

# Synergy Financial Group, LTD

WEALTH MANAGEMENT FOR HIGH-PERFORMANCE PROFESSIONALS™

## 2018 TAX SUMMARY

### FEDERAL INCOME TAX RATES

Taxable income between:

#### Single<sup>1</sup>

\$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<sup>1</sup>

\$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)<sup>1</sup>

\$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<sup>1</sup>

\$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<sup>1</sup>

\$0-\$2,550	10%
\$2,550-\$9,150	24%
\$9,150-\$12,500	35%
Over \$12,500	37%

#### Standard deduction<sup>1</sup>

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 exemption<sup>1</sup> \$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<sup>1,2</sup>

	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	10% \$0-\$2,550
15%	\$38,600 - \$425,800	\$51,700 - \$452,400	\$77,200 - \$479,000	\$38,600 - \$239,500	24% \$2,500-\$9,150
20%	Over \$425,800	Over \$452,400	Over \$479,000	Over \$239,500	35% \$9,150-\$12,500
28%	Collectibles				37% Over \$12,500

### 3.8% Medicare surtax thresholds<sup>3</sup>

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

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

### IRA<sup>4</sup>

IRA contribution (under age 50)	\$5,500
IRA contribution (50 and older) <sup>15</sup>	\$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 eligibility<sup>4</sup>

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

### SEP<sup>4, 11</sup>

SEP contribution	Up to 25% of compensation (limit \$55,000)	Individual 401(k) <sup>4</sup>	Employer contribution	Up to 25% of compensation
Minimum compensation participant	\$600	Employee salary deferral (under 50)		\$18,500

### SIMPLE<sup>4</sup>

SIMPLE elective deferral (under age 50)	\$12,500	Employee salary deferral (50 and older)	\$24,500
SIMPLE elective deferral (50 and older)	\$15,500	Total employer and employee	\$55,000 (\$61,000 age 50 and older)

### Other qualified plans<sup>4</sup>

401(k), 403(b), <sup>5</sup> governmental 457(b), <sup>5</sup> and SARSEP elective deferral (under age 50)	\$18,500
401(k), 403(b), <sup>5</sup> governmental 457(b), <sup>5</sup> 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 <sup>12</sup>	\$3,450
HSA contribution family coverage <sup>12</sup>	\$6,900

<sup>1</sup> 2017 Tax Cuts and Jobs Act. <sup>3</sup> IRC Sec. 1411.

<sup>2</sup> IRC Sec. 1(j)(1),(2),(4),(5)(B). <sup>4</sup> IR Notice 2017-64.

<sup>5</sup> Additional catch-up contributions may be available for 403(b) participants with 15 or more years of service. <sup>6</sup> Treas. Reg. 1.403(b).4(c)(3).

### FEDERAL GIFT AND ESTATE TAX<sup>1,16</sup>

Gift tax annual exclusion	\$15,000
Annual exclusion for gift to noncitizen spouse	\$152,000
Highest estate and gift tax rate <sup>14</sup>	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 <sup>7</sup>	\$128,400
Social Security payroll tax <sup>7</sup>	Employees pay 7.65%
	Self-employed pay 15.30%

### Additional 0.9% high-income payroll tax for wages in excess of<sup>10</sup>

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

### Income<sup>8</sup> (in retirement) causing Social Security benefits to be taxable<sup>9</sup>

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.<sup>7</sup>

### LTC<sup>1,16</sup>

Maximum premium amount allowed as a medical expense (deductible to extent all medical expenses exceed 10% 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 <sup>1</sup>	\$2,500
Phase-out: <sup>1,16</sup> Single	\$65,000-\$80,000
Married, filing jointly	\$135,000-\$165,000
American Opportunity Tax Credit (Hope Scholarship Credit)	
Phase-out: <sup>13</sup> Single	\$80,000 - \$90,000
Married, filing jointly	\$160,000 - \$180,000
Lifetime learning credit <sup>13</sup>	20% of qualified expenses up to \$10,000
Phase-out: <sup>1,13,16</sup> Single or HOH	\$57,000 - \$67,000
Married, filing jointly	\$114,000 - \$134,000

<sup>6</sup> 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. <sup>7</sup> "2018 Social Security Changes," Fact Sheet, Social Security Administration.

<sup>8</sup> Most income, including municipal bond interest, but only ½ of Social Security benefits.

<sup>9</sup> IRC Sec. 86.

<sup>10</sup> IRC Sec. 3101(b)(2).

<sup>11</sup> IRC Sec. 402 (h)(2).

<sup>12</sup> Rev. Proc. 2017-37.

<sup>13</sup> IRC Sec. 25A (c),(i).

<sup>14</sup> IRC Sec. 2001(c).

<sup>15</sup> IRC 1(g), 63(c)(5)(A).

<sup>16</sup> 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.