



Key Retirement and Tax Numbers for 2018

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans, thresholds for deductions and credits, and standard deduction and personal exemption amounts. Here are a few of the key adjustments for 2018.*

Employer retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$18,500 in compensation in 2018 (up from \$18,000 in 2017); employees age 50 and older can defer up to an additional \$6,000 in 2018 (the same as in 2017).
- Employees participating in a SIMPLE retirement plan can defer up to \$12,500 in 2018 (the same as in 2017), and employees age 50 and older can defer up to an additional \$3,000 in 2018 (the same as in 2017).

IRAs

The limit on annual contributions to an IRA remains unchanged at \$5,500 in 2018, with individuals age 50 and older able to contribute an additional \$1,000. For individuals who are covered by a workplace retirement plan, the deduction for contributions to a traditional IRA is phased out for the following modified adjusted gross income (AGI) ranges:

| | 2017 | 2018 |
|---------------------------------|----------------------|-----------------------|
| Single/head of household (HOH) | \$62,000 - \$72,000 | \$63,000 - \$73,000 |
| Married filing jointly (MFJ) | \$99,000 - \$119,000 | \$101,000 - \$121,000 |
| Married filing separately (MFS) | \$0 - \$10,000 | \$0 - \$10,000 |

Note: The 2018 phaseout range is \$189,000 - \$199,000 (up from \$186,000 - \$196,000 in 2017) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered.

The modified AGI phaseout ranges for individuals to make contributions to a Roth IRA are:

| | 2017 | 2018 |
|------------|-----------------------|-----------------------|
| Single/HOH | \$118,000 - \$133,000 | \$120,000 - \$135,000 |
| MFJ | \$186,000 - \$196,000 | \$189,000 - \$199,000 |
| MFS | \$0 - \$10,000 | \$0 - \$10,000 |

Estate and gift tax

- The annual gift tax exclusion for 2018 is \$15,000, up from \$14,000 in 2017.
- The gift and estate tax basic exclusion amount for 2018 is \$11,200,000, up from \$5,490,000 in 2017.

Personal exemption

There is no personal exemption amount for 2018; it was \$4,050 in 2017. For 2018, there is no phaseout of personal exemptions or overall limit on itemized deductions once AGI exceeds certain thresholds.

Note: For 2017, personal exemptions were phased out and itemized deductions were limited once AGI exceeded \$261,500 (single), \$287,650 (HOH), \$313,800 (MFJ), or \$156,900 (MFS).

Standard deduction

| | 2017 | 2018 |
|--------|----------|----------|
| Single | \$6,350 | \$12,000 |
| HOH | \$9,350 | \$18,000 |
| MFJ | \$12,700 | \$24,000 |
| MFS | \$6,350 | \$12,000 |

Note: The additional standard deduction amount for the blind or aged (age 65 or older) in 2018 is \$1,600 (up from \$1,550 in 2017) for single/HOH or \$1,300 (up from \$1,250 in 2017) for all other filing statuses. Special rules apply if you can be claimed as a dependent by another taxpayer.

Alternative minimum tax (AMT)

| | 2017 | 2018 |
|--|-----------|-------------|
| Maximum AMT exemption amount | | |
| Single/HOH | \$54,300 | \$70,300 |
| MFJ | \$84,500 | \$109,400 |
| MFS | \$42,250 | \$54,700 |
| Exemption phaseout threshold | | |
| Single/HOH | \$120,700 | \$500,000 |
| MFJ | \$160,900 | \$1,000,000 |
| MFS | \$80,450 | \$500,000 |
| 26% rate on AMTI* up to this amount, 28% rate on AMTI above this amount | | |
| MFS | \$93,900 | \$95,750 |

| | | |
|-------------------------------------|-----------|-----------|
| All others | \$187,800 | \$191,500 |
| *Alternative minimum taxable income | | |

****The Tax Cuts and Jobs Act made significant changes to the estate and gift tax, the personal exemption, the standard deduction, and the alternative minimum tax, which are included here.***

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