

2019 Fingertip Tax Guide

ADVANCED MARKETS

This Guide has been updated to reflect 2019 tax changes related to individual income taxes, transfer taxes, business taxes, retirement contribution limits and more. Please note that under the Tax Cuts and Jobs Act (TCJA) of 2017, many of the provisions of this tax act that affect individual taxpayers are set to expire at the end of 2025, reverting to pre-TCJA law.

Additionally, for tax years 2018 and beyond, inflation indexing incorporates "chained CPI-U" which is slightly different than the "CPI-U" that was required prior to 2018. This affects several figures in this guide (e.g., applicable exclusion, LTC per diem limits).

Income Taxes 2019 IF TAXABLE INCOME IS:¹

	OVER	BUT NOT OVER	THE TAX IS	OF THE AMOUNT OVER
Married Filing Jointly	\$0	\$19,400	\$0 + 10%	\$0
	\$19,400	\$78,950	\$1,940 + 12%	\$19,400
	\$78,950	\$168,400	\$9,086 + 22%	\$78,950
	\$168,400	\$321,450	\$28,765 + 24%	\$168,400
	\$321,450	\$408,200	\$65,497 + 32%	\$321,450
	\$408,200	\$612,350	\$93,257 + 35%	\$408,200
	\$612,350	—	\$164,709.50 + 37%	\$612,350
Single	\$0	\$9,700	\$0 + 10%	\$0
	\$9,700	\$39,475	\$970 + 12%	\$9,700
	\$39,475	\$84,200	\$4,543 + 22%	\$39,475
	\$84,200	\$160,725	\$14,382.50 + 24%	\$84,200
	\$160,725	\$204,100	\$32,748.50 + 32%	\$160,725
	\$204,100	\$510,300	\$46,628.50 + 35%	\$204,100
	\$510,300	—	\$153,798.50 + 37%	\$510,300
Estates and Trusts	\$0	\$2,600	\$0 + 10%	\$0
	\$2,600	\$9,300	\$260 + 24%	\$2,600
	\$9,300	\$12,750	\$1,868 + 35%	\$9,300
	\$12,750	—	\$3,075.50 + 37%	\$12,750

Alternative Minimum Tax Exemption Amounts

	2018	2019
Married Filing Jointly	\$109,400	\$111,700
Single	\$70,300	\$71,700
Married Filing Separately	\$54,700	\$55,850
Head of Household	\$70,300	\$71,700

Kiddie Tax (UNDER AGE 19 WITH UNEARNED INCOME)²

TAX YEARS 2018-2025

The child's net unearned income is effectively taxed according to the ordinary income rates applicable to estates and trusts.

Standard Deductions

	2018	2019
Married Filing Jointly	\$24,000	\$24,400
Single	\$12,000	\$12,200
Married Filing Separately	\$12,000	\$12,200
Head of Household	\$18,000	\$18,350

Itemized Deduction Phaseout

TAX YEARS 2018-2025	
Married Filing Jointly	The phaseout for itemized deductions for taxpayers with income above certain thresholds is eliminated until 2026.
Single	
Married Filing Separately	
Head of Household	

Personal Exemption

TAX YEARS 2018-2025	
Personal Exemption	The personal exemption and corresponding phaseout of the exemption for taxpayers with income above certain thresholds is eliminated until 2026.
Phaseout Income Range: Married Filing Jointly	
Phaseout Income Range: Single	
Phaseout Income Range: Married Filing Separately	
Phaseout Income Range: Head of Household	

Net Investment Income Tax Thresholds (3.8% MEDICARE SURCHARGE)

	2018	2019
Married Filing Jointly	\$250,000	Same as Previous Year
Married Filing Separately	\$125,000	
Any Other Filing Status	\$200,000	

Medicare Tax Thresholds (0.9% ADDITIONAL TAX ON EARNED INCOME)

	2018	2019
Married Filing Jointly	\$250,000	Same as Previous Year
Married Filing Separately	\$125,000	
Any Other Filing Status	\$200,000	

Qualified Plans

	2018	2019
Maximum elective deferral to retirement plans (e.g., 401(k), 403(b) & 457(b) plans) ³	\$18,500	\$19,000
401(k) age 50+ catch-up contribution limit	\$6,000	\$6,000
Maximum IRA contribution limit	\$5,500	\$6,000
IRA age 50+ catch-up contribution limit	\$1,000	\$1,000
Maximum elective deferral to SIMPLE plan	\$12,500	\$13,000
SIMPLE plan age 50+ catch-up contribution limit	\$3,000	\$3,000
Annual includible compensation limit	\$275,000	\$280,000
Defined contribution plan annual addition limit	\$55,000	\$56,000
Highly compensated employee compensation limit	\$120,000	\$125,000
Annual retirement benefit limit under defined benefit plans (not to exceed 100% of compensation)	\$220,000	\$225,000

Roth IRA Income Limits for Contributions

	2018	2019
Married Filing Jointly	\$189,000 - \$199,000	\$193,000 - \$203,000
Single, Head of Household, or Married Filing Separately	\$120,000 - \$135,000	\$122,000 - \$137,000

Capital Gains Tax

	2019	
Capital gains rate on collectibles	28%	
Long-term capital gains rates (other than collectibles and qualified business stock)*	<i>Single</i>	<i>Married Filing Jointly</i>
0%	\$39,375 or below	\$78,750 or below
15%	\$39,375 - \$434,550	\$78,750 - \$488,850
20%	Over \$434,550	Over \$488,850

Long-Term Care

	2018	2019
Periodic Payments Received Under Qualified Long-Term Care Insurance Contracts or Under Certain Life Insurance Contracts		
Per Diem Limit	\$360	\$370
Deduction for Eligible Long-Term Care Premiums per IRC 213(d)(10)		
Age 40 or less	\$420	\$420
Over age 40 but not more than 50	\$780	\$790
Over age 50 but not more than 60	\$1,560	\$1,580
Over age 60 but not more than 70	\$4,160	\$4,220
More than 70	\$5,200	\$5,270

Social Security Benefits (MAXIMUM ANNUAL EARNINGS BEFORE SOCIAL SECURITY BENEFITS ARE REDUCED)

	2018	2019
Before Full Retirement Age (lose \$1 for every \$2 of earnings)	\$17,040	\$17,640
Year of Full Retirement Age (lose \$1 for every \$3 of earnings)	\$45,360	\$46,920
After Full Retirement	No Limit	No Limit

FICA Income Limits (MAXIMUM COMPENSATION SUBJECT TO FICA TAXES)

	2018	2019
OASDI (Old-Age, Survivors and Disability Insurance; Social Security maximum)	\$128,400	\$132,900
HI (Hospital Insurance; Medicare maximum)	No Limit	No Limit

Corporations

	2018	2019
C Corporations	21% flat tax	Same as Previous Year
Pass-Through Businesses (S Corporations, Partnerships) and Sole Proprietors	Tax rate of owner, but up to 20% deduction on "qualified business income"***	Same as Previous Year

* Qualified Dividends are taxed the same as capital gains.

** Subject to strict rules and testing requirements; deduction unavailable for specified service-oriented businesses where owner's income exceeds certain limits.

Estate & Gift Taxes 2019

OVER	BUT NOT OVER	THE TAX IS	OF THE AMOUNT OVER	TAX EXEMPTIONS FOR 2019
\$0	\$10,000	\$0 + 18%	\$0	Annual Gift Tax Exclusion: Individual donor may gift \$15,000 per donee
\$10,000	\$20,000	\$1,800 + 20%	\$10,000	
\$20,000	\$40,000	\$3,800 + 22%	\$20,000	
\$40,000	\$60,000	\$8,200 + 24%	\$40,000	
\$60,000	\$80,000	\$13,000 + 26%	\$60,000	
\$80,000	\$100,000	\$18,200 + 28%	\$80,000	
\$100,000	\$150,000	\$23,800 + 30%	\$100,000	
\$150,000	\$250,000	\$38,800 + 32%	\$150,000	
\$250,000	\$500,000	\$70,800 + 34%	\$250,000	
\$500,000	\$750,000	\$155,800 + 37%	\$500,000	
\$750,000	\$1,000,000	\$248,300 + 39%	\$750,000	Gift Tax Exemption: \$11,400,000
\$1,000,000	—	\$345,800 + 40%	\$1,000,000	

Estate and Generation-Skipping Transfer Tax Exemption:
\$11,400,000

Annual Gift Tax Exclusion for a Non-Citizen Spouse:
\$155,000

Maximum Gift Tax Rate: 40%

Estate Tax Rates and Exemptions

YEAR	TOP ESTATE TAX RATE	ESTATE TAX EXEMPTION	APPLICABLE CREDIT
2010	0%/35%	\$0 ⁴ /\$5,000,000	\$0 ⁴ /\$1,730,800
2011	35%	\$5,000,000	\$1,730,800
2012	35%	\$5,120,000	\$1,772,800
2013	40%	\$5,250,000	\$2,045,800
2014	40%	\$5,340,000	\$2,081,800
2015	40%	\$5,430,000	\$2,117,800
2016	40%	\$5,450,000	\$2,125,800
2017	40%	\$5,490,000	\$2,141,800
2018	40%	\$11,180,000	\$4,417,800
2019	40%	\$11,400,000	\$4,505,800

Note: The TCJA increased the gift, estate, and GST tax exemptions to \$10M (indexed for inflation), but these exemptions are scheduled to expire and revert back to \$5M (indexed for inflation) after 12/31/2025. In November 2018, proposed regulations were issued clarifying that there will be no “clawback” of any unified credit used before 2026 when the exemption reverts to a \$5 million exemption (indexed for inflation).

For additional information, please contact your local John Hancock Representative.

- The rates listed are for the regular income tax. Some taxpayers may be subject to the Alternative Minimum Tax (AMT) instead; every taxpayer is responsible for paying the higher of the regular income tax or the AMT.
- The kiddie tax applies to children ages 19–24: 1) who are full-time students, 2) whose earned income does not exceed one-half of their support, and 3) who do not file a joint tax return.
- The contribution limit is the same for regular and Roth 401(k) plans; a total of \$19,000 can be contributed in 2019 to one or both types of 401(k) plans.
- In 2010, decedents had the choice between full estate tax repeal but with carryover basis or exposure to estate tax with a \$5M exemption and a maximum tax rate of 35%.

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