

HEALTH SAVINGS ACCOUNTS

| Limit | Individual | Family |
|---|------------|----------|
| HSA contribution | \$3,500 | \$ 7,000 |
| HSA catch-up contribution | \$1,000 | \$ 1,000 |
| Minimum high-deductible health plan (HDHP) deductible | \$1,350 | \$ 2,700 |
| Maximum HDHP out-of-pocket costs | \$6,750 | \$13,500 |

FLEXIBLE SPENDING ACCOUNT CONTRIBUTIONS

| | |
|--------------------|---------|
| Health care FSA | \$2,700 |
| Dependent care FSA | \$5,000 |

RETIREMENT BENEFIT LIMITS

| Benefit | Limit |
|---|-----------|
| Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans | \$ 19,000 |
| Contributions to defined contribution plans | \$ 56,000 |
| Contributions to SIMPLEs | \$ 13,000 |
| Contributions to IRAs | \$ 6,000 |
| Catch-up contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) and SARSEP plans | \$ 6,000 |
| Catch-up contributions to SIMPLEs | \$ 3,000 |
| Catch-up contributions to IRAs | \$ 1,000 |
| Compensation for benefit purposes for qualified plans and SEPs | \$280,000 |
| Highly compensated employee threshold | \$125,000 |
| Annual benefit for defined benefit plans | \$225,000 |

LONG-TERM-CARE INSURANCE

| Age | Premium deduction limit |
|--------------|-------------------------|
| 40 and under | \$ 420 |
| 41 to 50 | \$ 790 |
| 51 to 60 | \$1,580 |
| 61 to 70 | \$4,220 |
| Over 70 | \$5,270 |

EARNINGS THRESHOLDS FOR PHASEOUT OF SOCIAL SECURITY BENEFITS

| Retirement age status | Earnings limit |
|----------------------------------|-------------------|
| Before Full Retirement Age (FRA) | \$17,640 per year |
| Pre-FRA in year you reach FRA | \$3,910 per month |
| FRA and after | None |

GIFT AND ESTATE TAX EXEMPTIONS AND RATES

| Exemption | Top rate |
|--------------|----------|
| \$11,400,000 | 40% |

A surviving spouse may be able to use the deceased spouse's unused estate tax exemption. The annual gift tax exclusion is \$15,000 per recipient (\$30,000 if spouses elect "split-gift" treatment).

CORPORATE INCOME TAX RATES

C corporations and professional services corporations are taxed at a flat 21% rate.

SECTION 199A DEDUCTION FOR OWNERS OF PASS-THROUGH ENTITIES¹

20% of qualified business income.

When an owner's taxable income exceeds \$160,700 (\$321,400 for joint filers and \$160,725 for separate filers), the following limits are phased in over a \$50,000 range (\$100,000 range for joint filers):

- Deduction isn't available for income from specified service businesses.
- Deduction can't exceed the greater of the owner's share of:
 - 50% of the amount of W-2 wages paid to employees by the qualified business during the tax year, or
 - The sum of 25% of W-2 wages plus 2.5% of the cost of qualified property.

¹ Including sole proprietors.

SECTION 179 EXPENSING AND BONUS DEPRECIATION

| | |
|-----------------------------|-------------|
| Sec. 179 expensing limit | \$1,020,000 |
| Sec. 179 phaseout threshold | \$2,550,000 |
| Bonus depreciation limit | 100% |

DEPRECIATION CLASSES AND METHODS

| Class | Method | Examples |
|-----------|----------------------|---|
| 36-month | Straight-line | Software |
| 3-year | 200% DB ¹ | Dies, molds, small tools |
| 5-year | 200% DB ¹ | Vehicles, computers, office equipment |
| 7-year | 200% DB ¹ | Manufacturing equipment, office furniture |
| 7-year | 150% DB ¹ | Farm equipment |
| 27.5-year | Straight-line | Rental residential buildings |
| 39-year | Straight-line | Nonresidential buildings |

¹ Declining-balance.

MACRS DEPRECIATION RATES (with half-year convention)

| Year | Asset class | | |
|------|-------------|--------|--------|
| | 3-year | 5-year | 7-year |
| 1 | 33.33% | 20.00% | 14.29% |
| 2 | 44.45% | 32.00% | 24.49% |
| 3 | 14.81% | 19.20% | 17.49% |
| 4 | 7.41% | 11.52% | 12.49% |
| 5 | — | 11.52% | 8.93% |
| 6 | — | 5.76% | 8.92% |
| 7 | — | — | 8.93% |
| 8 | — | — | 4.46% |

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FEDERAL TAX RATES



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INDIVIDUAL INCOME TAX RATES¹

Single

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|--------------------|--------------------|
| \$ 0 – \$ 9,700 | 10% | \$ 0 |
| \$ 9,701 – \$ 39,475 | \$ 970.00 + 12% | \$ 9,700 |
| \$ 39,476 – \$ 84,200 | \$ 4,543.00 + 22% | \$ 39,475 |
| \$ 84,201 – \$160,725 | \$ 14,382.50 + 24% | \$ 84,200 |
| \$160,726 – \$204,100 | \$ 32,748.50 + 32% | \$160,725 |
| \$204,101 – \$510,300 | \$ 46,628.50 + 35% | \$204,100 |
| Over \$510,300 | \$153,798.50 + 37% | \$510,300 |

Head of household

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|--------------------|--------------------|
| \$ 0 – \$ 13,850 | 10% | \$ 0 |
| \$ 13,851 – \$ 52,850 | \$ 1,385.00 + 12% | \$ 13,850 |
| \$ 52,851 – \$ 84,200 | \$ 6,065.00 + 22% | \$ 52,850 |
| \$ 84,201 – \$160,700 | \$ 12,962.00 + 24% | \$ 84,200 |
| \$160,701 – \$204,100 | \$ 31,322.00 + 32% | \$160,700 |
| \$204,101 – \$510,300 | \$ 45,210.00 + 35% | \$204,100 |
| Over \$510,300 | \$152,380.00 + 37% | \$510,300 |

Married filing jointly

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|--------------------|--------------------|
| \$ 0 – \$ 19,400 | 10% | \$ 0 |
| \$ 19,401 – \$ 78,950 | \$ 1,940.00 + 12% | \$ 19,400 |
| \$ 78,951 – \$168,400 | \$ 9,086.00 + 22% | \$ 78,950 |
| \$168,401 – \$321,450 | \$ 28,765.00 + 24% | \$168,400 |
| \$321,451 – \$408,200 | \$ 65,497.00 + 32% | \$321,450 |
| \$408,201 – \$612,350 | \$ 93,257.00 + 35% | \$408,200 |
| Over \$612,350 | \$164,709.50 + 37% | \$612,350 |

Married filing separately

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|--------------------|--------------------|
| \$ 0 – \$ 9,700 | 10% | \$ 0 |
| \$ 9,701 – \$ 39,475 | \$ 970.00 + 12% | \$ 9,700 |
| \$ 39,476 – \$ 84,200 | \$ 4,543.00 + 22% | \$ 39,475 |
| \$ 84,201 – \$160,725 | \$ 14,382.50 + 24% | \$ 84,200 |
| \$160,726 – \$204,100 | \$ 32,748.50 + 32% | \$160,725 |
| \$204,101 – \$306,175 | \$ 46,628.50 + 35% | \$204,100 |
| Over \$306,175 | \$ 82,354.75 + 37% | \$306,175 |

¹ These rates generally apply to earned income, business income, interest and nonqualified dividends. Long-term capital gains rates apply to qualified dividends.

FICA RATES AND ADDITIONAL MEDICARE TAX

The rate for the employee portion of Social Security tax is 6.2%, and the maximum earned income it applies to is \$132,900, while the Medicare rate is 1.45% and applies to all earned income.

Self-employed individuals pay both the employee and employer portions, but get a deduction for the employer portion.

Cash wages totaling \$2,100 or more to household employees are also subject to FICA taxes.

An additional 0.9% Medicare tax applies to FICA wages and self-employment income exceeding \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

Employers must withhold the additional Medicare tax beginning in the pay period when wages exceed \$200,000 for the calendar year, without regard to an employee's filing status.

CAPITAL GAINS TAX RATES

| Type of gain | Maximum rate ¹ |
|---|---------------------------|
| Short-term gain (assets held 12 months or less) | 37% |
| Long-term gain (generally assets held more than 12 months) | 15% or 20% ² |
| Long-term gain on collectibles | 28% |
| Long-term gain attributable to certain depreciation recapture | 25% |
| Gain on qualified small business stock held more than 5 years | 14% ³ |
| Most long-term gain that would be taxed at 12% or less based on the taxpayer's ordinary-income rate | 0% |

¹ The 3.8% net investment income tax applies to net investment income to the extent that modified adjusted gross income (MAGI) exceeds \$200,000 (singles and heads of households), \$250,000 (joint filers) or \$125,000 (separate filers).

² The 20% rate applies only to those with taxable income exceeding \$434,550 (singles), \$461,700 (heads of households), \$488,850 (joint filers), \$244,425 (separate filers) or \$12,950 (estates and trusts).

³ Effective rate based on 50% exclusion from a 28% rate. If stock was acquired after February 17, 2009, and before September 28, 2010, the rate is 7% (75% exclusion from a 28% rate). If stock was acquired on or after September 28, 2010, the rate is 0%.

ALTERNATIVE MINIMUM TAX

Single, head of household or married filing jointly

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|-----------------|--------------------|
| \$ 0 – \$194,800 | 26% | \$ 0 |
| Over \$194,800 | \$ 50,648 + 28% | \$194,800 |

Married filing separately

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|-----------------|--------------------|
| \$ 0 – \$ 97,400 | 26% | \$ 0 |
| Over \$ 97,400 | \$ 25,324 + 28% | \$ 97,400 |

Exemptions

| Filing status | Exemption amount |
|-----------------------------|------------------|
| Single or head of household | \$ 71,700 |
| Married filing jointly | \$111,700 |
| Married filing separately | \$ 55,850 |

Exemption phaseouts based on AMT income

| Filing status | Income range of phaseout |
|-----------------------------|---------------------------|
| Single or head of household | \$ 510,300 – \$ 797,100 |
| Married filing jointly | \$1,020,600 – \$1,467,400 |
| Married filing separately | \$ 510,300 – \$ 797,100 |

ESTATE AND TRUST INCOME TAX RATES

| If taxable income is ... | ... tax is ... | ... of amount over |
|--------------------------|------------------|--------------------|
| \$ 0 – \$ 2,600 | 10% | \$ 0 |
| \$2,601 – \$ 9,300 | \$ 260.00 + 24% | \$ 2,600 |
| \$9,301 – \$12,750 | \$1,868.00 + 35% | \$ 9,300 |
| Over \$12,750 | \$3,075.50 + 37% | \$12,750 |

“KIDDIE” TAX

This tax generally applies to unearned income beyond \$2,200 of children under age 19 and of full-time students under age 24. Such income is taxed according to the estate and trust tax brackets.

STANDARD DEDUCTIONS

| Filing status | Deduction |
|--|-----------|
| Single | \$ 12,200 |
| Head of household | \$ 18,350 |
| Married filing jointly or surviving spouse | \$ 24,400 |
| Married filing separately | \$ 12,200 |

ITEMIZED DEDUCTION LIMITS¹

State and local tax

Up to \$10,000 on a combined basis for property tax and either income tax or sales tax (\$5,000 for separate filers).

Home mortgage interest

Acquisition debt of up to \$750,000. (This limit is generally for indebtedness incurred after Dec. 15, 2017; a \$1 million limit still applies to indebtedness incurred on or before that date.)

Miscellaneous itemized deductions subject to the 2% floor

No longer deductible. (Examples include investment expenses, certain professional fees and unreimbursed employee business expenses.)

Casualty and theft losses

No longer deductible except for losses due to an event officially declared a disaster by the President.

Medical expenses

Unreimbursed medical expenses in excess of 10% of adjusted gross income are deductible. (This is up from 7.5% for 2017 and 2018.)

¹ Additional rules and limits may affect these deductions.

STANDARD MILEAGE RATES

| Use of vehicle | Deduction per mile |
|-------------------|--------------------|
| Business | 58 cents |
| Medical or moving | 20 cents |
| Charitable | 14 cents |

CHILD AND EDUCATION BREAKS¹

| Tax break | Maximum | MAGI ² phaseout range | |
|---------------------------------|----------|---------------------------------------|------------------------|
| | | Single/Head of household ³ | Married filing jointly |
| Credit | | | |
| Child | \$2,000 | \$200,000–\$240,000 | \$400,000–\$440,000 |
| Adoption | \$14,080 | \$211,160–\$251,160 | \$211,160–\$251,160 |
| Dependent care ⁴ | \$600 | \$ 15,000–\$ 43,000 | \$ 15,000–\$ 43,000 |
| American Opportunity | \$2,500 | \$ 80,000–\$ 90,000 | \$160,000–\$180,000 |
| Lifetime Learning | \$2,000 | \$ 58,000–\$ 68,000 | \$116,000–\$136,000 |
| Other | | | |
| Student loan interest deduction | \$2,500 | \$ 70,000–\$ 85,000 | \$140,000–\$170,000 |
| ESA contribution | \$2,000 | \$ 95,000–\$110,000 | \$190,000–\$220,000 |

¹ Assumes one child or student. Amounts may vary for more than one child or student. Other rules and limits might reduce the credit.

² Modified adjusted gross income.

³ These ranges also apply to married taxpayers filing separately, except that separate filers aren't eligible for the American Opportunity or Lifetime Learning credit or the student loan interest deduction.

⁴ The phaseout is based on AGI rather than MAGI. The credit doesn't phase out altogether, but the minimum credit percentage of 20% applies to AGIs above \$43,000.