

# FELTZ WEALTHPLAN

## 2018 TAX GUIDE

### Tax Brackets for 2018

Taxable income (i.e., income minus deductions and exemptions) between:

#### Married, joint

|                       |     |
|-----------------------|-----|
| \$0 – \$19,050        | 10% |
| \$19,051 – \$77,400   | 12% |
| \$77,401 – \$165,000  | 22% |
| \$165,001 – \$315,000 | 24% |
| \$315,001 – \$400,000 | 32% |
| \$400,001 – \$600,000 | 35% |
| over \$600,000        | 37% |

#### Single

|                       |     |
|-----------------------|-----|
| \$0 – \$9,525         | 10% |
| \$9,526 – \$38,700    | 12% |
| \$38,701 – \$82,500   | 22% |
| \$82,501 – \$157,500  | 24% |
| \$157,501 – \$200,000 | 32% |
| \$200,001 – \$500,000 | 35% |
| over \$500,000        | 37% |

#### Married, separate

|                       |     |
|-----------------------|-----|
| \$0 – \$9,325         | 10% |
| \$9,526 – \$38,700    | 12% |
| \$38,701 – \$82,500   | 22% |
| \$82,501 – \$157,500  | 24% |
| \$157,501 – \$200,000 | 32% |
| \$200,001 – \$300,000 | 35% |
| over \$300,000        | 37% |

#### Head of Household

|                       |     |
|-----------------------|-----|
| \$0 – \$13,600        | 10% |
| \$13,601 – \$51,800   | 12% |
| \$51,801 – \$82,500   | 22% |
| \$82,501 – \$157,500  | 24% |
| \$157,501 – \$200,000 | 32% |
| \$200,001 – \$500,000 | 35% |
| over \$500,000        | 37% |

#### Estates and Trusts

|                    |     |
|--------------------|-----|
| \$0 – \$2,550      | 10% |
| \$2,551 – \$9,150  | 24% |
| \$9,151 – \$12,500 | 35% |
| over \$12,500      | 37% |

#### Corporations

|                    |     |
|--------------------|-----|
| Corporate Tax Rate | 21% |
|--------------------|-----|

### Standard Deduction

|   |          |
|---|----------|
| Married, joint  | \$24,000 |
| Single  | \$12,000 |
| Head of Household   | \$18,000 |
| Blind or over 65: add \$1,300 if married; add \$1,600 if single or head of household. |          |

### Child/Dependent Tax Credit

|                      |  |
|----------------------|--|
| Child                | \$2,000 per child up to \$1,400 refundable |
| Qualifying Dependent | \$500 per dependent, non-refundable        |

### Mortgage Interest Deduction

On acquisition indebtedness up to \$750,000 for 1st and 2nd homes  
No deduction for home equity indebtedness

### State and Local Tax Deduction Limit

|   |          |
|---|----------|
| State and local income and property tax deduction | \$10,000 |
|---|----------|

### Long-Term Capital Gains and Qualified Dividend Rates

#### Married, joint

|                      |     |
|----------------------|-----|
| \$0 – \$77,199       | 0%  |
| \$77,200 – \$478,999 | 15% |
| \$479,000 and over   | 20% |

#### Single

|                      |     |
|----------------------|-----|
| \$0 – \$38,599       | 0%  |
| \$38,600 – \$425,799 | 15% |
| \$425,800 and over   | 20% |

#### Married, separate

|                      |     |
|----------------------|-----|
| \$0 – \$38,599       | 0%  |
| \$38,600 – \$239,499 | 15% |
| \$239,500 and over   | 20% |

#### Head of Household

|                      |     |
|----------------------|-----|
| \$0 – \$51,699       | 0%  |
| \$51,700 – \$452,399 | 15% |
| \$452,400 and over   | 20% |

#### Estates and Trusts

|                    |     |
|--------------------|-----|
| \$0 – \$2,599      | 0%  |
| \$2,600 – \$12,699 | 15% |
| \$12,700 and over  | 20% |

### Alternative Minimum Tax Exemption Amounts

|                          |           |
|--------------------------|-----------|
| Married, joint           | \$109,400 |
| Single, HOH <sup>1</sup> | \$70,300  |
| Married, separate        | \$54,700  |
| Estates and Trusts       | \$24,600  |

### IRA and Pension Plan Limits

#### IRA contribution

|                 |         |
|-----------------|---------|
| Under age 50    | \$5,500 |
| Age 50 and over | \$6,500 |

#### Phaseout for deducting IRA contribution

|                          |                           |
|--------------------------|---------------------------|
| Married, joint           | \$101,000 – \$121,000 AGI |
| Single, HOH <sup>1</sup> | \$63,000 – \$73,000 AGI   |
| Married, separate        | \$0 – \$10,000 AGI        |

#### Phaseout for deducting spousal IRA<sup>2</sup>

|  |                           |
|--|---------------------------|
|  | \$189,000 – \$199,000 AGI |
|--|---------------------------|

#### Phaseout of Roth contribution eligibility

|                          |                            |
|--------------------------|----------------------------|
| Married, joint           | \$189,000 – \$199,000 MAGI |
| Single, HOH <sup>1</sup> | \$120,000 – \$135,000 MAGI |
| Married, separate        | \$0 – \$10,000 MAGI        |

#### SEP contribution

Up to 25% of compensation, limit \$55,000

#### Compensation to participate in SEP

\$600

#### SIMPLE elective deferral

|                 |          |
|-----------------|----------|
| Under age 50    | \$12,500 |
| Age 50 and over | \$15,500 |

#### 401(k), 403(b)<sup>3</sup>, 457<sup>4</sup>, and SARSEP elective deferral

|                 |          |
|-----------------|----------|
| Under age 50    | \$18,500 |
| Age 50 and over | \$24,500 |

#### Annual defined contribution limit

\$55,000

#### Annual defined benefit limit

\$220,000

#### Highly compensated employee

\$120,000

#### Key Employee in top-heavy plan

\$175,000

#### Annual compensation taken into account for qualified plans

\$275,000

### Retirement Tax Credit

A percentage tax credit for an IRA, 401(k), 403(b)<sup>3</sup>, or 457<sup>4</sup> plan contribution, in addition to deduction or exclusion, if:

|                           |                     |
|---------------------------|---------------------|
| Married, joint            | Below \$63,000 MAGI |
| Head of Household         | Below \$47,250 MAGI |
| Single; Married, separate | Below \$31,500 MAGI |

### Maximum Qualified Longevity Annuity Contract (QLAC) premium

\$130,000

### Gift and Estate Tax

|   |                           |
|---|---------------------------|
| Gift tax annual exclusion                       | \$15,000                  |
| Estate and gift tax rate                        | 40%                       |
| Estate tax exemption                            | \$11,200,000 <sup>5</sup> |
| Lifetime gift exemption                         | \$11,200,000 <sup>5</sup> |
| GST exemption                                   | \$11,200,000 <sup>5</sup> |
| Annual exclusion for gifts to noncitizen spouse | \$152,000                 |

### Additional Medicare Tax Where Income Exceeds \$200,000 (\$250,000 Married, Joint)

|  |      |
|--|------|
| Additional tax on excess of earned income <sup>6</sup> | 0.9% |
| Additional tax on Net Investment Income <sup>7</sup>   | 3.8% |

### Health Care

#### Eligible Long-Term Care Deduction Limit

|                |         |
|----------------|---------|
| Age 40 or less | \$420   |
| Age 41 to 50   | \$780   |
| Age 51 to 60   | \$1,560 |
| Age 61 to 70   | \$4,160 |
| Ages over 70   | \$5,200 |

#### Per Diem Limitation for LTC Benefits

\$360

**Affordable Care Act:** Monthly penalty for failure to maintain minimum essential coverage: One-twelfth of greater of a) flat dollar amount or b) percentage of income. a) \$695 b) 2.5%

### Education

#### Coverdell Education Savings Account

\$2,000

#### Coverdell contribution eligibility phaseout

|                |                       |
|----------------|-----------------------|
| Married, joint | \$190,000 – \$220,000 |
| All others     | \$95,000 – \$110,000  |

#### Student loan interest deduction limit

\$2,500

#### Interest deduction phaseout

|                |                            |
|----------------|----------------------------|
| Married, joint | \$135,000 – \$165,000 MAGI |
| All others     | \$65,000 – \$80,000 MAGI   |

#### Phaseout of Lifetime Learning Credits

|                |                       |
|----------------|-----------------------|
| Married, joint | \$114,000 – \$134,000 |
| All others     | \$57,000 – \$67,000   |

#### Tax-free savings bonds interest phaseout

|                |                            |
|----------------|----------------------------|
| Married, joint | \$119,550 – \$149,550 MAGI |
| All others     | \$79,700 – \$94,700 MAGI   |

## Social Security<sup>8</sup>

|   |                    |
|---|--------------------|
| <b>Maximum wage base</b>                  | \$128,400          |
| <b>Amount needed to earn one credit</b>   | \$1,320            |
| <b>Amount needed to earn four credits</b> | \$5,280            |
| <b>Full retirement age</b>                | 66 years, 0 months |
| <b>Social Security Tax Rates</b>          |                    |
| Employee                                  | 7.65%              |
| Employer                                  | 7.65%              |
| Self-Employed                             | 15.30%             |

|  |                          |
|--|--------------------------|
| <b>Maximum monthly retirement benefit at full retirement age</b>                         | \$2,788                  |
| <b>Cost of Living Adjustment</b>   | 2.0%                     |
| <b>Maximum earnings (during work years) subject to tax</b>                               | \$128,400                |
| <b>Income<sup>9</sup> (in retirement) causing Social Security benefits to be taxable</b> |                          |
| Married, joint   |                          |
| 50% taxable  | \$32,000 – \$44,000 MAGI |
| 85% taxable  | Over \$44,000 MAGI       |
| Single   |                          |
| 50% taxable  | \$25,000 – \$34,000 MAGI |
| 85% taxable  | Over \$34,000 MAGI       |

## Loss of Social Security retirement benefits

In years prior to full retirement age, \$1 in benefits will be lost for every \$2 of earnings in excess of \$17,040. In the year of full retirement age, \$1 in benefits will be lost for every \$3 of earnings in excess of \$45,360 (applies only to months of earnings prior to full retirement age). There is no limit on earnings beginning the month an individual attains full retirement age.

## Average monthly benefit (December 2016)

|                                    |         |
|------------------------------------|---------|
| Average monthly retirement benefit |         |
| Men                                | \$1,519 |
| Women                              | \$1,202 |
| Average monthly survivor benefit   |         |
| Men                                | \$1,143 |
| Women                              | \$1,306 |

Source: Fast Facts and Figures about Social Security, 2017.

## Uniform Lifetime Table

Use to calculate Required Minimum Distributions from IRAs and qualified plans during owner's life. Do not use this table if owner has spousal beneficiary more than 10 years younger. Instead use Joint Life Table from IRS Pub. 590.

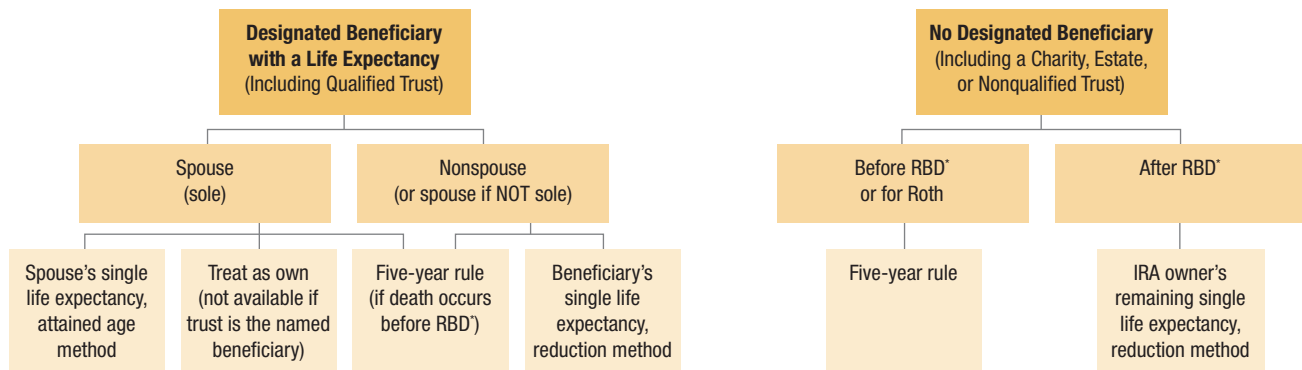
| Taxpayer's Age | Life Expectancy | Taxpayer's Age | Life Expectancy | Taxpayer's Age | Life Expectancy |
|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| 70             | 27.4            | 85             | 14.8            | 100            | 6.3             |
| 71             | 26.5            | 86             | 14.1            | 101            | 5.9             |
| 72             | 25.6            | 87             | 13.4            | 102            | 5.5             |
| 73             | 24.7            | 88             | 12.7            | 103            | 5.2             |
| 74             | 23.8            | 89             | 12.0            | 104            | 4.9             |
| 75             | 22.9            | 90             | 11.4            | 105            | 4.5             |
| 76             | 22.0            | 91             | 10.8            | 106            | 4.2             |
| 77             | 21.2            | 92             | 10.2            | 107            | 3.9             |
| 78             | 20.3            | 93             | 9.6             | 108            | 3.7             |
| 79             | 19.5            | 94             | 9.1             | 109            | 3.4             |
| 80             | 18.7            | 95             | 8.6             | 110            | 3.1             |
| 81             | 17.9            | 96             | 8.1             | 111            | 2.9             |
| 82             | 17.1            | 97             | 7.6             | 112            | 2.6             |
| 83             | 16.3            | 98             | 7.1             | 113            | 2.4             |
| 84             | 15.5            | 99             | 6.7             | 114            | 2.1             |
|                |                 |                |                 | 115+           | 1.9             |

## Single Life Table

Use to calculate Minimum Required Distributions from IRAs and qualified plans after owner's death. See IRS Pub. 590 for complete table of ages 0 through 111+.

| Age | Multiple | Age | Multiple | Age | Multiple |
|-----|----------|-----|----------|-----|----------|
| 39  | 44.6     | 55  | 29.6     | 72  | 15.5     |
| 40  | 43.6     | 56  | 28.7     | 73  | 14.8     |
| 41  | 42.7     | 57  | 27.9     | 74  | 14.1     |
| 42  | 41.7     | 58  | 27.0     | 75  | 13.4     |
| 43  | 40.7     | 59  | 26.1     | 76  | 12.7     |
| 44  | 39.8     | 60  | 25.2     | 77  | 12.1     |
| 45  | 38.8     | 61  | 24.4     | 78  | 11.4     |
| 46  | 37.9     | 62  | 23.5     | 79  | 10.8     |
| 47  | 37.0     | 63  | 22.7     | 80  | 10.2     |
| 48  | 36.0     | 64  | 21.8     | 81  | 9.7      |
| 49  | 35.1     | 65  | 21.0     | 82  | 9.1      |
| 50  | 34.2     | 66  | 20.2     | 83  | 8.6      |
| 51  | 33.3     | 67  | 19.4     | 84  | 8.1      |
| 52  | 32.3     | 68  | 18.6     | 85  | 7.6      |
| 53  | 31.4     | 69  | 17.8     | 86  | 7.1      |
| 54  | 30.5     | 70  | 17.0     | 87  | 6.7      |
|     |          | 71  | 16.3     | 88  | 6.3      |

## IRA Beneficiary Options



<sup>1</sup> Head of Household.

<sup>2</sup> Assumes individual or spouse also participates in an employer-sponsored retirement plan.

<sup>3</sup> Special increased limit may apply to certain 403(b) contributors with 15 or more years of service.

<sup>4</sup> In last 3 years prior to year of retirement, 457 plan participant may be able to double elective deferral if needed to catch-up on prior missed contributions, but if they do, they cannot use catch-up.

<sup>5</sup> Estimated (dependent upon new indexing rules).

<sup>6</sup> Total Employee Medicare Tax is 1.45% + 0.9% = 2.35%.

<sup>7</sup> Including interest, dividends, capital gains, and annuity distributions.

<sup>8</sup> Source: Social Security Administration, www.ssa.gov 12/20/2017.

<sup>9</sup> Income is most income including muni bond interest but only 1/2 of Social Security.

\* RBD defined as "Required Beginning Date" (April 1 following the year a Traditional IRA or Simple IRA holder reached age 70½).

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