

**INCOME TAXES**

2017				2018			
If taxable income is:				If taxable income is:			
Over	But not >	The tax is	Of the amount >	Over	But not >	The tax is	Of the amount >
<b>Married filing jointly</b>				<b>Married filing jointly</b>			
\$0	\$18,650	\$0 + 10%	\$0	0	19,050	0 + 10%	\$0
18,650	75,900	1,865 + 15%	18,650	19,050	77,400	1,905 + 12%	19,050
75,900	153,100	10,453 + 25%	75,900	77,400	165,000	8,907 + 22%	77,400
153,100	233,350	29,753 + 28%	153,100	165,000	315,000	28,179 + 24%	165,000
233,350	416,700	52,223 + 33%	233,350	315,000	400,000	64,179 + 32%	315,000
416,700	470,700	112,728 + 35%	416,700	400,000	600,000	91,379 + 35%	400,000
470,700	—	131,628 + 39.6%	470,700	600,000	—	161,379 + 37%	600,000
<b>Single</b>				<b>Single</b>			
\$0	\$9,325	\$0 + 10%	\$0	0	9,525	0 + 10%	\$0
9,325	37,950	933 + 15%	9,325	9,525	38,700	953 + 12%	9,525
37,950	91,900	5,226 + 25%	37,950	38,700	82,500	4,454 + 22%	38,700
91,900	191,650	18,714 + 28%	91,900	82,500	157,500	14,090 + 24%	82,500
191,650	416,700	46,644 + 33%	191,650	157,500	200,000	32,090 + 32%	157,000
416,700	418,400	120,910 + 35%	416,700	200,000	500,000	45,690 + 35%	200,000
418,400	—	121,505 + 39.6%	418,400	500,000	—	150,690 + 37%	500,000
<b>Estates and trusts</b>				<b>Estates and trusts</b>			
\$0	\$2,550	\$0 + 15%	\$0	\$0	\$2,550	\$0 + 10%	\$0
2,550	6,000	383 + 25%	2,550	2,550	9,150	255 + 24%	2,550
6,000	9,150	1,245 + 28%	6,000	9,150	12,500	1,839 + 35%	9,150
9,150	12,500	2,127 + 33%	9,150	12,500	0	3,012 + 37%	12,500
12,500	—	3,233 + 39.6%	12,500	—	—	—	—

**ESTATE AND GIFT TAXES**

For deaths/gifts occurring in 2018

If taxable estate is:

Over	But not >	The tax is	Of the amount >
\$0	\$10,000	\$0 + 18%	\$0
10,000	20,000	1,800 + 20%	10,000
20,000	40,000	3,800 + 22%	20,000
40,000	60,000	8,200 + 24%	40,000
60,000	80,000	13,000 + 26%	60,000
80,000	100,000	18,200 + 28%	80,000
100,000	150,000	23,800 + 30%	100,000
150,000	250,000	38,800 + 32%	150,000
250,000	500,000	70,800 + 34%	250,000
500,000	750,000	155,800 + 37%	500,000
750,000	1,000,000	248,300 + 39%	750,000
1,000,000	—	345,800 + 40%	1,000,000

Subtract applicable credit below from calculated tax.

	Exclusion amount	Applicable credit
2017	\$5,490,000	\$2,141,800
2018	\$11,200,000*	\$4,425,800*

GST and lifetime gift tax exclusion: Same as estate tax exclusion amount.

Annual gift tax exclusion: \$15,000/person (\$14,000 in 2017) \$152,000 for non-U.S. citizen spouses (\$149,000 in 2017)

Portability: An executor can elect to allocate the unused portion of a decedent's exclusion amount to the surviving spouse.

**HEALTH SAVINGS ACCOUNTS — HSAs**

An "eligible individual" is defined as (1) one covered by a high deductible health plan (HDHP) (an annual deductible of \$1,350 for single coverage and \$2,700 for family coverage where the maximum out of pocket cannot exceed \$6,650 for single coverage and \$13,300 for family coverage), (2) is not covered by any other health insurance except for some permitted coverages, (3) is not eligible for and enrolled in Medicare, and (4) cannot be claimed as a dependent on someone else's income tax return.

Contribution limits

	2017	2018
Single	\$3,400	\$3,450
Family	\$6,750	\$6,900

**SOCIAL SECURITY**

Base amt. of mod. AGI causing Soc. Sec. benefits to be taxable

	50% taxable	85% taxable
Married filing jointly	\$32,000	\$44,000
Single	\$25,000	\$34,000

Maximum earnings before Soc. Sec. benefits are reduced

	2017	2018
Under FRA (lose \$1 for every \$2)	\$16,920	\$17,040
Year FRA is attained	\$44,880	\$45,360
(months prior to FRA lose \$1 for every \$3)		
Once FRA is attained	No limit	No limit

Maximum compensation subject to FICA taxes

Social Security maximum	\$127,200	\$128,700
Medicare maximum	No limit	No limit

FRA: full retirement age

Social Security tax rate: 12.4% self-employed, 6.2% employees

Medicare tax rate: 2.9% self-employed, 1.45% employees

**LONG-TERM CARE INSURANCE**

Max. qualified LTC premiums eligible for deductions:

	40 or less	41-50	51-60	61-70	Over 70
2017	\$410	\$770	\$1,530	\$4,090	\$5,110
2018	\$420	\$780	\$1,560	\$4,160	\$5,200

Qualified LTC contract per diem limit: \$360 (\$360 in 2017)

\*Applicable for tax years 2018 to 2025

**BUSINESSES**

C-Corps: flat 21% rate including professional corps.

\*Pass Through Entities (e.g. S-Corps): Business owner can deduct up to 20% of Qualified Business Income (QBI), subject to certain limitations as follows: At higher levels of owner's taxable income (see table), the deduction is limited to the > of: 50% of allocable W-2 wages paid; or 25% of allocable W-2 wages paid plus 2.5% of the unadjusted basis of tangible depreciable property used in the business. In addition, for Specified Service Businesses, business income is not considered QBI, but the deduction is still permitted at lower income levels (see table).

**3.8% SURTAX ON UNEARNED INCOME**

Married filing jointly with income >\$250,000 and singles >\$200,000 who have investment income will be subject to additional 3.8% tax on the lesser of net investment income or the excess of MAGI over the threshold amount, whichever amount is less. Investment income is defined as the sum of gross income from interest, dividends, annuities, royalties, and rents and net gain attributable to the disposition of property.

Total Taxable Income of Owner	Limitations
Single 0-\$157,500	No limitations
Married 0-315,000	
\$157,500-207,500	
\$207,500-207,500	Limitations phased in
>\$207,500	Full limitations

**PERSONAL ALTERNATIVE MINIMUM TAX CAPITAL GAINS & QUALIFIED DIVIDENDS\*: 2018**

AMTI less exemption amount

<\$191,500	26%
>\$191,500	28%

Exemption amts.	2017	2018*
Married filing jointly	\$84,500	\$109,400
Single	\$54,300	\$70,300
Estates and trusts	\$24,100	\$22,500

Phase-out thresholds\*

Married filing jointly	\$1,000,000-\$1,437,600
Single	\$500,000-\$781,200
Estates and trusts	\$75,000-\$375,000

**STANDARD DEDUCTIONS**

	Annual	Add'l 65+ or blind
Married filing jointly	2017 \$12,700	\$1,250
	2018 \$24,000*	\$1,300
Single	2017 \$6,350	\$1,550
	2018 \$12,000*	\$1,600

**CHILD TAX CREDIT\***

\$2,000 per child; phases out \$50 for each \$1,000 of MAGI over \$400,000 (married filing jointly) or \$200,000 (single)

**ITEMIZED DEDUCTIONS\***

The phase-out of itemized deductions by 3% of AGI above certain limits (Pease limitations) is repealed. AGI hurdle to deduct medical expenses reduced to 7.5% for years 2017 & 2018. Interest on new mortgages over \$750,000 no longer deductible. Interest on home equity loans not used to purchase or improve home no longer deductible. Deduction for state & local taxes limited to \$10,000. Casualty loss deductions limited. Investment Advisory fees & other 2% miscellaneous itemized deductions are eliminated.

**CAPITAL GAINS & QUALIFIED DIVIDENDS\*: 2018**

Cap Gains S-T<12mos. - Ordinary Income Rate

Cap Gains L-T>12mos & Qualified Dividends:

	0%	15%	20%
Married Filing Jointly	0-\$77,200	\$77,201-\$479,000	>\$479,000
Single	0-\$38,600	\$38,601-\$425,800	>\$425,800
Estate & Trusts	0-\$2,600	\$2,601-\$12,700	>\$12,700

**KIDDIE TAX**

Unearned inc. <18 (<24 and current FT student)

For 2018: Earned income taxed under rates for single individuals. Unearned income taxed under rates for trusts & estates.

For 2017:

First	\$1,050	No tax
Next	\$1,050	10% tax
Amts. over	\$2,100	Parents' rate

**PERSONAL EXEMPTIONS\***

Phased out by 2% for each \$2,500 by which AGI exceeds threshold.

	Exemption	AGI threshold/upper limit
Married filing jointly	2017 \$4,050	\$313,800/\$436,300
	2018 \$0	suspended for years 2018 to 2025
Single	2017 \$4,050	\$261,500/\$384,000
	2018 \$0	suspended for years 2018 to 2025

IRA

AGI PHASE-OUT RANGE FOR CONTRIBUTIONS TO ROTH IRAS

Married filing jointly	\$189,000-\$199,000
Single	\$120,000-\$135,000
Recharacterization of Roth conversions eliminated.	
Recharacterization of Roth contributions still permitted.	

CONTRIBUTION LIMITS — TRADITIONAL AND ROTH

	2008-2012	2013-2018
Regular	\$5,000	\$5,500
Catch-up*	\$1,000	\$1,000

\*Only taxpayers age 50 and over are eligible.

TRADITIONAL IRA DEDUCTIBILITY RULES

Filing status	Covered by employer's retirement plan?	Modified AGI		Deductibility
		2017	2018	
Single	No	Any amount	Any amount	Full deduction
	Yes	\$61,999 or less	\$62,999 or less	Full deduction
		\$62,000-\$71,999 \$72,000 or more	\$63,000 - \$72,999 \$73,000 or more	Partial deduction No deduction
Married filing jointly	Neither spouse covered	Any amount	Any amount	Full deduction
	Both spouses covered	\$98,999 or less	\$100,999 or less	Full deduction
		\$99,000-\$118,999	\$101,000 - \$120,999	Partial deduction
		\$119,000 or more	\$121,000 or more	No deduction
	One spouse covered For covered spouse	\$98,999 or less	\$100,999 or less	Full deduction
		\$99,000-\$118,999	\$101,000 - \$120,999	Partial deduction
\$119,000 or more		\$121,000 or more	No deduction	
One spouse covered For non-covered spouse	\$185,999 or less	\$188,999 or less	Full deduction	
	\$186,000-\$195,999	\$189,000 - \$198,999	Partial deduction	
	\$196,000 or more	\$199,000 or more	No deduction	

UNIFORM LIFETIME TABLE

For calculating required minimum distributions (RMDs) from qualified plans and traditional IRAs

Current Age	Dist. Period	Current Age	Dist. Period
70	27.4	85	14.8
71	26.5	86	14.1
72	25.6	87	13.4
73	24.7	88	12.7
74	23.8	89	12.0
75	22.9	90	11.4
76	22.0	91	10.8
77	21.2	92	10.2
78	20.3	93	9.6
79	19.5	94	9.1
80	18.7	95	8.6
81	17.9	96	8.1
82	17.1	97	7.6
83	16.3	98	7.1
84	15.5	99	6.7

EDUCATION INCENTIVES

LIFETIME LEARNING CREDITS

Up to 20% of tuition paid (maximum credit is \$2,000); calculated per taxpayer.

Modified AGI phase-outs	2017	2018
Married filing jointly	\$112,000-\$132,000	\$114,000-\$134,000
Single	\$56,000-\$66,000	\$57,000-\$67,000

EXCLUSION OF U.S. SAVINGS BOND INCOME FOR QUALIFIED HIGHER EDUCATION EXPENSES

Modified AGI phase-outs	2017	2018
Married filing jointly	\$117,250-\$147,250	\$119,550-\$149,550
Single	\$78,150-\$93,150	\$79,700-\$94,700

STUDENT LOAN INTEREST DEDUCTION — MAXIMUM DEDUCTION \$2,500

Modified AGI phase-outs	2017	2018
Married filing jointly	\$135,000-\$165,000	\$135,000-\$165,000
Single	\$65,000-\$80,000	\$65,000-\$80,000
Deductibility period	No time limit	No time limit

Coverdell Education Savings Accounts (Education IRAs) — Contribution Limit \$2,000

Modified AGI phase-out range for contributions to Coverdell Education Savings Accounts

Married filing jointly	\$190,000-\$220,000
Single	\$95,000-\$110,000

Qualified Tuition Programs — Section 529 Plans

Distributions for qualified higher education expenses are income-tax free. Effective 2018: Includes expenses for elementary or secondary public, private or religious school. Limited to \$10,000/yr. Higher education unlimited.

American Opportunity Tax Credit/ Hope Learning Credits

Modified AGI phase-out Hope credit — up to \$2,500 per student for first four years of higher education tuition paid.

Married filing jointly	\$160,000-\$180,000
Single	\$80,000-\$90,000

CATCH-UP CONTRIBUTION LIMITS FOR OTHER QUALIFIED PLAN TYPES

	2017	2018
401(k), 403(b), SARSEP and 457 plans	\$6,000	\$6,000
SIMPLE IRA and SIMPLE 401(k) plans	\$3,000	\$3,000

QUALIFIED PLANS

	2017	2018
Maximum elective deferral to retirement plans, e.g., 401(k), 403(b)	\$18,000	\$18,500
Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$12,500	\$12,500
Maximum elective deferral to 457 plans of tax-exempt employers	\$18,000	\$18,500
Limit on annual additions to SEP IRA plans	\$54,000	\$55,000
Annual compensation threshold requiring SEP IRA contribution	\$600	\$600
Limit on annual additions to defined contribution plans	\$54,000	\$55,000
Maximum annual compensation taken into account for contributions	\$270,000	\$275,000
Annual benefit limit under defined benefit plans	\$215,000	\$220,000
Threshold amount for definition of highly compensated employee	\$120,000	\$120,000
Threshold amount for definition of key employee in top-heavy plans	\$175,000	\$175,000
Pension Benefit Guaranty Corp. monthly pension amt. (age 65, single life)	\$5,369	\$5,420

SAVER'S TAX CREDIT

Contributions to employer plans and IRAs. Max credit \$1,000 per taxpayer — AGI limits below.

Married filing jointly	Single	Credit
\$0-\$38,000	\$0-\$19,000	50% of contribution
\$38,001-\$41,000	\$19,001-\$20,500	20% of contribution
\$40,001-\$63,000	\$20,501-\$31,500	10% of contribution
Over \$63,000	Over \$31,500	Not available

Life insurance offered through Allstate Life Ins. Co. & Allstate Assurance Co., 3075 Sanders Rd, Northbrook IL 60062; American Heritage Life Ins. Co., 1776 American Heritage Life Dr., Jacksonville FL 32224. In New York, life insurance offered through Allstate Life Insurance Company of New York, Hauppauge NY. Securities offered by Personal Financial Representatives through Allstate Financial Services, LLC (LSA Securities in LA and PA). Registered Broker-Dealer. Member FINRA, SIPC. Main Office: 2920 South 84th Street, Lincoln, NE 68506. (877) 525-5727. Check the background of this firm on FINRA's BrokerCheck website <http://brokercheck.finra.org>. This material is intended for general educational purposes only. Please note that neither the offering insurance company nor any of its agents or representatives can give legal or tax advice. The brief discussion of taxes in this brochure may not be complete or necessarily current. The tax laws and regulations are complex and subject to change. For complete details, consult your attorney or tax advisor.

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