



2018 TAX UPDATES

WHAT YOU NEED TO KNOW

INCOME TAX RATES

There are now seven tax rates/brackets - 10%, 12%, 22%, 24%, 32%, 35%, & 37%. Most taxpayers will benefit from the expansion of lower brackets to higher amounts of income.

A new 37 percent top rate will affect individuals with incomes of \$500,000 and higher. The top rate goes into effect for married taxpayers who file jointly at \$600,000 and up.

STATE AND LOCAL TAXES

The itemized deduction is limited to \$10,000 for both income and property taxes paid during the year.

ESTATE TAX

The estate exemption doubles to \$11.2 million per individual and \$22.4 million per couple in 2018. Additionally, annual gift tax exclusion amount increased to \$15,000 per recipient.

CONTRIBUTION LIMITS FOR RETIREMENT SAVINGS

Employees who participate in certain retirement plans - 401(k), 403(b) and most 457 plans, and the Thrift Savings Plan - can now contribute as much as \$18,500 this year, plus \$6,000 catch-up for those 50 or older by year-end.

CONTRIBUTIONS TO ROTH IRAs

For married couples who file jointly, the income phaseout range is \$189,000 to \$199,000.

Certain taxpayers may benefit from a "backdoor" Roth strategy.

AFFORDABLE CARE ACT PENALTY

The Affordable Care Act individual mandate penalty tax will be eliminated after 2019.

STANDARD DEDUCTIONS

Taxpayers who are married filing jointly will have an increased standard deduction of \$24,000, up from the \$13,000 previously allowed.

Less taxpayers will itemize than ever before.

PERSONAL EXEMPTION

The personal exemption has been eliminated with the tax reform bill.



CHILD TAX CREDIT

The child tax credit has been raised to \$2,000 per qualifying child, those who are under 17, up from \$1,000. A \$500 credit is available for dependents who do not get the \$2,000 credit.



MISCELLANEOUS DEDUCTIONS

Miscellaneous itemized deductions subject to the AGI 2% floor have been repealed. Itemized deductions such as unreimbursed employee expenses, professional dues and certain professional fees are no longer deductible.