

2018 Fingertip Tax Guide

ADVANCED MARKETS

This Guide has been updated to reflect changes made under the Tax Cuts and Jobs Act of 2017. Please note that many of the provisions of this tax act that affect individual taxpayers are set to expire at the end of 2025.

Additionally, under new law, inflation indexing now incorporates "chained CPI-U" which is slightly different than the "CPI-U" that was required before. This affects several figures in this Guide (e.g., applicable exclusion, LTC per diem limits). We have calculated the 2018 numbers incorporating the "chained CPI-U" method, however we are awaiting official confirmation from the Department of the Treasury and these numbers are subject to change.

Income Taxes 2018 IF TAXABLE INCOME IS:¹

	OVER	BUT NOT OVER	THE TAX IS	OF THE AMOUNT OVER
Married Filing Jointly	\$0	\$19,050	\$0 + 10%	\$0
	\$19,050	\$77,400	\$1,905 + 12%	\$19,050
	\$77,400	\$165,000	\$8,907 + 22%	\$77,400
	\$165,000	\$315,000	\$28,179 + 24%	\$165,000
	\$315,000	\$400,000	\$64,179 + 32%	\$315,000
	\$400,000	\$600,000	\$91,379 + 35%	\$400,000
	\$600,000	—	\$161,379 + 37%	\$600,000
Single	\$0	\$9,525	\$0 + 10%	\$0
	\$9,525	\$38,700	\$952.50 + 12%	\$9,525
	\$38,700	\$82,500	\$4,453.50 + 22%	\$38,700
	\$82,500	\$157,500	\$14,089.50 + 24%	\$82,500
	\$157,500	\$200,000	\$32,089.50 + 32%	\$157,500
	\$200,000	\$500,000	\$45,689.50 + 35%	\$200,000
	\$500,000	—	\$150,689.50 + 37%	\$500,000
Estates and Trusts	\$0	\$2,550	\$0 + 10%	\$0
	\$2,550	\$9,150	\$255 + 24%	\$2,550
	\$9,150	\$12,500	\$1,839 + 35%	\$9,150
	\$12,500	—	\$3,011.50 + 37%	\$12,500

Alternative Minimum Tax Exemption Amounts

	2017	2018
Married Filing Jointly	\$84,500	\$109,400
Single	\$54,300	\$70,300
Married Filing Separately	\$42,250	\$54,700
Head of Household	\$54,300	\$70,300

Kiddie Tax (UNDER AGE 19 WITH UNEARNED INCOME)²

	2017	2018	INCOME TAX BRACKET
First	\$1,050	Same as Previous Year	No Tax
Next	\$1,050		Child's Bracket
Amounts Over	\$2,100		Parent's Bracket

Standard Deductions

	2017	2018
Married Filing Jointly	\$12,700	\$24,000
Single	\$6,350	\$12,000
Married Filing Separately	\$6,350	\$12,000
Head of Household	\$9,350	\$18,000

Itemized Deduction Phaseout

	2017	2018
Married Filing Jointly	\$313,800	Eliminated Until 2026
Single	\$261,500	
Married Filing Separately	\$156,900	
Head of Household	\$287,650	

Personal Exemption

	2017	2018
Personal Exemption	\$4,050	Eliminated Until 2026
Phaseout Income Range: Married Filing Jointly	\$313,800 – \$436,300	
Phaseout Income Range: Single	\$261,500 – \$384,000	
Phaseout Income Range: Married Filing Separately	\$156,900 – \$218,150	
Phaseout Income Range: Head of Household	\$287,650 – \$410,150	

Net Investment Income Tax Thresholds (3.8% MEDICARE SURCHARGE)

	2017	2018
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)

	2017	2018
Married Filing Jointly	\$250,000	Same as Previous Year
Married Filing Separately	\$125,000	
Any Other Filing Status	\$200,000	

Qualified Plans

	2017	2018
Maximum elective deferral to retirement plans (e.g., 401(k), 403(b) & 457(b) plans) ³	\$18,000	\$18,500
401(k) age 50+ catch-up contribution limit	\$6,000	\$6,000
Maximum IRA contribution limit	\$5,500	\$5,500
IRA age 50+ catch-up contribution limit	\$1,000	\$1,000
Maximum elective deferral to SIMPLE plan	\$12,500	\$12,500
SIMPLE plan age 50+ catch-up contribution limit	\$3,000	\$3,000
Annual includible compensation limit	\$270,000	\$275,000
Defined contribution plan annual addition limit	\$54,000	\$55,000
Highly compensated employee compensation limit	\$120,000	\$120,000
Annual retirement benefit limit under defined benefit plans (not to exceed 100% of compensation)	\$215,000	\$220,000

Roth IRA Income Limits for Contributions

	2017	2018
Married Filing Jointly	\$186,000 – \$196,000	\$189,000 – \$199,000
Single, Head of Household, or Married Filing Separately	\$118,000 – \$133,000	\$120,000 – \$135,000

Capital Gains Tax

	2017	2018
Capital gains on collectibles	28%	Same as Previous Year
Rates on gains for assets (other than collectibles and small business stock) held more than 12 months*		
15% income tax bracket or below	0%	
35% income tax bracket or below	15%	
39.6% income tax bracket	20%	

Long-Term Care

	2017	2018**
Periodic Payments Received Under Qualified Long-Term Care Insurance Contracts or Under Certain Life Insurance Contracts		
Per Diem Limit	\$360	TBD
Deduction for Eligible Long-Term Care Premiums per IRC 213(d)(10)		
Age 40 or less	\$410	TBD
Over age 40 but not more than 50	\$770	
Over age 50 but not more than 60	\$1,530	
Over age 60 but not more than 70	\$4,090	
More than 70	\$5,110	

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

	2017	2018
Before Full Retirement Age (lose \$1 for every \$2 of earnings)	\$16,920	\$17,040
Year of Full Retirement Age (lose \$1 for every \$3 of earnings)	\$44,880	\$45,360
After Full Retirement	No Limit	No Limit

FICA Income Limits (MAXIMUM COMPENSATION SUBJECT TO FICA TAXES)

	2017	2018
OASDI (Old-Age, Survivors and Disability Insurance; Social Security maximum)	\$127,200	\$128,400
HI (Hospital Insurance; Medicare maximum)	No Limit	No Limit

Corporations (EFFECTIVE 2018)

	2017	2018
C Corporations	Rates between 15-38% depending on income	21% flat tax
Pass-Through Businesses (S Corporations, Partnerships) and Sole Proprietors	Tax rate of owner	Tax rate of owner, but up to 20% deduction available on "qualified business income"***

* Qualified Dividends are taxed the same as capital gains.

** Pending confirmation from the Department of Treasury for 2018. Please note that per diem amounts may decrease under new chained-CPI inflation indexing.

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

Estate & Gift Taxes 2018

SUBTRACT APPLICABLE ESTATE TAX EXEMPTION (BELOW) TO CALCULATE ESTATE TAX. IF TAXABLE ESTATE IS:

OVER	BUT NOT OVER	THE TAX IS	OF THE AMOUNT OVER	TAX EXEMPTIONS FOR 2018
\$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	Gift Tax Exemption: \$11,180,000
\$40,000	\$60,000	\$8,200 + 24%	\$40,000	
\$60,000	\$80,000	\$13,000 + 26%	\$60,000	Estate and Generation-Skipping Transfer Tax Exemption: \$11,180,000
\$80,000	\$100,000	\$18,200 + 28%	\$80,000	
\$100,000	\$150,000	\$23,800 + 30%	\$100,000	Annual Gift Tax Exclusion for a Non-Citizen Spouse: \$152,000
\$150,000	\$250,000	\$38,800 + 32%	\$150,000	
\$250,000	\$500,000	\$70,800 + 34%	\$250,000	Maximum Gift Tax Rate: 40%
\$500,000	\$750,000	\$155,800 + 37%	\$500,000	
\$750,000	\$1,000,000	\$248,300 + 39%	\$750,000	
\$1,000,000	—	\$345,800 + 40%	\$1,000,000	

Note: Increased gift, estate and GST tax exemptions are scheduled to sunset back to \$5M (indexed for inflation) after 12/31/2025.

Scheduled Estate Tax Rates and Exemptions

YEAR	TOP ESTATE TAX RATE	ESTATE TAX EXEMPTION	APPLICABLE CREDIT
2010	0%/35%	\$0/\$5,000,000	\$0/\$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

For additional information, please contact your local John Hancock Representative or call the Advanced Markets Group at (888) 266-7498, option 3.

- 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 \$18,500 can be contributed in 2018 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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