

# 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 <sup>1</sup>
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), <sup>2</sup> 457, and SARSEP elective deferral (under 50)	\$18,500
401(k), 403(b), <sup>2</sup> 457, <sup>3</sup> 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 <sup>1</sup>
Lifetime gifting exclusion amount	\$11,180,000 <sup>1</sup>
Highest gift tax rate	40%
Highest estate tax rate	40%

## Social Security

Maximum earnings (during working years) subject to FICA tax \$128,400  
Income<sup>4</sup> (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

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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)<sup>4</sup>
- 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 death<sup>5</sup>

<sup>4</sup> 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.

<sup>5</sup> 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