

## INCOME TAXES

|                               | 2018                  |              |                    |                    | 2019                  |              |                    |                    |
|-------------------------------|-----------------------|--------------|--------------------|--------------------|-----------------------|--------------|--------------------|--------------------|
|                               | If Taxable Income Is: |              |                    |                    | If Taxable Income Is: |              |                    |                    |
|                               | Over                  | But Not Over | The Tax Is         | Of the Amount Over | Over                  | But Not Over | The Tax Is         | Of the Amount Over |
| <b>Married Filing Jointly</b> | \$0                   | \$19,050     | \$0 + 10%          | \$0                | \$0                   | \$19,400     | \$0 + 10%          | \$0                |
|                               | \$19,050              | \$77,400     | \$1,905 + 12%      | \$19,050           | \$19,400              | \$78,950     | \$1,940 + 12%      | \$19,400           |
|                               | \$77,400              | \$165,000    | \$8,907 + 22%      | \$77,400           | \$78,950              | \$168,400    | \$9,086 + 22%      | \$78,950           |
|                               | \$165,000             | \$315,000    | \$28,179 + 24%     | \$165,000          | \$168,400             | \$321,450    | \$28,765 + 24%     | \$168,400          |
|                               | \$315,000             | \$400,000    | \$64,179 + 32%     | \$315,000          | \$321,450             | \$408,200    | \$65,497 + 32%     | \$321,450          |
|                               | \$400,000             | \$600,000    | \$91,379 + 35%     | \$400,000          | \$408,200             | \$612,350    | \$93,257 + 35%     | \$408,200          |
|                               | \$600,000             | —            | \$161,379 + 37%    | \$600,000          | \$612,350             | -            | \$164,709.50 + 37% | \$612,350          |
| <b>Single</b>                 | \$0                   | \$9,525      | \$0 + 10%          | \$0                | \$0                   | \$9,700      | \$0 + 10%          | \$0                |
|                               | \$9,525               | \$38,700     | \$952.50 + 12%     | \$9,525            | \$9,700               | \$39,475     | \$970 + 12%        | \$9,700            |
|                               | \$38,700              | \$82,500     | \$4,453.50 + 22%   | \$38,700           | \$39,475              | \$84,200     | \$4,543 + 22%      | \$39,475           |
|                               | \$82,500              | \$157,500    | \$14,089.50 + 24%  | \$82,500           | \$84,200              | \$160,725    | \$14,382.50 + 24%  | \$84,200           |
|                               | \$157,500             | \$200,000    | \$32,089.50 + 32%  | \$157,500          | \$160,725             | \$204,100    | \$32,748.50 + 32%  | \$160,725          |
|                               | \$200,000             | \$500,000    | \$45,689.50 + 35%  | \$200,000          | \$204,100             | \$510,300    | \$46,628.50 + 35%  | \$204,100          |
|                               | \$500,000             | —            | \$150,689.50 + 37% | \$500,000          | \$510,300             | -            | \$153,798.50 + 37% | \$510,300          |
| <b>Estates &amp; Trusts</b>   | \$0                   | \$2,550      | \$0 + 10%          | \$0                | \$0                   | \$2,600      | \$0 + 10%          | \$0                |
|                               | \$2,550               | \$9,150      | \$255 + 24%        | \$2,550            | \$2,600               | \$9,300      | \$260 + 24%        | \$2,600            |
|                               | \$9,150               | \$12,500     | \$1,839 + 35%      | \$9,150            | \$9,300               | \$12,750     | \$1,868 + 35%      | \$9,300            |
|                               | \$12,500              | —            | \$3,011.50 + 37%   | \$12,500           | \$12,750              | -            | \$3,075.50 + 37%   | \$12,750           |

## PERSONAL EXEMPTIONS

2018-2026

The personal exemption and corresponding phaseout of the exemption for taxpayers with income above certain thresholds is eliminated until 2026.

Beginning in 2018, a deduction for dependents is not allowed. Instead, **the child tax credit** is increased to \$2,000 per child under age 18. A \$500 credit is allowed for other dependents. The \$2,000 child credit is refundable up to \$1,400, but the \$500 credit for other dependents is nonrefundable.

### Standard Deductions

|                        |      | Annual   | Add'l (Age 65+ or Blind) |
|------------------------|------|----------|--------------------------|
| Married Filing Jointly | 2018 | \$24,000 | \$1,300                  |
|                        | 2019 | \$24,400 | \$1,300                  |
| Single                 | 2018 | \$12,000 | \$1,600                  |
|                        | 2019 | \$12,200 | \$1,650                  |

### Itemized Deductions

Income over applicable amount triggers itemized deduction limitation

2018-2026

The phaseout for itemized deductions for taxpayers with income above certain thresholds is eliminated until 2026.

### Capital Gains (2019)

| Long-term Capital Gains Rates | Single               | Married Filing Jointly |
|-------------------------------|----------------------|------------------------|
| 0                             | \$39,375 or below    | \$78,750 or below      |
| 15%                           | \$39,376 - \$434,550 | \$78,751-\$488,850     |
| 20%                           | Over \$434,550       | Over \$488,850         |

**Tax on net investment income:** Additional 3.8% tax on lesser of net investment income or excess of Modified AGI income over \$200,000 single/\$250,000 married filing jointly.

### Alternative Minimum Tax

| Exemption              | 2018      | 2019      |
|------------------------|-----------|-----------|
| Married filing jointly | \$109,400 | \$111,700 |
| Single                 | \$70,300  | \$71,700  |

### Kiddie Tax: Under age 19 with unearned income

The child's net unearned income is taxed according to the brackets applicable to trusts and estates.

The kiddie tax applies to: a) a child under age 18; b) a child age 18 whose earned income does not exceed one-half of his or her support; or c) a child age 19-23 whose earned income does not exceed one-half of his or her support, and who is a full-time student.

## CORPORATE TAX RATE

Beginning in 2018, all taxable income is taxed at a flat rate of 21%.

## QUALIFIED PLANS

|  | 2018      | 2019      |
|--|-----------|-----------|
| Maximum elective deferral to retirement plans, e.g., 401(k), 403(b) and 457 plans, and SARSEP(s) | \$18,500  | \$19,000  |
| Maximum elective deferral to SIMPLE 401(k) plans   | \$12,500  | \$13,000  |
| Limit on annual additions to SEP plans   | \$55,000  | \$56,000  |
| Annual compensation threshold requiring SEP contribution   | \$600     | \$600     |
| Limit on annual additions to defined contribution plans  | \$55,000  | \$56,000  |
| Maximum annual compensation taken into account for contributions                                 | \$275,000 | \$280,000 |
| Annual benefit limit under defined benefit plans   | \$220,000 | \$225,000 |
| Threshold amount for definition of highly compensated employee                                   | \$120,000 | \$125,000 |

### Catch-Up Contribution Limits for Other Qualified Plan Types

|                                      | 2018    | 2019    |
|--------------------------------------|---------|---------|
| 401(k), 403(b), SARSEP and 457 plans | \$6,000 | \$6,000 |
| SIMPLE plans                         | \$3,000 | \$3,000 |

## SOCIAL SECURITY

### Base Amt. of Mod. AGI Causing Soc. Sec. Benefits to be Taxable:

|                        | 50% taxable | 85% taxable |
|------------------------|-------------|-------------|
| Married Filing Jointly | \$32,000    | \$44,000    |
| Single                 | \$25,000    | \$34,000    |

### Maximum Earnings before Social Security Benefits are Reduced:

| Assumes Full retirement age is 65     | 2018     | 2019     |
|---------------------------------------|----------|----------|
| Under age 65 (lose \$1 for every \$2) | \$17,040 | \$17,640 |
| Age 65 and over                       | No Limit | No Limit |

### Maximum Compensation Subject to FICA Taxes:

|                         | 2018      | 2019      |
|-------------------------|-----------|-----------|
| Social Security Maximum | \$128,400 | \$132,900 |
| Medicare Maximum        | No Limit  | No Limit  |

\*Social Security Tax Rate: 12.4% self-employed, 6.2% employees

\*Medicare Tax Rate: 2.9% self-employed, 1.45% employees

## ESTATE AND GIFT TAX

### Subtract applicable estate tax exemption below to calculate estate tax.

If Taxable 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        |

### Subtract applicable credit below from calculated tax

|      | Exclusion Amount | Applicable Credit |
|------|------------------|-------------------|
| 2018 | \$11,180,000     | \$4,417,800       |
| 2019 | \$11,400,000     | \$4,505,800       |

**GSTT & Lifetime Gift Tax Exclusion:** same as Estate Tax Exclusion amount

**Portability:** An executor can elect to allocate the unused portion of a decedent's exclusion amount to the surviving spouse.

## TRADITIONAL AND ROTH IRAS

### Contribution Limits

|           | 2018    | 2019    |
|-----------|---------|---------|
| Regular   | \$5,500 | \$6,000 |
| Catch-Up* | \$1,000 | \$1,000 |

\*Only taxpayers age 50 and over are eligible to make catch-up contributions.

### Traditional IRA Deductibility Rules

| Filing Status                             | Covered by Employer's Retirement Plan? | Modified AGI 2018             | Modified AGI 2019             | Deductibility                     |
|---|--|-------------------------------|-------------------------------|-----------------------------------|
| Single                                    | No                                     | Any amount                    | Any amount                    | Full Deduction                    |
|   |  | \$63,000 or less              | \$64,000 or less              | Full Deduction                    |
|   | Yes                                    | \$63,000-<br>\$73,000 or more | \$64,001-<br>\$74,000 or more | Partial Deduction<br>No Deduction |
| Married Filing Jointly                    | Neither Spouse Covered                 | Any amount                    | Any amount                    | Full Deduction                    |
|   |  | \$101,000 or less             | \$103,000 or less             | Full Deduction                    |
|   | Both Spouses Covered                   | \$101,000-<br>\$121,000 or    | \$103,001-<br>\$123,000 or    | Partial Deduction<br>No Deduction |
|   |  | \$99,000 or less              | \$103,000 or less             | Full Deduction                    |
|   | One Spouse Covered for Covered Spouses | \$101,000-<br>\$121,000       | \$103,001-<br>\$122,999       | Partial Deduction                 |
|   |  | \$121,000 or                  | \$123,000 or                  | No Deduction                      |
| One Spouse Covered for Non-Covered Spouse | \$189,000 or less                      | \$193,000 or less             | Full Deduction                |                                   |
|   | \$189,000-<br>\$199,000                | \$193,000-<br>\$202,999       | Partial Deduction             |                                   |
|   | \$199,000 or more                      | \$203,000 or more             | No Deduction                  |                                   |

### Roth IRAs

| AGI Phase-Out Range for Contributions to Roth IRAs in 2019: |                     |
|---|---------------------|
| Married Filing Jointly                                      | \$193,000—\$203,000 |
| Single  | \$122,000—\$137,000 |

### Long-Term Care Insurance\*

#### Max Qualified LTC Premiums Eligible for Deductions:

| Age: | 40 or less | 41-50 | 51-60   | 61-70   | Over 70 |
|------|------------|-------|---------|---------|---------|
| 2018 | \$420      | \$780 | \$1,560 | \$4,160 | \$5,200 |
| 2019 | \$420      | \$790 | \$1,580 | \$4,220 | \$5,270 |

\*Qualified LTC contract per diem limit: \$370

### Health Savings Accounts (HSAs)

An "eligible individual" is defined as (1) one covered by a high deductible health plan (HDHP), (an annual deductible of \$1,350 for single coverage and \$2,700 for family coverage where the maximum out of pocket cannot exceed \$6,750 for single coverage and \$13,500 for family coverage), (2) is not covered by any other health insurance except for some permitted coverages, (3) is not eligible for and enrolled in Medicare, and (4) cannot be claimed as a dependent on someone else's income tax return.

| Contribution Limits | 2018    | 2019    |
|---------------------|---------|---------|
| Single              | \$3,450 | \$3,500 |
| Family              | \$6,900 | \$7,000 |