2018 Reference Guide

MANNING & NAPIER

IRAs & Qualified Plans

Contribution Limits	
IRA or Roth IRA contribution limit	$5,500
IRA or Roth IRA catch-up (age 50 or older)	$1,000
Traditional IRA deduction phaseout	
Participants in a retirement plan	
Single	$63,000 - $73,000
Married filing jointly	$101,000 - $121,000
Married filing separately	$0 - $10,000
Spousal IRA	$189,000 - $199,000
Roth IRA phaseout	
Single	$120,000 - $135,000
Married filing jointly	$189,000 - $199,000
Qualified Plans	
Elective deferrals to 401(k), 403(b), 457, and SARSEPs	$18,500
Catch-up contribution (age 50 or older)	$6,000
Defined contribution plan limit (Section 415(c)(1)(A))	$55,000
Defined benefit plan limit (Section 415(b)(1)(A))	$220,000

Simple IRA & SEP IRA

SEP IRA contribution limit	Lesser of $55,000 or 25% of compensation
SIMPLE Plan contribution limit	$12,500
Catch-up contribution (age 50 or older)	$3,000
Maximum compensation limit for retirement plans	$275,000
Key employee (top-heavy plans)	Above $175,000
Highly compensated employee	$120,000

Health Savings Account

Minimum Deductible Amount	
Single	$1,350
Family	$2,700
Maximum Out-of-Pocket Amount	
Single	$6,650
Family	$13,300
HSA Contribution Limit	
Single	$3,450
Family	$6,900
Catch-up contribution (age 55 or older)	$1,000

Education

Coverdell Education Savings Accounts	
Contribution limit	$2,000
Single phaseout	$95,000 - $110,000
Married filing jointly phaseout	$190,000 - $220,000
Lifetime Learning Credit - 20% of qualified expenses	
Expense limit	$10,000
Single phaseout	$57,000
Married filing jointly phaseout	$114,000
529 Plans	

Eligible for private elementary and secondary school expenses up to $10,000. Up to $15,000 (annual gift tax exclusion) can be transferred tax free to a 529A ABLE account, if the beneficiary is the same person.

Capital Gains & Qualified Dividends

For 2018, rates are applied to taxable income levels:

Tax Rate	Single	Married Filing Jointly
0%	$0 - $38,600	$0 - $77,200
15%	$38,600 - $425,800	$77,200 - $479,000
20%	over $425,800	over $479,000

(Short-term capital gains are taxed at income tax rates)

Medicare contribution tax on investment income: 3.8%

Tax is applied to the lower of net investment income or modified adjusted gross income over certain thresholds ($250,000 joint filers/ $200,000 single filer).

Income Tax Rate Schedules

If Taxable Income Is:		Then the Gross Tax Payable Is:		
Over	But not over	Amount	Plus (%)	Of the amount over
Single Taxpayers				
$0	$9,525	--------- 10% of taxable income -----------		
$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
Married Filing Jointly				
$0	$19,050	-------- 10% of taxable income -----------		
$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

The income tax brackets for Married Filing Separately are half of the amounts for Married Filing Jointly. The brackets for Heads of Households generally fall between the brackets for single and joint filers.

Trusts & Estates				
$0	$2,550	-------- 10% of taxable income -----------		
$2,550	$9,150	$255.00	24%	$2,550
$9,150	$12,500	$1,839.00	35%	$9,150
$12,500	-	$3,011.50	37%	$12,500

Kiddie tax: unearned income is taxed at trust and estate rates (over the $2,100 threshhold)

Income Tax Exemptions, Deductions, & Credits

Personal exemption	Eliminated under new tax law
Single	$12,000
Married filing jointly	$24,000
Head of household	$18,000
Married filing separately	$12,000
Child Tax Credit	
Qualifying Child (Children under age 17)	$2,000
Dependents not eligible for Qualifying Child	$500
Single phase out begins at	$200,000
Married filing jointly phas out begins at	$400,000
Elderly (over age 65) or blind additional deduction	
Single	$1,600
Married	$1,300

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Estate & Gift Tax

	2018
Individual estate tax exclusion (Federal) (Any unused amount can transfer to a surviving spouse)	$11,200,000
Maximum estate tax rate	40%
Gift tax exclusion	$11,200,000
Generation-skipping exclusion	$11,200,000
Annual gift tax exclusion (per recipient)	$15,000
Lump sum accelerated gift to a 529 plan (5-year rule)	$75,000

States with an estate tax and/or inheritance tax: CT, DE, DC, HI, IL, IA, KY, ME, MD, MA, MN, NE, NJ, NY, OR, PA, RI, VT, and WA

Alternative Minimum Tax (AMT)

Status	Exemption	Phaseout
Single	$70,300	$500,000
Married filing jointly	$109,400	$1,000,000
Alternative Minimum Tax Rates		
	26% up to $191,500 of AMT base	
	28% over $191,500 of AMT base	

Social Security

Social Security wage base	$128,400
Social Security cost-of-living adjustment	2%
Quarter of coverage (earnings for Social Security)	$1,320
Maximum benefit (worker retiring at FRA)	$2,788
Estimated average monthly benefit	$1,404

Social Security benefits are reduced if someone receives benefits and continues to work. The benefit is reduced $1 for every $2 or $3 earned above the 2018 earnings wage base of $128,400. There is no reduction at FRA.

For additional information about Social Security, please see Manning & Napier's 2018 Social Security Guide.

Important Dates & Deadlines

Contribution deadlines for Traditional IRAs, Roth IRAs, and SEP IRAs	
2017 Contributions	April 17, 2018
2018 Contributions	April 15, 2019
2018 Roth IRA Conversions	December 31, 2018
Required Minimum Distributions (RMDs)	
Age of IRA holder:	**First RMD Deadline*:**
Turn 70 in first half of 2017 (before July 1)	April 1, 2018
Turn 70 in second half of 2017 (on or after July 1)	April 1, 2019
Turn 70 in first half of 2018	April 1, 2019
Turn 70 in second half of 2018	April 1, 2020

*Subsequent RMDs must be taken by December 31 of each year.

By waiting until April of the year after turning 70 ½ to take the first RMD, it is important to note that an IRA owner must then take two distributions before December 31 of that year (i.e. your prior year's RMD and the current year's RMD).

2017 Tax Form Mailing Deadlines for Custodians	
Form 1099-R (Retirement Account Distributions)	January 31, 2018
Consolidated Form 1099s (Taxable Accounts)	February 28, 2018*
*Extended deadline for accounts with securities pending final tax information (REITs, WHFITs, CMOs)	March 15, 2018
Form 5498 (IRA & Retirement Account Contributions	May 31, 2018

2018 Estimated Tax Payments	
For the period	**Due date**
January 1 - March 31	April 17, 2018
April 1 - May 31	June 15, 2018
June 1 - August 31	September 17, 2018
September 1 - December 31	January 15, 2019

Tax Cuts and Jobs Act

Key provisions of the new tax law for 2018.

- The highest marginal income tax rate will go from 39.6% to 37%. While there was a lot of talk about reducing the number of income tax brackets, the new law continues to have seven brackets (10%, 12%, 22%, 24%, 32%, 35%, and 37%). In general, these brackets allow for moderately lower marginal rates for most filers. However married filers making between $400,000 and $424,950, and single filers with income between $200,000 and $424,950 will move into a higher 35% bracket (the prior law kept those filers in the 33% bracket).
- The tax rates on long-term capital gains and qualified dividends do not change (rates of 0%, 15% and 20%), although the rates are attached to specific dollar amounts, not the new income tax brackets. Also, the 3.8% Medicare surcharge on net investment income was not repealed. Therefore, the maximum rate for long-term capital gains continues to be 23.8%, plus possible state tax.
- The personal exemption (a deduction allowed for each taxpayer and their dependents) is permanently repealed.
- The Standard Deduction is almost doubled ($24,000 for married, $18,000 for head of household, and $12,000 for singles). With a much higher Standard Deduction (a permanent change), fewer taxpayers will choose to itemize, which can simplify the filing process for many.
- There is a larger Child Tax Credit of $2,000 per qualifying child (under 17), with much higher phase outs ($400,000 for married and $200,000 for heads of households and singles). There is also a $500 credit for dependents not eligible for the child credit.
- The deduction for state and local taxes (SALT) has not been fully repealed, as outlined in early proposals. The SALT deduction will be capped at $10,000 and was a late compromise to satisfy taxpayers in high tax states.
- The mortgage interest deduction (for first and second homes) is lowered to a maximum loan of $750,000 (from $1 million) for mortgages after December 15, 2017. Existing mortgages can be grandfathered under the current law of $1 million.
- The Alternative Minimum Tax has not been repealed, despite rumors of its demise. However, the new law increases the exemption amounts significantly ($109,400 for married filers and $70,300 for singles). The phase out for the exemption increases from $150,000 to $1 million for married filers and from $112,500 to $500,000 for singles. This AMT change expires in 2025.
- Medical expenses can be deductible in 2017 and 2018 if they exceed 7.5% of Adjusted Gross Income. In 2019, it returns back to 10% of AGI.
- Various expenses that fall under Miscellaneous Itemized Deductions (e.g., tax preparations fees, investment fees, trustee fees, union dues) are no longer deductible.
- Charitable contributions remain deductible. In fact, cash gifts to public charities can now be deductible up to 60% of AGI (up from 50%). It remains to be seen how much the higher standard deduction impacts charitable donations since fewer filers will be itemizing.
- The estate tax exemption is doubled to $11.2 million per person (or $22.4 million for married couples) with a 40% tax rate. Lifetime gift and generation-skipping transfer tax exemptions are also increased to the same level. The exemption is indexed to inflation until 2025, then will revert back to 2017 levels (adjusted for inflation).
- 529 plan assets can now be used to fund K-12 education (up to $10,000 per year). Early proposals eliminated the ability to contribute to Coverdell Account, which can also fund K-12 expenses, but the final Bill allows for contributions.
- Roth IRA conversions can no longer be recharacterized which means that investors must be fully committed to a conversion before making a decision. Contributions to Roth IRAs can be recharacterized.
- Investors continue to have the option to identify specific lots of a security to sell (if they own multiple lots) for possible tax advantages. Early versions of the bill made FIFO mandatory.

Consult with an attorney or a tax or financial advisor regarding your specific legal, tax, estate planning, or financial situation.