



WISDOM WEALTH STRATEGIES

2018 ANNUAL TAX & FINANCIAL PLANNING GUIDE

RETIREMENT PLANS	
Elective deferrals 401k, 403b, & 457	\$18,500
Catch-up contribution	\$6,000
Defined contribution §415c	\$55,000
Defined benefit §415b	\$220,000
SIMPLE Plan	\$12,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$275,000
Highly compensated employee	\$120,000
Key employee	>\$175,000
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$5,500
IRA or Roth IRA catch-up	\$1,000
IRA phaseout for active participants	
Single	\$63,000-73,000
Married filing jointly	\$101,000-121,000
Spouse is active participant	\$189,000-199,000
Roth IRA phaseout	
Single	\$120,000-135,000
Married filing jointly	\$189,000-199,000

ESTATE & GIFT TAX	
Annual gift tax exclusion	\$15,000
Estate tax exclusion	\$11,200,000
Generation skipping transfer tax	\$11,200,000
Maximum estate tax bracket	40%

HEALTH AND FLEX ACCOUNTS	
HSA contribution maximum	
Single	\$3,450
Family	\$6,900
FSA contribution max (per person)	\$2,650
Dependent care FSA max (per family)	\$5,000

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SOCIAL SECURITY	
Social Security wage base	\$128,400
FICA tax rate	7.65%
SECA tax rate	15.3%
Earned income limit before penalty	
Below FRA (\$1 for 2)	\$17,040
Year of FRA (\$1 for \$3)	\$45,360
Quarter of coverage	\$1,320
Maximum benefit: worker retiring at FRA	\$2,788
Estimated average monthly benefit	\$1,404

SOCIAL SECURITY FULL RETIREMENT AGE			
Birth year	SS FRA	Birth year	SS FRA
1942	65 & 10 mos	1957	66 & 6 mos
1943-54	66	1958	66 & 8 mos
1955	66 & 2 mos	1959	66 & 10 mos
1956	66 & 4 mos	≥1960	67

MEDICARE	
Part A (most individuals don't pay)	\$422.00
Part B (standard premium)	\$134.00
Means Testing - Based on 2016 Tax Return Income	
Single with Income \$85,000-107,000	\$187.50
Single with Income \$107,000-160,000	\$267.90
Single with Income \$160,000-214,000	\$348.30
Single with Income above \$214,000	\$428.60
Filing Joint with Income \$170,000-214,000	\$187.50
Filing Joint with Income \$214,000-320,000	\$267.90
Filing Joint with Income \$320,000-428,000	\$348.30
Filing Joint with Income above \$428,000	\$428.60
Part A	
First 60 days deductible	\$1,340
Next 30 days per day	\$335
Next 60 days per day	\$670
Skilled nursing benefits	
First 20 days per day	\$0
Next 80 days per day	\$167.50
Over 100 days	No coverage
Part B	
Deductible	\$183
Coinsurance	20%
Part D prescription drug benefit	
Deductible (maximum)	\$405
25% coinsurance on next	\$3,750
Out-of-pocket threshold	\$5,000



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2018 TAX BRACKETS				
Rate	Single	Married Filing Joint	Married Filing Separate	Head of Household
10%	\$0 - \$9,525	\$0 - \$19,050	\$0 - \$9,525	\$0 - \$13,600
12%	\$9,526 - \$38,700	\$19,051 - \$77,400	\$9,526 - \$38,700	\$13,601 - \$51,800
22%	\$38,701 - \$82,500	\$77,401 - \$165,000	\$38,701 - \$82,500	\$51,801 - \$82,500
24%	\$82,501 - \$157,500	\$165,001 - \$315,000	\$82,501 - \$157,500	\$82,501 - \$157,500
32%	\$157,501 - \$200,000	\$315,001 - \$400,000	\$157,501 - \$200,000	\$157,501 - \$200,000
35%	\$200,001 - 500,000	\$400,001 - \$600,000	\$200,001 - 300,000	\$200,001 - \$500,000
37%	\$500,001+	\$600,001+	\$300,001+	\$500,001+

Note: Percentage applies to taxable income in that bracket only as brackets are graduated, not flat.

EXAMPLE: Married Filing Joint Couple with \$100,000 of taxable income (after deductions)

Take the difference between each bracket and multiply. Then add up each bracket for the total tax.

\$0 to \$19,050	\$19,050	Times 10% Bracket	\$1,905
\$19,051 to \$77,400	\$77,400 - \$19,051 = \$58,349	Times 12% Bracket	\$7,002
\$77,401 to \$100,000	\$100,000 - \$77,401 = \$22,599	Times 22% Bracket	\$4,972
Tax liability before adjustments:			\$13,879

TAX EXEMPTIONS, DEDUCTIONS, & CREDITS	
Standard deduction	
Single	\$12,000
Married filing jointly	\$24,000
Head of household	\$18,000
Married filing separately	\$12,000
Kiddie tax deduction	\$1,050
Elderly or blind additional deduction	
Single	\$1,600
Married	\$1,300
Section 179	
Max election	\$1,000,000
Phaseout begins	\$2,500,000
Adoption Credit	
Maximum credit	\$13,840
Phaseout	\$207,580-247,580
Child Tax Credit	
Dependents 16 & younger	\$2,000
Other dependents	\$500
Single phaseout	\$200,000
MFJ phaseout	\$400,000

STANDARD MILEAGE RATES	
Business use	54.5¢
Charity	14¢
Medical or moving	18¢

EDUCATIONAL TAX BENEFITS	
EE bonds for education phaseout	
Single	\$79,700-94,700
Married filing jointly	\$119,550-149,550
Coverdell ESA	
Single	\$95,000-110,000
Married filing jointly	\$190,000-220,000
Lifetime Learning Credit	
Single	\$57,000-67,000
Married filing jointly	\$114,000-134,000
American Opportunity Credit (Hope)	
100% up to \$2,000 of qualified expenses	
25% of the next \$2,000	
Single phaseout	\$80,000-90,000
Married filing jointly	\$160,000-180,000
Education loan deduction (max \$2,500)	
Single	\$65,000-80,000
Married filing jointly	\$135,000-165,000
529	
Elementary/secondary expenses	\$10,000

PASSTHROUGH 20% TAX BREAK	
Single	\$157,500-207,500
Married filing jointly	\$315,000-415,000