2017 Tax Digest

Presented by: **Matt Wichman**
MRW Financial, Inc.

Prepared for:

Income Tax Rates, Deductions and Credits

Tax Rates	
Ordinary Income Tax Rates	10%, 15%, 25%, 28%, 33%, 35%, 39.6%
Capital Gains/Dividend Tax Rates	0% (10%/15% brackets), 15% (25%/28%/33%/35% brackets), 20% (39.6% bracket)
Medicare Contribution Tax	3.8% on unearned or net investment income above MAGI of $200,000 single/$250,000 married
Alternative Minimum Tax Exemption	$54,300 single and head of household/$84,500 married

Personal Exemption Deduction: $4,050

Phased out at the rate of 2% for each $2,500 of AGI over $261,500 for single taxpayers, $287,650 for heads of household and $313,800 for married taxpayers.

Standard Deduction	
Joint Returns and Surviving Spouses	$12,700
Heads of Household	$9,350
Single Taxpayers	$6,350
Married Filing Separately	$6,350
Dependent	$1,050 or $350 plus earned income, if greater
Age 65 and Older or Blind - Single or Head of Household	Additional $1,550 each
Age 65 and Older or Blind - All Others	Additional $1,250 each

Itemized Deduction Phase Out

Itemized deductions are phased out at the rate of 3% for each $2,500 of AGI over $261,500 for single taxpayers, $287,650 for heads of household and $313,800 for married taxpayers; total reduction cannot exceed 80% of itemizations; medical expenses, investment interest, casualty losses and gambling losses (to the extent of winnings) are exempted.

"Kiddie" Tax (children under age 19 and dependent full-time students under age 24)	
Amount	$1,050
Alternative Minimum Tax Exemption	$7,500 plus child's earned income

Child Tax Credit	
Amount	$1,000
Refundable Limit	$3,000

Education Deductions/Credits

Hope Scholarship Credit (American Opportunity Tax Credit)/Phaseouts:	
100% of first $2,000 of tuition and related college expenses	$2,000
25% of next $2,000	$500
Maximum Credit	$2,500
Phaseouts	$160,000 - $180,000 married joint filers; $80,000 - $90,000 all others
Lifetime Learning Credit/Phaseouts:	
Amount	20% of the first $10,000 of qualified tuition and fees ($2,000 maximum)
Phaseouts	$112,000 - $132,000 married joint filers; $56,000 - $66,000 all others
Student Loan Interest Deduction/Phaseouts:	
Amount	$2,500
Phaseouts	$135,000 - $165,000 married joint filers; $65,000 - $80,000 all others
Education Savings Account Deduction/Phaseouts:	
Amount	$2,000 per beneficiary
Phaseouts	Reduces to zero for AGIs between $190,000 - $220,000 for married joint filers; $95,000 - $110,000 all others

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Social Security/Medicare

OASDI - Earnings Base	$127,200
Rate	6.20% Employer/6.20% Employee
Employer/Employee Maximum Tax Each	$7,886.40 Employer/$7,886.40 Employee
Self-Employed Maximum Tax	12.40%/$15,772.80
HI (Medicare) Rate	1.45% of all earned income (employer and employee/2.9% if self-employed) plus an additional 0.9% on earned income in excess of $200,00 single/$250,000 married paid by employee only
Cost of Living Benefit Increase	0.3%
Quarter of Coverage Earnings	$1,300
Normal Retirement Age (NRA) – 1943 - 1954 year of birth	66
Earnings Test - Retired under NRA all of 2016	$16,920
Reach NRA during 2016	$44,880

Health Savings Accounts

Coverage	Minimum Deductible	Maximum Tax Deduction	Maximum Out-of-Pocket
Self-Only	$1,300	$3,400	$6,550
Family	$2,600	$6,750	$13,100

Retirement Plan Contribution/Benefit Limits

Defined Benefit Plans	$215,000 maximum benefit
Defined Contribution Plans	$54,000 or 100% of compensation maximum contribution
Elective Deferral Limit for 401(k) Plans, SAR-SEPs and TSAs	$18,000
Catch-up for 401(k) Plans, SAR-SEPs and TSAs (age 50 or older)	$6,000
Elective Deferral Limit for SIMPLE IRAs and SIMPLE 401(k) Plans	$12,500
Catch-up for SIMPLE IRAs and SIMPLE 401(k) Plans (age 50 or older)	$3,000
Elective Deferral Limit for 457 Plans	$18,000
Minimum Compensation Amount for SEPs	$600
Maximum Compensation for Qualified Plans, SEPs, TSAs, VEBAs	$270,000
Highly Compensated Employee Definition Limit	$120,000
ESOP Payout Limits	$215,000/$1,080,000
Contribution Limit for IRAs (Traditional and Roth)	$5,500
Catch-up for IRAs (Traditional and Roth) (age 50 or older)	$1,000

Eligible Long-Term Care Insurance Amounts

Attained Age in 2017	Limitation on Deductible Premiums
40 or less	$410
41 to 50	$770
51 to 60	$1,530
61 to 70	$4,090
More than 70	$5,110
Per Diem Tax-Free Benefit Limitation	$360

Estate, Gift and Generation-Skipping Transfer (GST) Taxes

Top Tax Rate	40%
Annual Gift and GST Exclusion	$14,000
Estate and Gift Tax Unified Credit/Unified Credit Equivalent	$2,141,800/$5,490,000
Estate Tax Deferral (Closely-Held Businesses)	$596,000
Special Use Valuation Limitation	$1,120,000
Qualified Conservation Easement Exclusion Limitation	$500,000
GST Exemption/Exemption Equivalent	$2,141,800/$5,490,000

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