

2018 Tax Planning Quick Reference Guide



Federal income tax rates

If taxable income is: The tax is:

Single

| | |
|-----------------------|-----|
| \$0 - \$9,525 | 10% |
| \$9,526 - \$38,700 | 12% |
| \$38,701 - \$82,500 | 22% |
| \$82,501 - \$157,500 | 24% |
| \$157,501 - \$200,000 | 32% |
| \$200,001 - \$500,000 | 35% |
| \$500,001 or more | 37% |

Married, filing jointly

| | |
|-----------------------|-----|
| \$0 - \$19,050 | 10% |
| \$19,051 - \$77,400 | 12% |
| \$77,401 - \$165,000 | 22% |
| \$165,001 - \$315,000 | 24% |
| \$315,001 - \$400,000 | 32% |
| \$400,001 - \$600,000 | 35% |
| \$600,001 or more | 37% |

Married, filing separately

| | |
|-----------------------|-----|
| \$0 - \$9,525 | 10% |
| \$9,526 - \$38,700 | 12% |
| \$38,701 - \$82,500 | 22% |
| \$82,501 - \$157,500 | 24% |
| \$157,501 - \$200,000 | 32% |
| \$200,001 - \$300,000 | 35% |
| \$300,001 or more | 37% |

Head of household (HOH)

| | |
|-----------------------|-----|
| \$0 - \$13,600 | 10% |
| \$13,601 - \$51,800 | 12% |
| \$51,801 - \$82,500 | 22% |
| \$82,501 - \$157,500 | 24% |
| \$157,501 - \$200,000 | 32% |
| \$200,001 - \$500,000 | 35% |
| \$500,001 or more | 37% |

Estates, trusts and unearned income of children

| | |
|--------------------|-----|
| \$0 - \$2,550 | 10% |
| \$2,551 - \$9,150 | 24% |
| \$9,151 - \$12,500 | 35% |
| \$12,501 or more | 37% |

Standard deductions

| | |
|----------------------------|----------|
| Single | \$12,000 |
| Married, filing jointly | \$24,000 |
| Head of household (HOH) | \$18,000 |
| Married, filing separately | \$12,000 |

Additional standard deduction for taxpayers who are age 65 or are blind:

| | |
|--------------------|---------|
| Single or HOH | \$1,600 |
| All other statuses | \$1,300 |

Personal exemption

\$0

Child tax credit

\$2,000

The refundable portion of the credit cannot exceed \$1,400 for a qualifying child (adjusted for inflation after 2018).

Rates for long-term capital gains and qualified dividends

| Capital gains rate/ filing status | Single filer (income amount) | Married filing jointly (income amounts) |
|--------------------------------------|---------------------------------|--|
| 0% | \$0 - \$38,600 | \$0 - \$77,200 |
| 15% | \$38,601 - \$425,800 | \$77,201 - \$479,000 |
| 20% | \$425,801+ | \$479,001+ |

Effective: Jan. 1, 2018; Code sec. 1(h); Bill sec. 11001.

Investment income Medicare tax

3.8%

Applies to the lesser of (a) net investment income or (b) modified adjusted gross income exceeding:

- Individuals \$200,000
- Married, filing jointly \$250,000
- Married, filing separately \$125,000
- Estates and trusts \$12,500

Health savings accounts (HSAs)

| | |
|--------------------------------------|----------------------|
| Individual limit (under age 55) | \$3,450 |
| Family limit | \$6,850 ¹ |
| Catch-up contribution (55 and older) | \$1,000 |

IRA

| | |
|---------------------------------|---------|
| IRA contribution (under age 50) | \$5,500 |
| IRA contribution (50 and older) | \$6,500 |

IRA deduction phaseout (qualified plan participant):

- Single or HOH \$63,000 - \$73,000
- Married, filing jointly \$101,000 - 121,000
- Married, filing separately \$0 - \$10,000
- Spousal IRA deduction phaseout \$189,000 - \$199,000

Phaseout of Roth IRA contribution eligibility

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

SEP

SEP contribution limit lesser of either 25% of compensation or \$55,000

Minimum compensation for SEP participant \$600

SIMPLE

SIMPLE elective deferral (under age 50) \$12,500
SIMPLE elective deferral (50 and older) \$15,500

Retirement plans

| | |
|--|-----------|
| 401(k), 403(b), ² 457, and SARSEP elective deferral (under 50) | \$18,500 |
| 401(k), 403(b), ² 457, ³ and SARSEP elective deferral (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 |

Federal gift and estate tax

| | |
|--|---------------------------|
| Gift tax annual exclusion | \$15,000 |
| Annual exclusion for gift to noncitizen spouse | \$152,000 |
| Estate tax exclusion amount | \$11,180,000 ¹ |
| Lifetime gifting exclusion amount | \$11,180,000 ¹ |
| Highest gift tax rate | 40% |
| Highest estate tax rate | 40% |

Social Security

Maximum earnings (during working years) subject to FICA tax \$128,400
Income⁴ (in retirement) causing Social Security benefits to be taxable:

- Single or HOH
 - 50% taxable \$25,000 - \$34,000 MAGI
 - 85% taxable More than \$34,000
- Married, filing jointly
 - 50% taxable \$32,000 - \$44,000 MAGI
 - 85% taxable More than \$44,000

Maximum earnings (from a job) between age 62 and normal Social Security retirement age before Social Security benefits are reduced \$1 for every additional \$2 earned \$17,040

¹ Updated to reflect the Family coverage contribution limit change from \$6,900 to \$6,850 made by the IRS in March 2018 by Revenue Procedure 2018-18.

² Additional catch-up contributions may be available for 403(b) participants with 15 or more years of service.

³ In the last three years pre-retirement, 457-plan participants may be able to increase elective deferral if needed to catch up on missed contributions.

⁴ Most income, including municipal bond interest, but only half of Social Security benefits.

2018 required minimum distribution summary

Uniform lifetime table

For use by:

- Unmarried owners
- Married owners whose spouses are not more than 10 years younger
- Married owners whose spouses are not the sole beneficiaries of their IRAs

For married owners whose spouses are more than 10 years younger and are the sole beneficiary of the IRA, use the Joint Life Table from IRS Publication 590.

Single life expectancy table

For use by:

- Nonspouse individual beneficiaries (includes certain properly drafted trusts)⁴
- Spousal beneficiaries of inherited IRAs/qualified plans (QP)
- Entities (such as estates and charities) when the owner dies after their required beginning date (RBD); use the deceased owner's attained age in the year of death⁵

⁴ The trust beneficiaries must be individuals clearly identifiable (from the trust document) as designated beneficiaries as of September 30 following the year of your death.

The trust must be valid under state law; a trust that would be valid under state law, except for the fact that the trust lacks a trust "corpus" or principal, will qualify.

The trust must be irrevocable, or (by its terms) become irrevocable upon the death of the IRA owner or plan participant.

The trust document, all amendments, and the list of trust beneficiaries (including contingent and remainder beneficiaries) must be provided to the IRA custodian or plan administrator by the October 31 following the year of your death.

⁵ When the IRA/QP owner dies before their RBD and no beneficiary is named or the beneficiary is an entity such as an estate, charity or nonconforming trust, the IRA must be distributed within five years. The single life table is not used.

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Uniform lifetime table

| Age | Distribution period |
|-------|---------------------|
| 70 | 27.4 |
| 71 | 26.5 |
| 72 | 25.6 |
| 73 | 24.7 |
| 74 | 23.8 |
| 75 | 22.9 |
| 76 | 22.0 |
| 77 | 21.2 |
| 78 | 20.3 |
| 79 | 19.5 |
| 80 | 18.7 |
| 81 | 17.9 |
| 82 | 17.1 |
| 83 | 16.3 |
| 84 | 15.5 |
| 85 | 14.8 |
| 86 | 14.1 |
| 87 | 13.4 |
| 88 | 12.7 |
| 89 | 12.0 |
| 90 | 11.4 |
| 91 | 10.8 |
| 92 | 10.2 |
| 93 | 9.6 |
| 94 | 9.1 |
| 95 | 8.6 |
| 96 | 8.1 |
| 97 | 7.6 |
| 98 | 7.1 |
| 99 | 6.7 |
| 100 | 6.3 |
| 101 | 5.9 |
| 102 | 5.5 |
| 103 | 5.2 |
| 104 | 4.9 |
| 105 | 4.5 |
| 106 | 4.2 |
| 107 | 3.9 |
| 108 | 3.7 |
| 109 | 3.4 |
| 110 | 3.1 |
| 111 | 2.9 |
| 112 | 2.6 |
| 113 | 2.4 |
| 114 | 2.1 |
| 115 + | 1.9 |

Single life expectancy table

| Age | Life expectancy | Age | Life expectancy |
|-----|-----------------|------|-----------------|
| 0 | 82.4 | 56 | 28.7 |
| 1 | 81.6 | 57 | 27.9 |
| 2 | 80.6 | 58 | 27.0 |
| 3 | 79.7 | 59 | 26.1 |
| 4 | 78.7 | 60 | 25.2 |
| 5 | 77.7 | 61 | 24.4 |
| 6 | 76.7 | 62 | 23.5 |
| 7 | 75.8 | 63 | 22.7 |
| 8 | 74.8 | 64 | 21.8 |
| 9 | 73.8 | 65 | 21.0 |
| 10 | 72.8 | 66 | 20.2 |
| 11 | 71.8 | 67 | 19.4 |
| 12 | 70.8 | 68 | 18.6 |
| 13 | 69.9 | 69 | 17.8 |
| 14 | 68.9 | 70 | 17.0 |
| 15 | 67.9 | 71 | 16.3 |
| 16 | 66.9 | 72 | 15.5 |
| 17 | 66.0 | 73 | 14.8 |
| 18 | 65.0 | 74 | 14.1 |
| 19 | 64.0 | 75 | 13.4 |
| 20 | 63.0 | 76 | 12.7 |
| 21 | 62.1 | 77 | 12.1 |
| 22 | 61.1 | 78 | 11.4 |
| 23 | 60.1 | 79 | 10.8 |
| 24 | 59.1 | 80 | 10.2 |
| 25 | 58.2 | 81 | 9.7 |
| 26 | 57.2 | 82 | 9.1 |
| 27 | 56.2 | 83 | 8.6 |
| 28 | 55.3 | 84 | 8.1 |
| 29 | 54.3 | 85 | 7.6 |
| 30 | 53.3 | 86 | 7.1 |
| 31 | 52.4 | 87 | 6.7 |
| 32 | 51.4 | 88 | 6.3 |
| 33 | 50.4 | 89 | 5.9 |
| 34 | 49.4 | 90 | 5.5 |
| 35 | 48.5 | 91 | 5.2 |
| 36 | 47.5 | 92 | 4.9 |
| 37 | 46.5 | 93 | 4.6 |
| 38 | 45.6 | 94 | 4.3 |
| 39 | 44.6 | 95 | 4.1 |
| 40 | 43.6 | 96 | 3.8 |
| 41 | 42.7 | 97 | 3.6 |
| 42 | 41.7 | 98 | 3.4 |
| 43 | 40.7 | 99 | 3.1 |
| 44 | 39.8 | 100 | 2.9 |
| 45 | 38.8 | 101 | 2.7 |
| 46 | 37.9 | 102 | 2.5 |
| 47 | 37.0 | 103 | 2.3 |
| 48 | 36.0 | 104 | 2.1 |
| 49 | 35.1 | 105 | 1.9 |
| 50 | 34.2 | 106 | 1.7 |
| 51 | 33.3 | 107 | 1.5 |
| 52 | 32.3 | 108 | 1.4 |
| 53 | 31.4 | 109 | 1.2 |
| 54 | 30.5 | 110 | 1.1 |
| 55 | 29.6 | 111+ | 1.0 |