



Facts You Need to Know About Taxes

Your Reference Guide to:

2017 Tax Rates
College Savings Incentives
IRA and 401(k) Contributions
Affordable Care Act Taxes
ABLE Accounts
Social Security Benefits



**Garden State
Trust Company**

Spanning Generations

2017 Income Tax Rates

| Marrieds Filing Jointly or a Qualifying Widow(er) | | |
|---|---------------|---|
| If your taxable income is over: | But not over: | The tax is: |
| \$0 | \$18,650 | 10% of the taxable income |
| \$18,650 | \$75,900 | \$1,865 plus 15% of the excess over \$18,650 |
| \$75,900 | \$153,100 | \$10,452.50 plus 25% of the excess over \$75,900 |
| \$153,100 | \$233,350 | \$29,752.50 plus 28% of the excess over \$153,100 |
| \$233,350 | \$416,700 | \$52,222.50 plus 33% of the excess over \$233,350 |
| \$416,700 | \$470,700 | \$112,728 plus 35% of the excess over \$416,700 |
| \$470,700 | | \$131,628 plus 39.6% of the excess over \$470,700 |

| Singles | | |
|---------------------------------|---------------|--|
| If your taxable income is over: | But not over: | The tax is: |
| \$0 | \$9,325 | 10% of the taxable income |
| \$9,325 | \$37,950 | \$932.50 plus 15% of the excess over \$9,325 |
| \$37,950 | \$91,900 | \$5,226.25 plus 25% of the excess over \$37,950 |
| \$91,900 | \$191,650 | \$18,713.75 plus 28% of the excess over \$91,900 |
| \$191,650 | \$416,700 | \$46,643.75 plus 33% of the excess over \$191,650 |
| \$416,700 | \$418,400 | \$120,910.25 plus 35% of the excess over \$416,700 |
| \$418,400 | | \$121,505.25 plus 39.6% of the excess over \$418,400 |

| Marrieds Filing Separately | | |
|---------------------------------|---------------|---|
| If your taxable income is over: | But not over: | The tax is: |
| \$0 | \$9,325 | 10% of the taxable income |
| \$9,325 | \$37,950 | \$932.50 plus 15% of the excess over \$9,325 |
| \$37,950 | \$76,550 | \$5,226.25 plus 25% of the excess over \$37,950 |
| \$76,550 | \$116,675 | \$14,876.25 plus 28% of the excess over \$76,550 |
| \$116,675 | \$208,350 | \$26,111.25 plus 33% of the excess over \$116,675 |
| \$208,350 | \$235,350 | \$56,364 plus 35% of the excess over \$208,350 |
| \$235,350 | | \$65,814 plus 39.6% of the excess over \$235,350 |

| Heads of Households | | |
|---------------------------------|---------------|--|
| If your taxable income is over: | But not over: | The tax is: |
| \$0 | \$13,350 | 10% of the taxable income |
| \$13,350 | \$50,800 | \$1,335 plus 15% of the excess over \$13,350 |
| \$50,800 | \$131,200 | \$6,952.50 plus 25% of the excess over \$50,800 |
| \$131,200 | \$212,500 | \$27,052.50 plus 28% of the excess over \$131,200 |
| \$212,500 | \$416,700 | \$49,816.50 plus 33% of the excess over \$212,500 |
| \$416,700 | \$444,550 | \$117,202.50 plus 35% of the excess over \$416,700 |
| \$444,550 | | \$126,950 plus 39.6% of the excess over \$444,550 |

| Trusts and Estates | | |
|---------------------------------|---------------|---|
| If your taxable income is over: | But not over: | The tax is: |
| \$0 | \$2,550 | 15% of the taxable income |
| \$2,550 | \$6,000 | \$382.50 plus 25% of the excess over \$2,550 |
| \$6,000 | \$9,150 | \$1,245 plus 28% of the excess over \$6,000 |
| \$9,150 | \$12,500 | \$2,127 plus 33% of the excess over \$9,150 |
| \$12,500 | | \$3,232.50 plus 39.6% of the excess over \$12,500 |

| Standard Deduction Amounts for 2017 | |
|---|----------|
| Marrieds Filing Jointly or a Qualifying Widow(er) | \$12,700 |
| Singles | \$6,350 |
| Marrieds Filing Separately | \$6,350 |
| Heads of Households | \$9,350 |

| Additional Standard Deduction Amounts | |
|---|----------|
| If at least age 65 or blind | \$1,250 |
| If at least age 65 or blind but unmarried and not a widow(er) | \$1,550 |
| If claimed as a dependent on another return | \$1,050* |

*Or \$350 plus the individual's earned income but not more than the regular standard deduction amount.

Limitation on itemized deductions.

Itemized deductions are “phased out” for single taxpayers with income over \$261,500, for heads of households over \$287,650, for marrieds filing jointly over \$311,800, and for marrieds filing separately with income over \$156,900.

Personal Exemption. The personal exemption for 2017 is \$4,050. The personal exemption is phased out as follows:

| Filing Status | Phaseout begins | Phaseout complete |
|---|-----------------|-------------------|
| Marrieds filing jointly and surviving spouses | \$313,800 | \$436,300 |
| Singles | \$261,500 | \$384,000 |
| Heads of households | \$287,650 | \$410,150 |
| Marrieds filing separately | \$156,900 | \$218,150 |

2017 Corporate Income Tax Rates

| If Taxable Income Is Over: | But Not Over: | The Tax Is: |
|----------------------------|---------------|--|
| \$0 | \$50,000 | 15% of the amount over \$0 |
| \$50,000 | \$75,000 | \$7,500 plus 25% of the amount over \$50,000 |
| \$75,000 | \$100,000 | \$13,750 plus 34% of the amount over \$75,000 |
| \$100,000 | \$335,000 | \$22,250 plus 39% of the amount over \$100,000 |
| \$335,000 | \$10,000,000 | \$113,900 plus 34% of the amount over \$335,000 |
| \$10,000,000 | \$15,000,000 | \$3,400,000 plus 35% of the amount over \$10,000,000 |
| \$15,000,000 | \$18,333,333 | \$5,150,000 plus 38% of the amount over \$15,000,000 |
| \$18,333,333 | | 35% of the amount over \$0 |

Note: Qualified personal service corporations are taxed at a flat 35%.

Alternative Minimum Tax

| AMT Tax Rates for 2017 | | |
|------------------------|----------------------------|---------------------|
| Rate | Marrieds filing separately | All other filers |
| 26% | Up to \$93,900 | Up to \$187,800 |
| 28% | More than \$93,900 | More than \$187,800 |

| AMT Exemption Amounts | |
|---|----------|
| Single individual | \$54,300 |
| Marrieds filing jointly or surviving spouse | \$84,500 |
| Marrieds filing separately | \$42,250 |
| Estates and trusts | \$24,100 |

| AMT Exemption Phaseout | |
|---|---------------------------------|
| | Exemption phaseout begins above |
| Marrieds Filing Jointly or a Qualifying Widow(er) | \$160,900 |
| Singles | \$120,700 |
| Marrieds Filing Separately and Trusts and Estates | \$80,450 |

Affordable Care Act (ACA) Taxes

| Additional Medicare Tax | 0.9% tax on wages and self-employment income over: |
|----------------------------|---|
| Marrieds filing jointly | \$250,000 |
| Singles | \$200,000 |
| Marrieds filing separately | \$125,000 |
| Net Investment Income Tax | Additional 3.8% tax on net investment income if Modified Adjusted Gross Income exceeds: |
| Marrieds filing jointly | \$250,000 |
| Singles | \$200,000 |
| Marrieds filing separately | \$125,000 |
| Head of household | \$200,000 |
| Qualifying widow(er) | \$250,000 |

College Savings Incentives

Section 529 plans. No federal tax need be paid on the income earned on amounts accumulated in a state-sponsored Section 529 plan. When withdrawals are made and used for qualified higher-education expenses, they won't be taxed either.

Coverdell Education Savings Accounts (CESAs). You can contribute up to \$2,000 a year per child to a CESA. Earnings grow tax free as long as withdrawals are used for qualified education expenses. Eligibility to contribute the full amount phases out between a modified adjusted gross income (MAGI) of \$95,000 and \$110,000 (singles); between \$190,000 and \$220,000 (marrieds filing jointly).

American Opportunity Tax Credit. The maximum American Opportunity Tax Credit is 100% of the first \$2,000 and 25% for the next \$2,000 of qualified tuition and related expenses. The credit phases out at MAGI of \$160,000 for marrieds filing jointly (\$80,000 for singles).

Lifetime Learning Credit. The maximum Lifetime Learning Credit is \$2,000, with the credit phasing out at modified adjusted gross income of \$112,000 for marrieds filing jointly (\$56,000 for singles).

U.S. Savings Bonds income exclusion. For 2016 the income from certain U.S. Savings Bonds used to pay qualified higher education expenses may be excluded from tax. Eligibility for the exclusion phases out between MAGI of \$117,250 and \$147,250 (marrieds filing jointly); and \$78,150 and \$93,150 (others).

Interest deduction for education loans. A tax deduction is available for up to \$2,500 in qualified education loan interest. Eligibility for the deduction phases out between MAGI of more than \$65,000 and \$80,000 (singles); between \$135,000 and \$165,000 (marrieds filing jointly).

Other Credits and Deductions

Long-term care insurance premiums. In some instances, portions of the premiums paid for qualified long-term care insurance may be tax deductible. For 2016 they are: \$410 for those who are age 40 or under at the end of the tax year; \$770, if older than 40 but not older than 50; \$1,530, older than 50 but not older than 60; \$4,090, older than 60 but not older than 70; \$5,110, older than 70.

Adoption credit. You may be able to take a tax credit of up to \$13,570 for qualifying expenses paid to adopt an eligible child. The adoption credit is an amount that you subtract from your tax liability. At MAGI of more than \$203,540, the amount of the credit begins to phase out and is phased out completely at MAGI of \$243,540.

ABLE Accounts. Beginning in 2015, Congress authorized ABLE Accounts for disabled persons. “ABLE” is the acronym for “Achieving a Better Life Experience.” Annual contributions are permitted up to the gift tax annual exclusion amount, \$14,000 in 2017. Earnings of ABLE Accounts are tax free, as are distributions for qualified disability expenses, including education, housing, transportation, and employment training, among others. ABLE Account balances won't be counted in determining eligibility for government programs. At the death of the beneficiary, the government may make a claim on the ABLE Account for the amount of its expenses.

Investments

(See earlier panel for additional 3.8% ACA tax on net investment income.)

| | |
|---|--|
| Capital gain and dividend tax rates | |
| Short-term capital gain rates (capital asset held one year or less) | same as ordinary income, rates up to 39.6% |
| General long-term capital gain rates (capital asset held more than one year): | |
| For taxpayers in the 10% and 15% tax brackets | 0% |
| For taxpayers in the 25%, 28%, 33% and 35% tax brackets | 15% |
| For taxpayers in the 39.6% tax bracket | 20% |
| Maximum long-term capital gain rate from the sale of real estate with unrecaptured depreciation (often referred to as unrecaptured Section 1250 property) | |
| | 25% |
| Long-term capital gain rate for collectibles and certain small business stock | |
| | 28% |
| Qualified dividend income tax rates: | |
| For taxpayers in the 10% and 15% tax brackets | 0% |
| For taxpayers in the 25%, 28%, 33% and 35% tax brackets | 15% |
| For taxpayers in the 39.6% tax bracket | 20% |

Growth of \$1,000 Yearly Investment* Compounded Annually (\$1,000 Investment is made at the start of each year.)

| % | Years | | | | | |
|-----|---------|----------|----------|----------|----------|----------|
| | 5 | 10 | 15 | 20 | 25 | 30 |
| 3% | \$5,468 | \$11,808 | \$19,157 | \$27,676 | \$37,553 | \$49,003 |
| 4% | 5,633 | 12,486 | 20,825 | 30,969 | 43,312 | 58,328 |
| 5% | 5,802 | 13,207 | 22,657 | 34,719 | 50,113 | 69,761 |
| 6% | 5,975 | 13,972 | 24,673 | 38,993 | 58,156 | 83,802 |
| 7% | 6,153 | 14,784 | 26,888 | 43,865 | 67,676 | 101,073 |
| 8% | 6,336 | 15,645 | 29,324 | 49,423 | 78,954 | 122,346 |
| 9% | 6,523 | 16,560 | 32,003 | 55,765 | 92,324 | 148,575 |
| 10% | 6,716 | 17,531 | 34,950 | 63,002 | 108,182 | 180,943 |

Growth of One-Time \$1,000 Investment* Compounded Annually

| % | Years | | | | | |
|-----|---------|---------|---------|---------|---------|---------|
| | 5 | 10 | 15 | 20 | 25 | 30 |
| 3% | \$1,159 | \$1,344 | \$1,558 | \$1,806 | \$2,094 | \$2,427 |
| 4% | 1,217 | 1,480 | 1,801 | 2,191 | 2,666 | 3,243 |
| 5% | 1,276 | 1,629 | 2,079 | 2,653 | 3,386 | 4,322 |
| 6% | 1,338 | 1,791 | 2,397 | 3,207 | 4,292 | 5,743 |
| 7% | 1,403 | 1,967 | 2,759 | 3,870 | 5,427 | 7,612 |
| 8% | 1,469 | 2,159 | 3,172 | 4,661 | 6,848 | 10,063 |
| 9% | 1,539 | 2,367 | 3,642 | 5,604 | 8,623 | 13,268 |
| 10% | 1,611 | 2,594 | 4,177 | 6,727 | 10,835 | 17,449 |

*These figures are used for hypothetical purposes only and do not represent the growth of any specific investment.

Retirement Plans and Social Security

Social Security for 2017

| | |
|---------------------------|-----------|
| Social Security wage base | \$127,200 |
|---------------------------|-----------|

Retirement Earnings Test Exempt Amounts

| | |
|---|----------|
| Under full retirement age (\$1 in benefits is withheld for every \$2 in earnings above the limit.) | \$16,920 |
| The year in which full retirement age is reached (\$1 in benefits is withheld for every \$3 in earnings above the limit but only for months prior to reaching full retirement age.) | \$44,880 |
| After full retirement age is reached | no limit |

Taxation of Social Security Benefits

| Singles with <i>Provisional Income</i> * | |
|---|----------------------------------|
| below \$25,000 | pay no tax on benefits |
| from \$25,000 to \$34,000 | pay tax on 50% of benefits |
| over \$34,000 | pay tax on up to 85% of benefits |
| Marrieds filing a joint return with <i>Provisional Income</i> * | |
| below \$32,000 | pay no tax on benefits |
| from \$32,000 to \$44,000 | pay tax on 50% of benefits |
| over \$44,000 | pay tax on up to 85% of benefits |

*The IRS defines *Provisional Income* as your modified adjusted gross income (MAGI) plus one-half of your Social Security benefits. (MAGI is AGI plus tax-exempt income.)

Maximum Retirement Plan Contribution Limits for 2017

| | Maximum contribution | Maximum contribution for those age 50 and over |
|------------------------------|----------------------|--|
| Traditional IRA/ Roth IRA | \$5,500 | \$6,500 |
| 401(k) plans | \$18,000 | \$24,000 |

Phaseout of Deductibility of IRA Contributions Based on MAGI (If you are an active participant in a company retirement plan)

| | |
|---|------------------------|
| Singles and Heads of Household | \$62,000 to \$72,000 |
| Marrieds filing joint returns and both spouses are active plan participants | \$99,000 to \$119,000 |
| Marrieds filing joint returns and one spouse is an active plan participant | \$186,000 to \$196,000 |

Phaseout of Roth IRA Contributions Based upon MAGI

| | |
|--------------------------------|------------------------|
| Singles | \$118,000 to \$133,000 |
| Marrieds filing a joint return | \$186,000 to \$196,000 |

Estate and Gift Taxes

Estates. The federal estate tax exemption in 2017 is \$5,490,000. With appropriate tax filings and tax elections, married couples may secure a \$10,980,000 exemption regardless of which spouse dies first or how the couple owns their property (assuming that they both die in 2017). Amounts in excess of the exemption are taxed at a 40% rate.

Gifts. The lifetime federal gift tax exemption in 2017 is \$5,490,000. Amounts transferred in excess of the exemption are taxed at 40%. For 2017, the annual exclusion from the gift tax is \$14,000. A gift no larger than \$14,000 may be given to each of as many people as you wish without incurring gift tax or using up your lifetime federal gift tax exclusion. To qualify for the annual exclusion, the gift must be of a “present interest,” meaning that the person receiving the gift must have the immediate right to use and enjoy the gift, without strings attached. Couples may “split” their gifts to secure a \$28,000 annual exclusion.

Developments occurring after December 31, 2016, are not reflected in this guide.

This publication is designed to provide informative material and is distributed with the understanding that it does not constitute legal or other professional advice. Although it is intended to be accurate, neither we nor any other party will assume liability for loss or damage as a result of reliance on it. Appropriate legal or other expert assistance should be sought from a competent professional.

© 2017 M.A. Co. All rights reserved.



Garden State
Trust Company

Spanning Generations

1-888-323-5535

www.gstrustco.com