



THE STRATEGIC VIEW



JAY'S VIEW

Dear Friends;

Happy New Year! I trust that your year is off to an excellent start. As you may have heard, a tax reform bill was signed by President Trump in December. The new law is effective now. We will highlight the most popular changes in this newsletter.

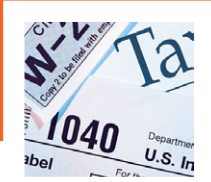


- **Standard Deductions:** The standard deduction doubles to \$12,000 for single filers and \$24,000 for married filing jointly. The personal exemption of \$4,050 has been repealed.
- **Tax Brackets:** The tax brackets have been expanded allowing most of you to pay less taxes on more of your income. The highest bracket was reduced from 39.6% to 37.0%.



- **Itemized Deductions:** The deduction for state, local, sales, and property tax is now capped at \$10,000 per year. The old law had no limit. Also, the deduction for mortgage interest is limited to \$750,000 of total mortgage debt. Interest on home equity line of credits will no longer be deductible.
- **Alternative Minimum Tax (AMT):** The AMT exemption thresholds have been increased. This should reduce the number of filers that will be subject to the AMT.
- **S-Corp Business Owners:** The new law allows for a 20% deduction on all pass-through income for certain types of businesses.
- **Child Tax Credit:** The child tax credit has been increased from \$1,000 to \$2,000 per child subject to income limits.

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TAX VIEW

2018 MAXIMUM LIMITS FOR RETIREMENT PLANS

	LIMIT	CHG
Maximum Annual Employee Deferral for 401(k) or 403(b)	\$18,500	+\$500
Maximum Catch-up Contributions for 401(k) or 403(b) (age 50+)	\$6,000	same
Maximum Annual Employee Deferral for SIMPLE IRA	\$12,500	same
Maximum Catch-up Contributions for SIMPLE IRA (age 50+)	\$3,000	same
Maximum Annual Traditional IRA or Roth IRA Contribution	\$5,500	same
Maximum Catch-up Contributions for Traditional IRA or Roth IRA (age 50+)	\$1,000	same
Maximum Annual Defined Benefit Pension	\$220,000	+\$5,000
Maximum Annual Total Defined Contribution (employee and employer)	\$55,000	+\$1,000
Maximum Annual Salary for Pension Plans and employer matches	\$275,000	+\$5,000
Annual Salary to determine highly compensated	\$120,000	same
Social Security Taxable Wage Base	\$128,400	+\$1,200

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JAY'S VIEW, CONTINUED

- **529 Savings Accounts:** The distributions of 529 plans have been expanded to include K-12 private school education up to \$10,000 per year.
- **Estate Taxes:** The estate tax exemption is doubled to \$11.2MM for singles and \$22.4MM for married couples.
- **Moving Expenses:** Moving expenses are no longer deductible except for members of the armed forces.
- **Healthcare Mandate:** The penalty in the Affordable Care Act for not having credible health care coverage has been repealed.

The tax reform act has over a 1,000 pages and many more changes than we have listed here. You should check with your accountant to see how the new law will affect you. If we can help, please let us know.

Sincerely,

Jay Wilen



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