

# Retirement

## Government Benefits

Social Security or Medicare	2018	2019
Cost of Living Adjustment	2.0%	2.80%
Social Security Wage Base (OASDI only)	\$128,400	\$132,900
Medicare Wage Base (single)	\$200,000	\$200,000
Social Security Tax Rate	6.20%	6.20%
Medicare Tax Rate	1.45%	1.45%

## Retirement Plans Limits

Internal Revenue Code (IRC) limits on benefits and contributions for retirement plans. IRC also limits the amount of compensation considered to compute benefits and contributions. Limits are adjusted for cost-of-living increases.

Type or Limit	2018	2019
Annual benefit for defined benefit plans	\$220,000	\$225,000
Annual limit for defined contribution plans	55,000	56,000
Limit on exclusions for elective deferrals to 401(k) and other qualified plans	18,500	19,000
• 401(k) Catch-up amount	6,000	6,000
Maximum annual compensation for each employee that can be taken into account for any plan year	275,000	280,000
SIMPLE Retirement Accounts	12,500	13,000
• SIMPLE Catch-up amount	3,000	3,000
IRA Contribution	5,500	6,000
• IRA Catch-up amount	1,000	1,000
HSA annual contribution limit – Single Coverage	3,450	3,500
HSA annual contribution limit – Family Coverage	6,900	7,000

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# 2019 Federal Tax Guide



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# Income

## Individual Taxpayers

If Taxable Income is Between:	The Tax Due is:
0 - \$9,700	10% of taxable income
\$9,701 - \$39,475	\$970 + 12% of the amount over \$9,700
\$39,476 - \$84,200	\$4,543 + 22% of the amount over \$39,475
\$84,201 - \$160,725	\$14,382.50 + 24% of the amount over \$84,200
\$160,726 - \$204,100	\$32,748.50 + 32% of the amount over \$160,725
\$204,101 - \$510,300	\$46,628.50 + 35% of the amount over \$204,100
\$510,301 +	\$153,798.50 + 37% of the amount over \$510,300

## Married Filing Jointly and Surviving Spouses

If Taxable Income is Between:	The Tax Due is:
0 - \$19,400	10% of taxable income
\$19,401 - \$78,950	\$1,940 + 12% of the amount over \$19,400
\$78,951 - \$168,400	\$9,086 + 22% of the amount over \$78,950
\$168,401 - \$321,450	\$28,765 + 24% of the amount over \$168,400
\$321,451 - \$408,200	\$65,497 + 32% of the amount over \$321,450
\$408,201 - \$612,350	\$93,257 + 35% of the amount over \$408,200
\$612,351 +	\$164,709.50 + 37% of the amount over \$612,350

## Heads of Household

If Taxable Income is Between:	The Tax Due is:
0 - \$13,850	10% of taxable income
\$13,851 - \$52,850	\$1,385 + 12% of the amount over \$13,850
\$52,851 - \$84,200	\$6,065 + 22% of the amount over \$52,850
\$84,201 - \$160,700	\$12,962 + 24% of the amount over \$84,200
\$160,701 - \$204,100	\$31,322 + 32% of the amount over \$160,700
\$204,101 - \$510,300	\$45,210 + 35% of the amount over \$204,100
\$510,301 +	\$152,380 + 37% of the amount over \$510,300

## Married Filing Separately

If Taxable Income is Between:	The Tax Due is:
0 - \$9,700	10% of taxable income
\$9,701 - \$39,475	\$970 + 12% of the amount over \$9,700
\$39,476 - \$84,200	\$4,543 + 22% of the amount over \$39,475
\$84,201 - \$160,725	\$14,382.50 + 24% of the amount over \$84,200
\$160,726 - \$204,100	\$32,748.50 + 32% of the amount over \$160,725
\$204,101 - \$306,175	\$46,628.50 + 35% of the amount over \$204,100
\$306,176 +	\$82,354.75 + 37% of the amount over \$306,175

Additional 3.8% Net Investment Income Tax (NIIT), including but not limited to, interest, dividends, capital gains, rent, and royalties for Individuals over \$200,000 or Married/Joint over \$250,000. Additional .9% applies to earned income over same amounts. - Affordable Care Act and Medicare.

## Trust & Estate

If Taxable Income is Between:	The Tax Due is:
0 - \$2,600	10% of taxable income
\$2,601 - \$9,300	\$260 + 24% of the amount over \$2,600
\$9,301 - \$12,750	\$1,868 + 35% of the amount over \$9,300
\$12,751 +	\$3,075.50 + 37% of the amount over \$12,750

Estates & Trusts over top tax bracket (\$12,750 in 2019) also pay 3.8% NIIT on undistributed NII.

# Estate & Trust

## Annual Exclusion

Exclusions	Amount
Individual	\$15,000
Non-Citizen Spouse	\$155,000

Annual exclusion requires a "present interest" to the donee. This includes gifts made outright, and certain trusts, like minor's trusts, simple trusts, and trusts with Crummey withdrawal powers.

## Gift, Estate, and Generation Skipping Exemptions

Year	Basic Exclusion Amount	Maximum Rate
2011	5,000,000	35%
2012	5,120,000	35%
2013	5,250,000	40%
2014	5,340,000	40%
2015	5,430,000	40%
2016	5,450,000	40%
2017	5,490,000	40%
2018	11,180,000	40%
2019	11,400,000	40%

## OTHER INCOME ISSUES

### Standard Deductions

Status	Single Individuals	Married/ Joint	Married/ Separate	Head of Household
Basic	\$12,200	\$24,400	\$12,200	\$18,350
65 and Over	13,850	25,700 (one) 27,000 (both)	13,500	20,000
Blind	13,850	25,700 (one) 27,000 (both)	13,500	20,000
65 and Over and Blind	15,500	27,000 (one) 28,300 (both)	14,800	21,650

### Exemptions / Exclusions

Exemptions / Exclusions	2018	2019
Individual Personal Exemption / Grantor Trusts	None	None
Estates	\$600	\$600
Simple Trusts (required to distribute all income)	\$300	\$300
Complex Trusts (may accumulate income)	\$100	\$100

### Kiddie Tax

Unearned income for children under age 19, or full-time students under age 24, is as follows:

Income	Tax
First \$1,100	Tax Free
Next \$1,100	Child's Rate
Over \$2,200	Trust Rate (see chart)

### Alternative Minimum Tax (AMT) Exemptions

Filing Status	Exemption Amount:
Individual	\$71,700
Married Filing Jointly & Surviving Spouses	\$111,700
Married Filing Separately	\$55,850
Trusts and Estates	\$25,000

# Tax Cuts and Jobs Act

Standard Deduction generally doubles to \$12,200 Single / \$24,400 Married

Personal exemptions suspended for individuals, not for estates and trusts IRC 642(b)

Miscellaneous itemized deductions suspended. Trusts & estates cannot deduct investment fees and expenses, unreimbursed business expenses, etc. The 2% limit does not apply to administration expenses incurred solely because property is in an estate or trust, so trustee fees are still deductible. IRC 67(e)

State and Local Tax (SALT) deduction (e.g. sales tax, income tax, and property tax) capped at \$10,000

Repealed the Affordable Care Act Individual Mandate in 2019

## Long-term Capital Gains and Qualified Dividends

Single	Married/Joint	Rate
0 - \$39,375	0 - \$78,750	0
\$39,375 - \$434,550	\$78,750 - \$488,850	15%
Over \$434,550	Over \$488,850	20%

Primary residence sale capital gain exemption remains \$250,000 Single, \$500,000 Married

Mortgage Interest deduction on new acquisition indebtedness and/or Home Equity Line used to buy, build, or substantially improve primary and/or second homes combined capped at \$750,000

529 plans now include K-12 up to \$10,000/year, and \$15,000/year may move to a 529 ABLE account (may be subject to State Medicare clawback at death)

Charitable deductions percentage of AGI limit on cash donations to public charity increased to 60% of AGI for 2019 and Pease limits used to phase-out deductions of high income taxpayers were eliminated

Charitable IRA direct distributions still allowed over age 70 ½ up to \$100,000 annually

Unreimbursed Medical Expenses exceeding 10% of AGI are deductible

Alimony will not be deductible by payor, nor be taxable to recipient for divorce decrees issued after 12/31/18

## Basic/Applicable Exclusion/Portability

The Basic Exclusion Amount (BEA) is what an individual can pass gift/estate/gstt tax free. Applicable Exclusion Amount is the BEA plus any Deceased Spousal Unused Exclusion (DSUE), often referred to as 'portability'. DSUE applies for GIFT and ESTATE, but not GENERATION SKIPPING. Portability is elected by timely filing the estate tax return.

## Generation-Skipping Transfer Tax

Generation-skipping transfer tax (GSTT) is imposed on gifts or bequests to persons two or more generations below the transferor ("skip persons") upon the occurrence of one of three events: "direct skip," "taxable termination," or "taxable distribution." GSTT is in addition to gift tax or estate tax. The GST tax exemption is equal to the BEA.