contribution | \$2,650** |

Sources: IRS and Social Security Administration updates 2018, Tax Cuts and Jobs Act.

Tax on capital gains and qualified dividends

| Income | | Tax rate |
|--------------------|---|----------|
| Single | Married/Filing jointly/Qualifying Widow(er) | |
| \$0–\$38,600 | \$0–\$77,200 | 0% |
| \$38,601–\$425,800 | \$77,201–\$479,000 | 15% |
| Over \$425,800 | Over \$479,000 | 20% |

Additional 3.8% federal net investment income (NII) tax applies to individuals on the lesser of NII or modified AGI in excess of \$200,000 (single) or \$250,000 (married/filing jointly and qualifying widow(er)s). Also applies to any trust or estate on the lesser of undistributed net income or AGI in excess of the dollar amount at which the estate/trust pays income taxes at the highest rate

Kiddie tax*

Child's unearned income above \$2,100 subject to the same tax schedule as estates and trusts (see chart to the left)**

* Applies if either parent of the child is alive at the close of the taxable year, the child does not file a joint return for the taxable year, and the child either (a) has not attained age 18 by close of the year or (b) has attained age 18 before the close of the year, but the child's earned income represents not more than one half of support needs and the child has not attained age 19 by the close of the year, or the child is a full-time student who has not attained age 24 as of the close of the year

Preferential rates on long-term capital gains and qualified dividends are applicable; 3.8% federal NII tax is imposed separately on each child if modified AGI exceeds threshold amounts stated above

Child tax credit

- \$2,000 per "qualifying child" (who has not attained age 17 during the year); phased out as income exceeds \$400,000 (married/filing jointly) or \$200,000 (all other); \$1,400 per child is refundable
- \$500 credit for qualified dependents other than qualifying children

Standard deductions

| | Annual | Additional age 65+ or blind |
|---|----------|-----------------------------|
| Married/Filing jointly and qualifying widow(er)s | \$24,000 | \$1,300** |
| Single | \$12,000 | \$1,600** |

Health savings accounts contribution limits

| | |
|-------------------|------------|
| Individual | \$3,450** |
| Family | \$6,850 ** |

Catch-up contribution: Taxpayers who are 55 or older in 2018 may contribute an additional \$1,000, or a total of \$4,450** for individuals and \$7,900** for families for 2017

Deduction for mortgage interest

- Deduction on interest for qualifying mortgages up to \$750,000 (\$375,000 if married/filing separately); homes under agreement before 12/15/17 for purchase prior to 1/1/18 (provided purchase occurs by 4/1/18) grandfathered under previous \$1,000,000 (\$500,000 if married/filing separately) limits
- Interest on home equity lines of credit (HELOC) deductible in certain cases where proceeds are utilized to acquire or improve a property

Deduction for state and local taxes

Individuals may deduct state and local income (or sales) taxes and real and personal property taxes up to \$10,000 or (\$5,000 if married filing separately) in the aggregate

** Subject to change for 2018 due to the inflation adjustment provisions of the Tax Cuts and Jobs Act.

Maximum Qualified Long-Term-Care insurance premiums eligible for deduction

| Age | 40 or less | >40, ≤50 | >50, ≤60 | >60, ≤70 | Over 70 |
|------|------------|----------|-----------|-----------|-----------|
| 2018 | \$420** | \$780** | \$1,560** | \$4,160** | \$5,200** |

Qualified LTC contract per diem limit: \$360

Traditional IRAs

Maximum annual contribution (must be under age 70½)

Lesser of compensation or \$5,500**

Up to \$5,500** contribution can also be made for nonworking spouse

Catch-up contributions (age 50 and over): \$1,000

Traditional IRA deductibility table

| Filing status | Covered by employer's retirement plan | Modified AGI 2018** | Modified AGI 2017 | Deductibility |
|-------------------------|---------------------------------------|---|---|-------------------------|
| Single | No | Any amount | Any amount | Full |
| | Yes | \$63,000 or less | \$62,000 or less | Full |
| | Yes | \$63,001–\$72,999 | \$62,001–\$71,999 | Partial |
| | Yes | \$73,000 or more | \$72,000 or more | None |
| Married/ Jointly | Neither spouse covered | Any amount | Any amount | Full |
| | Both spouses covered | \$101,000 or less \$101,001–\$120,999 \$121,000 or more | \$99,000 or less \$99,001–\$118,999 \$119,000 or more | Full Partial None |
| Married/ Jointly | Yes, but spouse is not covered | \$101,000 or less \$101,001–\$120,999 \$121,000 or more | \$99,000 or less \$99,001–\$118,999 \$119,000 or more | Full Partial None |
| | No, but spouse is covered | \$189,000 or less \$189,001–\$198,999 \$199,000 or more | \$186,000 or less \$186,001–\$195,999 \$196,000 or more | Full Partial None |

Roth IRAs

Maximum annual contribution

Lesser of compensation or \$5,500**

Up to \$5,500** contribution can also be made for nonworking spouse

Catch-up contributions (age 50 and over): \$1,000

Contribution eligibility**

Modified AGI is less than \$120,000 (single) or \$189,000 (married/filing jointly); phaseouts apply if modified AGI is \$120,000–\$134,999 (single) or \$189,000–\$198,999 (married/filing jointly)

Deductibility

Contributions to Roth IRAs are not deductible

Conversion eligibility

There is no modified AGI restriction on eligibility for a Roth IRA conversion

Base amount of modified AGI causing Social Security benefits to be taxable

| | Up to 50% taxable | Up to 85% taxable |
|-------------------------------|-------------------|-------------------|
| Married/Filing jointly | \$32,001–\$44,000 | > \$44,000 |
| Single | \$25,001–\$34,000 | > \$34,000 |

Maximum earnings before Social Security benefits are reduced

Under full retirement age (\$1 withheld for every \$2 above limit) \$17,040

Full retirement age and over No limit*

* Interim annual limit of \$45,360 applies for months prior to attaining full retirement age during year individual reaches full retirement age (\$1 withheld for every \$3 above limit).

This information is general in nature and is not meant as tax or legal advice. Tax laws are subject to change. Please consult your legal or tax advisor.

Maximum compensation subject to FICA taxes

| | |
|---------------------------|-----------|
| OASDI (Soc. Sec.) maximum | \$128,400 |
| HI (Medicare) maximum | No limit |

OASDI and HI tax rate: 12.4% OASDI and 2.9% HI (15.3% combined) for self-employed; 6.2% and 1.45% (7.65% combined) for employees. An additional 0.9% HI tax applies on individuals with wages or self-employment income in excess of \$200,000 (single and qualifying widow(er)s) or \$250,000 (married/ filing jointly)

Death/gifts occurring in 2018*

(subtract applicable credit from calculated tax)

| If gift/gross estate is over | But not over | The tax is | Of the amount over |
|------------------------------|--------------|-----------------|--------------------|
| \$0 | \$10,000 | \$0 + 18% | \$0 |
| \$10,000 | \$20,000 | \$1,800 + 20% | \$10,000 |
| \$20,000 | \$40,000 | \$3,800 + 22% | \$20,000 |
| \$40,000 | \$60,000 | \$8,200 + 24% | \$40,000 |
| \$60,000 | \$80,000 | \$13,000 + 26% | \$60,000 |
| \$80,000 | \$100,000 | \$18,200 + 28% | \$80,000 |
| \$100,000 | \$150,000 | \$23,800 + 30% | \$100,000 |
| \$150,000 | \$250,000 | \$38,800 + 32% | \$150,000 |
| \$250,000 | \$500,000 | \$70,800 + 34% | \$250,000 |
| \$500,000 | \$750,000 | \$155,800 + 37% | \$500,000 |
| \$750,000 | \$1,000,000 | \$248,300 + 39% | \$750,000 |
| \$1,000,000 | — | \$345,800 + 40% | \$1,000,000 |

* Annual gift tax exclusion: individual, \$15,000**; married electing split gifts, \$30,000**

Combined lifetime gift tax and gross estate tax exemption: \$11,200,000**

GST tax exemption: \$11,180,000**

Higher education tax credits

Modified AGI phaseouts for American Opportunity Tax Credit

| | |
|-------------------------------|-------------------------|
| Married/Filing jointly | \$160,001**–\$179,999** |
| Others | \$80,001**–\$89,999** |

Modified AGI phaseouts for Lifetime Learning Credit

| | |
|-------------------------------|-------------------------|
| Married/Filing jointly | \$114,001**–\$133,999** |
| Single | \$57,001**–\$66,999** |

2018 AMT exemptions

| | |
|---|-----------|
| Single | \$70,300 |
| Married/Filing jointly and qualifying widow(er)s | \$109,400 |

Phases out beginning with alternative minimum taxable income over \$1,000,000 (married/filing jointly and qualifying widow(er)s) or \$500,000 (single); AMT ordinary income rate increases from 26% to 28% for alternative minimum taxable income over \$191,100 (married/filing jointly and qualifying widow(er)s, single, and estates and trusts)

** Subject to change for 2018 due to the inflation adjustment provisions of the Tax Cuts and Jobs Act.