

# 2018 Tax & Benefits Guide

## Federal Income Tax

### Single Filers

\$0 – \$9,525	10.0%
\$9,526 – \$38,700	12.0%
\$38,701 – \$82,500	22.0%
\$82,501 – \$157,500	24.0%
\$157,501 – \$200,000	32.0%
\$200,001 – \$500,000	35.0%
> \$500,000	37.0%

### Married Filing Jointly

\$0 – \$19,050	10.0%
\$19,051 – \$77,400	12.0%
\$77,401 – \$165,000	22.0%
\$165,001 – \$315,000	24.0%
\$315,001 – \$400,000	32.0%
\$400,001 – \$600,000	35.0%
> \$600,000	37.0%

### Married Filing Separately

\$0 – \$9,525	10.0%
\$9,526 – \$38,700	12.0%
\$38,701 – \$82,500	22.0%
\$82,501 – \$157,500	24.0%
\$157,501 – \$200,000	32.0%
\$200,001 – \$300,000	35.0%
> \$300,000	37.0%

### Head of Household

\$0 – \$13,600	10.0%
\$13,601 – \$51,800	12.0%
\$51,801 – \$82,500	22.0%
\$82,501 – \$157,500	24.0%
\$157,501 – \$200,000	32.0%
\$200,001 – \$500,000	35.0%
> \$500,000	37.0%

### Trusts and Estates

\$0 – \$2,550	10.0%
\$2,551 – \$9,150	24.0%
\$9,151 – \$12,500	35.0%
> \$12,500	37.0%

## Standard Deductions

Single	\$12,000
Married filing jointly	\$24,000
Married filing separately	\$12,000
Head of household	\$18,000
Personal exemption	\$0
Kiddie tax	\$2,000/child up to \$1,400 refundable
Qualifying dependent tax	\$500/dependent nonrefundable

## Capital Gains & Dividends

Income Tax Bracket	Rate
0 – 12%	0%
> 22% but < 35%	15%
37%	20%

## 3.8% Net Investment Income Tax (Medicare Surtax)

Filing Status	MAGI
Single / Head of household	> \$200,000
Married filing jointly	> \$250,000
Married filing separately	> \$125,000
Trusts and estates	\$12,500

## Gift & Estate Tax

Annual gift tax exclusion	\$15,000
Unified credit exemption	\$11,200,000
Gift to non-citizen spouse	\$152,000
Highest estate tax bracket	40%
States with Separate Estate Tax: CT, DC, HI, IL, MA, MD, ME, MN, NY, OR, RI, VT, WA	
States with Inheritance Tax: IA, KY, NE, PA	
Community Property States: AK*, AZ, CA, ID, LA, NM, NV, TX, WA, WI	
*Opt-in community property state	

## Retirement Plans

### Traditional IRA & Roth IRA Contributions

Contribution limit	\$5,500
50+ catch-up	+ \$1,000

### Trad. IRA Deductibility Phaseout (MAGI)

(Participants in employer plans)

Married filing jointly	\$101,000 – \$121,000
Married filing separately	\$0 – \$10,000
All others	\$63,000 – \$73,000
Nonparticipant married to a participant	\$189,000 – \$199,000
Neither spouse a participant	Fully deductible

### Roth IRA Deductibility Phaseout (MAGI)

Married filing jointly	\$189,000 – \$199,000
Married filing separately	\$0 – \$10,000
All others	\$120,000 – \$135,000

## Qualified Plans

401(k), 403(b), 457(b) salary deferral	\$18,500
50+ catch-up	+ \$6,000
SIMPLE salary deferral	\$12,500
50+ catch-up	+ \$3,000
Maximum annual additions in a defined contribution plan	\$55,000
Maximum annual benefit in defined benefit plan	\$220,000
Maximum compensation considered	\$275,000
Highly compensated employee	\$120,000
Maximum QLAC	\$130,000

Unique catch-up rules may apply to some 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last 3 years prior to retirement.

## Education

### 529 Plan Contributions

\$15,000 per year per child before gift tax	
Accelerate 5 years of gifting into 1 year:	
Per individual	\$75,000
Per couple	\$150,000

### Education Phaseouts

#### Student Loan Interest Deductions

Maximum deduction for student loan interest is \$2,500. Deductions are phased out according to the following:

Single return	\$65,000 – 80,000
Joint return	\$135,000 – 165,000

#### American Opportunity Credit/ Hope Scholarship Credit

Married filing jointly	\$160,000 – \$180,000
Others	\$80,000 – \$90,000

#### Lifetime Learning Credits

Married filing jointly	\$114,000 – \$134,000
Others	\$57,000 – \$67,000

#### Exclusion of U.S. Savings Bond Income

Married filing jointly	\$119,550 – \$149,550
Others	\$79,700 – \$94,700

#### Coverdell Education Savings Accounts

Maximum Contribution of \$2,000

Married filing jointly	\$190,000 – \$220,000
Others	\$95,000 – \$110,000



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## Social Security

### Taxable Wage Base

Social Security (OASDI)	\$128,400
Medicare (HI only)	No limit

### Retirement Earning Test

Under full retirement age \$17,040/yr (\$1,420/mo)

Note: \$1 in benefits will be withheld for every \$2 in earnings above the limit.

Year reaching full retirement age \$45,360/yr (\$3,780/mo)

Note: Applies only to earnings for months prior to attaining full retirement age. \$1 in benefits will be withheld for every \$3 in earnings above the limit.

### Taxability of Benefits

(Based on provisional income and filing status)

	Not Taxable	Up to 50%	Up to 85%
Individual	< \$25,000	\$25,000 – \$34,000	> \$34,000
Married filing jointly	< \$32,000	\$32,000 – \$44,000	> \$44,000

If you are married and file a separate tax return, you probably will pay taxes on your benefits.

Provisional income = Adjusted gross income + Nontaxable income + ½ Social Security benefits

### FICA Tax Rates

	Self-Employed	Employee
OASDI (Social Security)	12.40%	6.20%
HI (Medicare)	2.90%	1.45%
Additional Medicare Tax*	0.90%	0.90%

\*Additional Medicare Tax went into effect in 2013 and applies to wages, compensation, and self-employment income above a threshold amount:

Filing Status	Threshold
Married filing jointly	\$250,000+
Married filing separately	\$125,000+
Others	\$200,000+

### Age to Receive Full Benefits

Birth Year	Full Retirement Age	% Reduced at Age 62
1943 – 1954	66	25.00%
1955	66 & 2 mos.	25.83%
1956	66 & 4 mos.	26.67%
1957	66 & 6 mos.	27.50%
1958	66 & 8 mos.	28.33%
1959	66 & 10 mos.	29.17%
1960 & later	67	30.00%

### Delayed Retirement Credits

Accrues starting at full retirement age, until you start receiving benefits or reach age 70

Birth Year	Annual Rate of Increase
1943 or later	8.00% (2/3 of 1% per month)

### Health Savings Accounts

#### Contribution Limits

Single	\$3,450
Family	\$6,900
Age 55+ catch-up	+\$1,000

### High Deductible Health Plans

	Min. Deductible	Max. Out of Pocket
Single	\$1,350	\$6,650
Family	\$2,700	\$13,300

### Single Life Expectancy Table

Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor
32	51.4	43	40.7	54	30.5	65	21	76	12.7
33	50.4	44	39.8	55	29.6	66	20.2	77	12.1
34	49.4	45	38.8	56	28.7	67	19.4	78	11.4
35	48.5	46	37.9	57	27.9	68	18.6	79	10.8
36	47.5	47	37	58	27	69	17.8	80	10.2
37	46.5	48	36	59	26.1	70	17	81	9.7
38	45.6	49	35.1	60	25.2	71	16.3	82	9.1
39	44.6	50	34.2	61	24.4	72	15.5	83	8.6
40	43.6	51	33.3	62	23.5	73	14.8	84	8.1
41	42.7	52	32.3	63	22.7	74	14.1	85	7.6
42	41.7	53	31.4	64	21.8	75	13.4	86	7.1

### Uniform Lifetime Table

Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor
70	27.4	77	21.2	84	15.5	91	10.8	98	7.1
71	26.5	78	20.3	85	14.8	92	10.2	99	6.7
72	25.6	79	19.5	86	14.1	93	9.6	100	6.3
73	24.7	80	18.7	87	13.4	94	9.1	101	5.9
74	23.8	81	17.9	88	12.7	95	8.6	102	5.5
75	22.9	82	17.1	89	12	96	8.1	103	5.2
76	22	83	16.3	90	11.4	97	7.6	104	4.9



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