

Tax brackets for 2017

Married, filing jointly

\$0–\$18,650	10.0%
\$18,651–\$75,900	15.0%
\$75,901–\$153,100	25.0%
\$153,101–\$233,350	28.0%
\$233,351–\$416,700	33.0%
\$416,701–\$470,700	35.0%
Over \$470,700	39.6%

Single

\$0–\$9,325	10.0%
\$9,326–\$37,950	15.0%
\$37,951–\$91,900	25.0%
\$91,901–\$191,650	28.0%
\$191,651–\$416,700	33.0%
\$416,701–\$418,400	35.0%
Over \$418,400	39.6%

Married, filing separately

\$0–\$9,325	10.0%
\$9,326–\$37,950	15.0%
\$37,951–\$76,550	25.0%
\$76,551–\$116,675	28.0%
\$116,676–\$208,350	33.0%
\$208,351–\$235,350	35.0%
Over \$235,350	39.6%

Head of household

\$0–\$13,350	10.0%
\$13,351–\$50,800	15.0%
\$50,801–\$131,200	25.0%
\$131,201–\$212,500	28.0%
\$212,501–\$416,700	33.0%
\$416,701–\$444,550	35.0%
Over \$444,550	39.6%

Estates and trusts

\$0–\$2,550	15.0%
\$2,551–\$6,000	25.0%
\$6,001–\$9,150	28.0%
\$9,151–\$12,500	33.0%
Over \$12,500	39.6%

Long-term capital gains/ qualified dividend rates

0.0%–15.0% brackets	0.0%
>15.0% but <39.6% brackets	15.0%
Top bracket (39.6%)	20.0%
Capital gains on collectibles	28.0%

Standard deduction

Married, filing jointly	\$12,700
Single	\$6,350
Married, filing separately	\$6,350
Head of household	\$9,350
Blind or over 65: \$1,250 if married; \$1,550 if single or head of household.	

Capital loss limit

Married, filing jointly	\$3,000
Single	\$3,000
Married, filing separately	\$1,500
If your capital loss exceeds your capital gains.	

Estate tax

Transfer tax rate (maximum)	40.0%
Estate tax exemption	\$5,490,000
Gift tax exemption	\$5,490,000
Generation-skipping transfer exemption	\$5,490,000

Education

Kiddie tax exemption	\$2,100
529 plan contributions, per individual	\$14,000 per yr. before a gift tax
529 plan contributions, per couple	\$28,000 per yr. before a gift tax
Accelerate 5 years of gifting into 1 year per individual	\$70,000
Per couple	\$140,000

Lifetime learning credits

Maximum credit	\$2,000
Phaseout—single	\$56,000–\$66,000 MAGI ¹
Phaseout—joint	\$112,000–\$132,000 MAGI ¹

Coverdell Education Savings Account

Contribution	\$2,000
Phaseout—single	\$95,000–\$110,000 MAGI ¹
Phaseout—joint	\$190,000–\$220,000 MAGI ¹

Student loan interest

Deduction limit	\$2,500
Phaseout—single	\$65,000–\$80,000 MAGI ¹
Phaseout—joint	\$135,000–\$165,000 MAGI ¹

Phaseout of tax-free savings bonds interest

Single	\$78,150–\$93,150 MAGI ¹
Joint	\$117,250–\$147,250 MAGI ¹

American opportunity tax credit

Maximum credit	\$2,500
Phaseout—single	\$80,000–\$90,000 MAGI ¹
Phaseout—joint	\$160,000–\$180,000 MAGI ¹

Retirement

IRA and Roth IRA contributions

Under age 50	\$5,500
Aged 50 and over	\$6,500

Phaseout for deducting IRA contributions

(for qualified plan participants)

Married, filing jointly	\$99,000–\$119,000 MAGI ¹
Single or head of household	\$62,000–\$72,000 MAGI ¹
Married, filing jointly ²	\$186,000–\$196,000 MAGI ¹

Phaseout of Roth contribution eligibility

Joint	\$186,000–\$196,000 MAGI ¹
Single	\$118,000–\$133,000 MAGI ¹
Filing separately	\$0–\$10,000 MAGI ¹

SEP contribution

Up to 25% of compensation	Limit \$54,000
To participate in SEP	\$600

SIMPLE elective deferral

Under age 50	\$12,500
Aged 50 and over	\$15,500

Qualified plan contributions

401(k), 403(b), 457, and SARSEP	\$18,000
Aged 50 and over	\$24,000
Limit on additions to defined contribution plan	\$54,000
Annual benefit limit on defined benefit plan	\$215,000
Highly compensated employee income level	\$120,000
Annual compensation taken into account for qualified plans	\$270,000

¹ Modified adjusted gross income (MAGI).

² The phaseout limit is for a spouse who is not a participant in a qualified plan.

The U.S. Internal Revenue Service has made annual inflation adjustments to many tax provisions, including rate schedules, that affect income earned in 2017 and tax returns filed in early 2018. In most instances, the adjustments are small—for example, tax brackets are roughly 0.8% higher—because inflation has remained relatively modest. The front page of this flyer provides specifics on many of these changes, and some key points are also highlighted below. For further details, please visit irs.gov or go to the John Hancock Investments Tax Center at jhinvestments.com/taxcenter.

Noteworthy updates to tax provisions for the 2017 tax year³

Higher tax bracket thresholds

The top marginal tax rate of 39.6% affects singles whose income exceeds \$418,400 (\$470,700 for married taxpayers filing a joint return), up from \$415,050 and \$466,950, respectively, in 2016. Income-tax thresholds have also been adjusted for the other marginal rates in the 10%, 15%, 25%, 28%, 33%, and 35% brackets.

Increase in head of household standard deduction

The standard deduction for singles and married persons filing separate returns rises to \$6,350, up from \$6,300; for married couples filing jointly, it rises to \$12,700 from \$12,600; for heads of household, it rises to \$9,350 from \$9,300.

Increases in personal exemptions

The personal exemption remains unchanged at \$4,050 after rising to that level in 2016. However, the exemption is subject to a phaseout that begins with an adjusted gross income of \$261,500 for singles (\$313,800 for married couples filing jointly). It phases out completely at \$384,000 for singles (\$436,300 for married couples filing jointly).

Estate tax exemption rises

Estates of people who die during 2017 have a basic exemption amount of \$5,490,000, up from a total of \$5,450,000 for estates of those who died in 2016.

New presidential administration could bring tax changes for 2018

The November 2016 election of President Donald Trump and a new Congress could result in substantial changes to the tax code. The changes that may ultimately be approved and their timing are subject to many uncertainties, including the willingness of Congress to approve the new administration's proposals. During the election campaign, Mr. Trump proposed reducing the number of ordinary income-tax brackets from the current seven to three, with rates at 12%, 25%, and 33%, and more than doubling the standard deduction for single filers from the 2017 level of \$6,350 to \$15,000 and for married couples filing jointly from the 2017 level of \$12,700 to \$30,000.⁴

Required minimum distributions

The Uniform Lifetime Table can be used by all IRA owners, starting at age 70, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the Joint Life Expectancy Table is used (see IRS Pub. 590), which could reduce the required minimum distribution even further.

Uniform Lifetime Table*

Age of account owner	Divisor	Age of account owner	Divisor
70	27.4	81	17.9
71	26.5	82	17.1
72	25.6	83	16.3
73	24.7	84	15.5
74	23.8	85	14.8
75	22.9	86	14.1
76	22.0	87	13.4
77	21.2	88	12.7
78	20.3	89	12.0
79	19.5	90	11.4
80	18.7		

*The table progresses until the divisor becomes 1.9 for ages 115 and higher.

³ IRS, 2016.

⁴ Fact Sheet on Donald J. Trump's Tax Policy, as of 12/20/16.

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