

FEDERAL INCOME TAX RATES

Taxable income between:

Single ¹	
\$0-\$9,525	10%
\$9,525-\$38,700	12%
\$38,700-\$82,500	22%
\$82,500-\$157,500	24%
\$157,500-\$200,000	32%
\$200,000-\$500,000	35%
Over \$500,000	37%
Married, filing jointly ¹	
\$0-\$19,050	10%
\$19,050-\$77,400	12%
\$77,400-\$165,000	22%
\$165,000-\$315,000	24%
\$315,000-\$400,000	32%
\$400,000-\$600,000	35%
Over \$600,000	37%
Head of household (HOH) ¹	
\$0-\$13,600	10%
\$13,600-\$51,800	12%
\$51,800-\$82,500	22%
\$82,500-\$157,500	24%
\$157,500-\$200,000	32%
\$200,000-\$500,000	35%
Over \$500,000	37%
Married, filing separately ¹	
\$0-\$9,525	10%
\$9,525-\$38,700	12%
\$38,700-\$82,500	22%
\$82,500-\$157,500	24%
\$157,500-\$200,000	32%
\$200,000-\$300,000	35%
Over \$300,000	37%
Estates and trusts ¹	
\$0-\$2,550	10%
\$2,550-\$9,150	24%
\$9,150-\$12,500	35%
Over \$12,500	37%
Standard deduction ¹	
Single	\$12,000
Married, filing jointly	\$24,000
Head of household	\$18,000
Married, filing separately	\$12,000

Additional standard deduction for taxpayers who are age 65 or older, or who are blind: \$1,300 for married; \$1,600 for unmarried and not a surviving spouse.

Kiddie tax exemption¹ \$2,100

A "kiddie" is under age 18; or age 18 provided child's earned income does not exceed ½ of his/her support; or ages 19-23 if full-time student and earned income does not exceed ½ of support. Unearned income uses trust rates.

Rates for long-term capital gains and qualified dividends^{1,2}

	Individuals	Head of Household	Married, filing jointly	Married, filing separately	Estates and trusts
0%	\$0-\$38,600	\$0-\$51,700	\$0-\$77,200	\$0-\$38,600	\$0-\$2,600
15%	\$38,600-\$425,800	\$51,700-\$452,400	\$77,200-\$479,000	\$38,600-\$239,500	\$2,600-\$12,700
20%	Over \$425,800	Over \$452,400	Over \$479,000	Over \$239,500	Over \$12,700
28%	Collectibles				

3.8% Medicare surtax thresholds³

Single or HOH	\$200,000
Married, filing jointly	\$250,000
Married, filing separately	\$125,000
Estates and trusts ¹	\$12,500

The tax is assessed on the lesser of the amount of income over the threshold or the amount of net investment income.

IRA⁴

IRA contribution (under age 50)	\$5,500
IRA contribution (50 and older) ¹⁵	\$6,500
Single or HOH phaseout	\$63,000-\$73,000
Married, filing jointly	\$101,000-\$121,000
Married, filing separately	\$0-\$10,000
Spousal IRA	\$189,000-\$199,000

Phase-out of Roth IRA contribution eligibility⁴

Single phase out	\$120,000-\$135,000
Married, filing jointly	\$189,000-\$199,000
Married, filing separately	\$0-\$10,000

SEP^{4, 11} Individual 401(k)⁴

SEP contribution	Up to 25% of compensation (limit \$55,000)	Employer contribution	Up to 25% of compensation
Minimum compensation participant	\$600	Employee salary deferral (under 50)	\$18,500
SIMPLE⁴		Employee salary deferral (50 and older)	\$24,500
SIMPLE elective deferral (under age 50)	\$12,500	Total employer and employee	\$55,000 (\$61,000 age 50 and older)
SIMPLE elective deferral (50 and older)	\$15,500		

Other qualified plans⁴

401(k), 403(b), ⁵ governmental 457(b), ⁶ and SARSEP elective deferral (under age 50)	\$18,500
401(k), 403(b), ⁵ governmental 457(b), ⁶ and SARSEP elective deferral (age 50 and older)	\$24,500
Limit on additions to defined contribution plans	\$55,000
Annual benefit limit on defined benefit plans	\$220,000
Highly compensated employee makes	\$120,000
Maximum compensation taken into account for qualified plans	\$275,000
HSA contribution individual coverage ¹²	\$3,450
HSA contribution family coverage ¹²	\$6,900

¹ 2017 Tax Cuts and Jobs Act. ³ IRC Sec. 1411. ² IRC Sec. 1(j)(1),(2),(4),(5)(B). ⁴ IR Notice 2017-64.

⁵ Additional catch-up contributions may be available for 403(b) participants with 15 or more years of service. Treas. Reg. 1.403(b).4(c)(3).

FEDERAL GIFT AND ESTATE TAX^{1,16}

Gift tax annual exclusion	\$15,000
Annual exclusion for gift to noncitizen spouse	\$152,000
Highest estate and gift tax rate ¹⁴	40%
Unified estate and gift tax credit amount	\$11,200,000
Generation-skipping transfer tax exclusion	\$11,200,000

Unused credit can pass to the surviving spouse if decedent spouse elects on Form 706.

SOCIAL SECURITY

Maximum earnings (during working years) subject to payroll tax ⁷	\$128,400
Social Security payroll tax ⁷	Employees pay 7.65%
	Self-employed pay 15.30%

Additional 0.9% high-income payroll tax for wages in excess of¹⁰

Single or HOH	\$200,000
Married, filing jointly	\$250,000
Married, filing separately	\$125,000

Income⁸ (in retirement) causing Social Security benefits to be taxable⁹

Single or HOH	
Up to 50% taxable	\$25,000 MAGI
Up to 85% taxable	\$34,000 MAGI
Married, filing jointly	
Up to 50% taxable	\$32,000 MAGI
Up to 85% taxable	\$44,000 MAGI

Max earnings (from a job) between age 62 and full (normal) Social Security retirement age before Social Security benefits are reduced \$1 for every \$2 above \$17,040. For individuals who reach FRA in 2018, \$1 for every additional \$3 earned: \$45,360 up until first of month of birthday. Thereafter unlimited.⁷

LTC^{1,16}

Maximum premium amount allowed as a medical expense (deductible to extent all medical expenses exceed 7.5% AGI)

Age 40 or less	\$420
More than age 40 but not more than 50	\$780
More than age 50 but not more than 60	\$1,560
More than age 60 but not more than 70	\$4,160
More than age 70	\$5,200

EDUCATION

Student loan interest deduction ¹	\$2,500
Phase-out: ^{1,16} Single	\$65,000-\$80,000
Married, filing jointly	\$135,000-\$165,000
American Opportunity Tax Credit (Hope Scholarship Credit)	
Phase-out: ¹³ Single	\$80,000 - \$90,000
Married, filing jointly	\$160,000 - \$180,000
Lifetime learning credit ¹³	20% of qualified expenses up to \$10,000
Phase-out: ^{1,13,16} Single or HOH	\$57,000 - \$67,000
Married, filing jointly	\$114,000 - \$134,000

⁶ In last 3 years pre-retirement, governmental 457(b) participants may be able to increase elective deferral if needed to catch up on missed contributions. IRC Sec. 457(b)(3). ⁷ "2018 Social Security Changes," Fact Sheet, Social Security Administration. ⁸ Most income, including municipal bond interest, but only ½ of Social Security benefits. ⁹ IRC Sec. 86. ¹⁰ IRC Sec. 3101(b)(2). ¹¹ IRC Sec. 402(h)(2). ¹² Rev. Proc. 2017-37. ¹³ IRC Sec. 25A(c),(i). ¹⁴ IRC Sec. 2001(c). ¹⁵ IRC 1(g), 63(c)(5)(A). ¹⁶ Rev. Proc. 2017-58. Unless otherwise noted, the source of data in the document is the Internal Revenue Code. Information is accurate at time of printing, January 2018.



2018 TAX SUMMARY

The required minimum distribution (RMD) for any year is calculated as the December 31 value of the prior year (plus the actuarial present value of any additional benefit provided within the annuity contract) divided by the RMD factor from the appropriate table.²

Uniform Lifetime Table ³	
For use by:	
<ul style="list-style-type: none"> • Unmarried IRA owners • Married IRA owners whose spouses are not more than 10 years younger • Married IRA owners whose spouses are not the sole beneficiaries of their IRAs (For married IRA owners whose spouses are more than 10 years younger, use Joint Life Table from Treas. Reg. 1.401(a)(9) – 9, Q&A 3)	
Single Life Expectancy Table ⁴	
Spouse beneficiary	
IRA owner dies on/after Required Beginning Date (RBD): Beginning in the year following the year of the IRA owner's death, recalculate spouse beneficiary's single life expectancy each year while spouse beneficiary survives, using spouse beneficiary's age on birthday in that calendar year. If RMD would be less, spouse beneficiary would use IRA owner's term certain life expectancy. For that, use IRA owner's age attained on the birthday in the calendar year of IRA owner's death. Reduced by one for each passing year. (Note: Spouse beneficiary could instead roll over at IRA owner's death). Death before RBD: Same options as above, minus using IRA owner's term certain life expectancy, plus spouse beneficiary can delay until IRA owner would have turned age 70½, or spouse can defer all distributions as long as all funds are distributed in five years.	
Nonspouse beneficiary	
Death on/after RBD: Beneficiary uses beneficiary's own term certain life expectancy. For that, use the beneficiary's age attained on the birthday in the calendar year after the calendar year of IRA owner's death. Reduce by one for each passing year. If RMD would be less, beneficiary would use IRA owner's term certain life expectancy. For that, use IRA owner's attained age in the calendar year of IRA owner's death. Reduce by one for each passing year.	
Death before RBD: Same options as above, minus using IRA owner's term certain life expectancy, or beneficiary can defer all distributions as long as all funds are distributed in five years.	
No designated beneficiary	
Death on/after RBD: Inheritor uses IRA owner's term certain life expectancy. For that, use IRA owner's age attained on the birthday in the calendar year of owner's death. Reduce by one for each passing year. Death before RBD: Distribute all within five years.	

¹ Treas. Reg. 1.401(a)(9) – 9.

² Treas. Reg. 1.401(a)(9) – 6, Q&A 12, 1.401(a)(g) – 5.

³ Treas. Reg. 1.401(a)(9) – 5, Q&A 4.

⁴ Treas. Reg. 1.401(a)(9) – 5, Q&A 5.

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Purchasing an annuity within a retirement plan that provides tax deferral under sections of the Internal Revenue Code results in no additional tax benefit. An annuity should be used to fund a qualified plan based upon the annuity's features other than tax deferral. All annuity features, risks, limitations and costs should be considered prior to purchasing an annuity within a tax-qualified retirement plan.

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Uniform Lifetime Table ¹ (for RMD purposes)		Single Life Expectancy Table ¹	
Age	Distribution period	Age	Life expectancy
70	27.4	0	82.4
71	26.5	1	81.6
72	25.6	2	80.6
73	24.7	3	79.7
74	23.8	4	78.7
75	22.9	5	77.7
76	22.0	6	76.7
77	21.2	7	75.8
78	20.3	8	74.8
79	19.5	9	73.8
80	18.7	10	72.8
81	17.9	11	71.8
82	17.1	12	70.8
83	16.3	13	69.9
84	15.5	14	68.9
85	14.8	15	67.9
86	14.1	16	66.9
87	13.4	17	66.0
88	12.7	18	65.0
89	12.0	19	64.0
90	11.4	20	63.0
91	10.8	21	62.1
92	10.2	22	61.1
93	9.6	23	60.1
94	9.1	24	59.1
95	8.6	25	58.2
96	8.1	26	57.2
97	7.6	27	56.2
98	7.1	28	55.3
99	6.7	29	54.3
100	6.3	30	53.3
101	5.9	31	52.4
102	5.5	32	51.4
103	5.2	33	50.4
104	4.9	34	49.4
105	4.5	35	48.5
106	4.2	36	47.5
107	3.9	37	46.5
108	3.7	38	45.6
109	3.4	39	44.6
110	3.1	40	43.6
111	2.9	41	42.7
112	2.6	42	41.7
113	2.4	43	40.7
114	2.1	44	39.8
115+	1.9	45	38.8
		46	37.9
		47	37.0
		48	36.0
		49	35.1
		50	34.2
		51	33.3
		52	32.3
		53	31.4
		54	30.5
		55	29.6
			111+
			1.0