


2017 Tax Act:
Key Changes that Might Affect You

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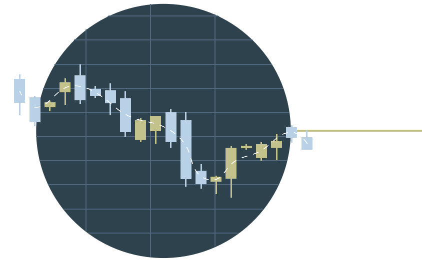
After months of discussion and negotiation, on December 20, 2017, the U.S. House and Senate passed comprehensive tax legislation largely along party lines. President Trump signed the bill, commonly known as the Tax Cuts and Jobs Act, on December 22, 2017. The tax law changes generally became effective on January 1, 2018. The chart below summarizes the key tax provisions—showing tax rules before and after the act's effective date—that could be of importance to you.

Please keep in mind that future IRS or Treasury Department guidance may be issued after the publication of this document. Such guidance, designed to clarify matters or address uncertainties, may modify the information presented herein.

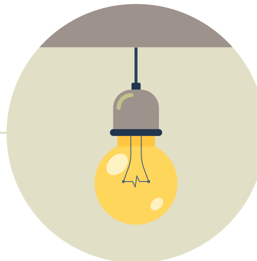
	2017	2018 – 2025 unless otherwise noted
Income Tax Rates (%)		
Single Filers	10, 15, 25, 28, 33, 35, 39.6	10, 12, 22, 24, 32, 35, 37
Married Joint Filers	10, 15, 25, 28, 33, 35, 39.6	10, 12, 22, 24, 32, 35, 37
Tax Rates on Capital Gains & Qualified Dividend Income	0% rate on adjusted net capital gain for taxpayers in the 10% or 15% income tax bracket	0% rate on adjusted net capital gain if taxable income is below $38,600 (single), $77,200 (married joint filers), $2,600 (trusts and estates)
	15% rate on adjusted net capital gain for taxpayers in the 25%, 28%, 33%, or 35% income tax bracket	15% rate on adjusted net capital gain if taxable income is over $38,600 and up to $425,800 (single), over $77,200 and up to $479,000 (married joint filers), over $2,600 and up to $12,700 (trusts and estates)
	20% rate on adjusted net capital gain for taxpayers in the 39.6% income tax bracket	20% rate on adjusted net capital gain if taxable income is over $425,800 (single), $479,000 (married joint filers), and $12,700 (trusts and estates)
Standard Deduction	Those who don't itemize could reduce adjusted gross income by the standard deduction: $6,350 (single) $12,700 (married joint filers)	Those who don't itemize may reduce adjusted gross income by the standard deduction: $12,000 (single) $24,000 (married joint filers)
Personal Exemption	Adjusted gross income was reduced by a personal exemption of $4,050 each for the taxpayer, spouse, and dependents, but the exemption was phased out at higher income levels.	Personal exemptions are suspended.

	2017	2018 - 2025 unless otherwise noted
Mortgage Interest Deduction	Interest payments on acquisition debt up to $1,000,000 ($500,000 if married filing separately) for a principal residence was an itemized deduction.	For debt incurred after 12/15/17 and through 12/31/25, interest payments on acquisition debt up to $750,000 are an itemized deduction. Debt incurred on or before 12/15/17 is subject to the $1,000,000 limit. Any refinancing of this debt is still subject to the $1,000,000 limit if the resulting debt doesn't exceed the refinanced debt.
	Interest on home equity indebtedness up to $100,000 was deductible, even if the loan proceeds were used for personal expenditures not related to the home (e.g., paying off student loans or credit cards).	Interest on home equity indebtedness is only deductible if the loan proceeds are used to buy, build or substantially improve the taxpayer's home that secures the loan. IRS guidance clarifies that interest on home equity indebtedness is deductible only if the total home debt, including home equity loans, does not exceed $750,000.
State and Local Tax Deduction	An itemized deduction for state and local income and property taxes paid could be claimed. An itemized deduction could be claimed for state and local sales taxes in lieu of the deduction for state and local income taxes.	The aggregate deduction for state and local income, property, and sales taxes (if one elects to deduct sales taxes in lieu of income taxes) is limited to $10,000 for any tax year ($5,000 if married filing separately).
Medical Expense Deduction	An itemized deduction for out-of-pocket medical and dental expenses—not compensated for by insurance—of the taxpayer, spouse, or dependents was allowed only if expenses exceeded 10% of the taxpayer's adjusted gross income. From 2013-2016, the 10% threshold was reduced to 7.5% for taxpayers age 65 or older.	For 2017 and 2018, any taxpayer may claim an itemized deduction for out-of-pocket medical and dental expenses—not compensated for by insurance—of the taxpayer, spouse, or dependents if expenses exceed 7.5% of adjusted gross income. The 10% threshold will apply beginning in 2019.
Miscellaneous Itemized Deductions Subject to 2% Limit	Many expenses were deductible as miscellaneous itemized deductions if total miscellaneous itemized deductions exceeded 2% of the taxpayer's adjusted gross income. Examples included deductions for investment fees and expenses and tax preparation fees.	All miscellaneous itemized deductions subject to the 2% floor are suspended.
Overall Limit on Itemized Deductions ("Pease Limitation")	Many itemized deductions were reduced by 3% of adjusted gross income exceeding $261,500 (single) or $313,800 (married joint filers). The overall limit did not reduce itemized deductions by more than 80%.	The overall limit on itemized deductions is suspended.

	2017	2018 - 2025 unless otherwise noted
Alimony Payments	The payor was generally allowed a deduction for alimony paid, while the payment amount was included in the payee's income. An individual must have had compensation income to make an IRA contribution; alimony was considered compensation for IRA contribution purposes.	For divorce and separation agreements executed after 12/31/18, the payor is not allowed a deduction for alimony payments, and the payee does not include the payment amount in income. An individual must have compensation income to make an IRA contribution; for divorce and separation instruments executed after 12/31/18, alimony is not considered compensation for IRA contribution purposes.
Kiddie Tax	Unearned income greater than $2,100 of a child who has at least one living parent, does not file a joint return, and has either: i) not attained age 18 by the end of the year or ii) was age 18 but less than 19 at the end of the year and whose earned income did not exceed one-half of his support, or iii) was a full-time student who was at least 19 and under age 24 at the end of the year, was taxed to the child at the parent's rate. Parents may elect to include the child's unearned income on their return.	Unearned income greater than $2,100 of a child who has at least one living parent, does not file a joint return, and has either: i) not attained age 18 by the end of the year or ii) was age 18 but less than 19 at the end of the year and whose earned income did not exceed one-half of his support, or iii) was a full-time student who was at least 19 and under age 24 at the end of the year, is taxed to the child at the rates applicable to trusts and estates. Parents may elect to include the child's unearned income on their return.
Child Tax Credit	$1,000 per qualifying child under age 17, phased out for modified adjusted gross income over $75,000 (single) and $110,000 (married joint filers)	$2,000 per qualifying child under age 17, phased out for modified adjusted gross income over $200,000 (single) and $400,000 (married joint filers) $500 nonrefundable credit for non-children qualifying dependents
Charitable Deduction for Cash Contributions to Public Charities	Itemized deduction up to 50% of adjusted gross income permitted	Itemized deduction up to 60% of adjusted gross income permitted



	2017	2018 – 2025 unless otherwise noted
Alternative Minimum Tax (AMT) Individuals	AMT exemption amount was $54,300 (single) and $84,500 (married joint filers). Exemption amount phased out by an amount equal to 25% of the amount by which alternative minimum taxable income exceeded $120,700 (single) and $160,900 (married joint filers).	AMT exemption amount increased. In 2018 the AMT exemption amount is $70,300 (single) and $109,400 (married joint filers). Exemption amount phased out by an amount equal to 25% of the amount by which alternative minimum taxable income exceeds $500,000 (single) and $1,000,000 (married joint filers). Exemption amounts for years 2019-2025 will be indexed for inflation and thus are currently unknown.
Roth Recharacterization	Taxpayer could “reverse” a conversion from a traditional IRA or employer plan to a Roth IRA by October 15 of the year after the conversion and thus avoid having the conversion amount included in income.	Permanently repealed; recharacterization of a conversion from a traditional IRA or employer plan to a Roth IRA is not permitted beginning 1/1/18. Per IRS guidance, the IRS will permit a Roth IRA conversion done in 2017 to be recharacterized by 10/15/18. Recharacterization of a Roth IRA contribution still permitted.
529 College Savings Plan Distributions	Tax-free distributions permitted for qualified higher education expenses. Tuition incurred at a post-secondary educational institution (college, university, vocational school) qualified as such an expense.	Definition of qualified higher education expenses expanded; tax-free distributions up to $10,000 per year, per student permitted for tuition incurred at an elementary or secondary (K-12) public, private, or religious school, beginning with distributions made after January 1, 2018. This provision is permanent.
529 Plan to ABLE Account Rollovers	Achieving a Better Life Experience (ABLE) accounts—tax-favored savings accounts for certain disabled individuals—are used to pay qualified disability expenses. Rollovers from 529 plans to ABLE accounts were not permitted.	Rollovers from 529 plans to ABLE accounts are permitted without penalty if the designated beneficiary or family member(s) of the 529 plan owns the ABLE account. Rollover amounts count towards the overall ABLE account contribution limit for a given year ($15,000 for 2018). Any amount rolled over greater than this limit is included in the beneficiary’s income.
Federal Estate & Gift Tax Exclusion Amount	$5,490,000 per individual. The federal estate tax applied to estates in 2017 that exceeded this amount.	$11,180,000 per individual (expected but not finalized) for 2018. The federal estate tax applies to estates in 2018 that exceed this amount. Exclusion amounts for years 2019-2025 will be indexed for inflation and thus are currently unknown.



	2017	2018 - 2025 unless otherwise noted
Corporate Tax Rate	Graduated rates of 15%, 25%, 34%, and 35% applied depending on amount of corporation's income.	Flat 21% rate. This provision is permanent.
Pass-Through Entities	Income received from S corporations, partnerships, limited liability companies and sole proprietorships was reported on the owner's individual income tax return, where it was taxed at ordinary income rates up to 39.6%; no deduction was available.	Individual may deduct 20% of qualified business income from an S corporation, partnership, limited liability company or sole proprietorship, as well as 20% of qualified REIT (real estate investment trust) dividends, qualified cooperative dividends, and qualified publicly traded partnership income. The deduction is subject to phaseout. Please consult a tax advisor, as the rules are complex.
Alternative Minimum Tax (AMT) Corporations	AMT exemption amount was $40,000. Exemption amount phased out by an amount equal to 25% of the amount by which alternative minimum taxable income exceeded $150,000.	The AMT on corporations is permanently repealed.
Patient Protection and Affordable Care Act Individual Mandate	Individuals without minimum essential health insurance coverage were subject to a shared responsibility payment (penalty). The penalty was generally equal to a flat dollar amount or an excess income amount.	The penalty is reduced to zero. Thus, no penalty is imposed for failure to maintain essential health insurance coverage. This provision is effective beginning January 1, 2019, and is permanent.