

2018 Quick Tax Reference Guide

Compliments of Wealth Planning Strategies

2018 Federal income tax brackets¹

Taxable income					Taxable income				
Over	But not over	Tax+	% on excess	Of the amount over	Over	But not over	Tax+	% on excess	Of the amount over
Unmarried individuals (other than surviving spouses and heads of households)					Head of household				
\$0	\$9,525	\$0	10%	\$0	\$0	\$13,600	\$0	10%	\$0
\$9,525	\$38,700	\$952.50	12%	\$9,525	\$13,600	\$51,800	\$1,360	12%	\$13,600
\$38,700	\$82,500	\$4,453.50	22%	\$38,700	\$51,800	\$82,500	\$5,944	22%	\$51,800
\$82,500	\$157,500	\$14,089.50	24%	\$82,500	\$82,500	\$157,500	\$12,698	24%	\$82,500
\$157,500	\$200,000	\$32,089.50	32%	\$157,500	\$157,500	\$200,000	\$30,698	32%	\$157,500
\$200,000	\$500,000	\$45,689.50	35%	\$200,000	\$200,000	\$500,000	\$44,298	35%	\$200,000
\$500,000	∞	\$150,689.50	37%	\$500,000	\$500,000	∞	\$149,298	37%	\$500,000
Married filing jointly and surviving spouse					Trusts and estates				
\$0	\$19,050	\$0	10%	\$0	\$0	\$2,550	\$0	10%	\$0
\$19,050	\$77,400	\$1,905	12%	\$19,050	\$2,550	\$9,150	\$255	24%	\$2,550
\$77,400	\$165,000	\$8,907	22%	\$77,400	\$9,150	\$12,500	\$1,839	35%	\$9,150
\$165,000	\$315,000	\$28,179	24%	\$165,000	\$12,500	∞	\$3,011.50	37%	\$12,500
\$315,000	\$400,000	\$64,179	32%	\$315,000	Standard deductions²				
\$400,000	\$600,000	\$91,379	35%	\$400,000			2018		2017
\$600,000	∞	\$161,379	37%	\$600,000	Unmarried individuals (other than surviving spouses and heads of households)		\$12,000	\$6,350	
Married filing separately					Married filing jointly and surviving spouse		\$24,000	\$12,700	
\$0	\$9,525	\$0	10%	\$0	Married filing separately		\$12,000	\$6,350	
\$9,525	\$38,700	\$952.50	12%	\$9,525	Head of household		\$18,000	\$9,350	
\$38,700	\$82,500	\$4,453.50	22%	\$38,700	Aged or blind (Additional standard deduction amount)*		\$1,300	\$1,250	
\$82,500	\$157,500	\$14,089.50	24%	\$82,500			\$1,600	\$1,550	
\$157,500	\$200,000	\$32,089.50	32%	\$157,500	*Source: IRS Revenue Procedure 2017-58 (only for aged and blind as the tax act didn't change these amounts)				
\$200,000	\$300,000	\$45,689.50	35%	\$200,000	Personal exemption³		suspended	\$4,050	
\$300,000	∞	\$80,689.50	37%	\$300,000	Kiddie tax⁴		2018	2017	
					Unearned income**		\$1,050	\$1,050	

** The amount of unearned income that a child under the age of 19 and college students under the age of 24 can earn without filing an income tax return.

Source: Tax Cuts and Jobs Act of 2017

(1) Tax Brackets: The provision's rate structure does not apply to taxable years beginning after December 31, 2025.

(2) Standard Deductions: The amount of standard deduction is indexed for inflation using the C-CPI-U for taxable years beginning after December 31, 2018. The additional standard deduction for the elderly and the blind is not changed by the provision. The increase of the basic standard deduction does not apply to taxable years beginning after December 31, 2025.

(3) The suspension of Personal Exemptions does not apply to taxable years beginning after December 31, 2025.

(4) The Tax Cuts and Jobs Act of 2017 simplifies the Kiddie Tax by applying ordinary and capital gains rates applicable to trusts and estates to the net unearned income of a child. The new law assures that the child's tax is unaffected by the tax situation of the parents. This provision sunsets and does not apply to taxable years beginning after December 31, 2025.

Long-term capital gains and qualified dividend rates

Long-term capital gains tax rate	Single	Married, filing jointly	Head of Household	Married, filing separately
0%	\$0 to \$38,600	\$0 to \$77,200	\$0 to \$51,700	\$0 to \$38,600
15%	\$38,601 to \$425,800	\$77,201 to \$479,000	\$51,701 to \$452,400	\$38,601 to \$239,500
20%	\$425,801 or more	\$479,001 or more	\$452,401 or more	\$239,501 or more

Other long-term gains rates

Gains on collectibles	Maximum 28%
Unrecaptured 1250 depreciation	Maximum 25%

Source: The Patient Protection and Affordable Care Act and The American Tax Relief Act of 2012 and the Tax Cuts and Jobs Act of 2017 (with respect to tax brackets only).

Medicare surtax of 3.8% imposed on net investment if:

Married filing jointly	MAGI above \$250,000
Married filing separately	MAGI above \$125,000
Qualifying widow(er) w/dep child	MAGI above \$250,000
Estates and trusts w/undist net inv income	MAGI above \$12,500
All other filers	MAGI above \$200,000

Estate and gift tax⁵

	2018	2017
Estate and gift tax rate	40%	40%
Estate tax exemption	\$11,200,000	\$5,490,000
Lifetime gift exemption	\$11,200,000	\$5,490,000
GST exemption	\$11,200,000	\$5,490,000
Gift tax annual exclusion	\$15,000	\$14,000
Annual exclusion for gifts to noncitizen spouse	\$152,000	\$149,000

Source: IRS Revenue Procedure 2017-58 and Tax Cuts and Jobs Act of 2017

Health savings accounts

Contribution limits	2018	2017
Single/Family	\$3,450/\$6,900	\$3,400/\$6,750
Age 55+ Catch-up	\$1,000	\$1,000

High deductible health plans

Minimum deductible single/family	\$1,350/\$2,700	\$1,300/\$2,600
Maximum out-of-pocket single/family	\$6,650/\$13,300	\$6,550/\$13,100

Source: IRS Revenue Procedure 2017-37

Social Security

	2018	2017
Taxable wage base		
Social Security (OASDI)	\$128,400	\$127,200
Medicare (HI only)	No limit	No limit
Retirement earning test		
Under full retirement age	\$17,040/yr \$1,420/mo	\$16,920/yr \$1,410/mo
Year reaching full retirement age	\$45,360/yr \$3,780/mo	\$44,880/yr \$3,740/mo

Note: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

Taxability of benefits (based on provisional income and filing status)

	Individual	Married filing jointly
Not taxable	< \$25,000	<\$32,000
Up to 50% taxable	\$25,000-\$34,000	\$32,000-\$44,000
Up to 85% taxable	>\$34,000	>\$44,000

Married filing separately

Up to 85% of benefits are taxable

Provisional income = adjusted gross income + nontaxable income + ½ Social Security benefits

Age to receive full benefits

Year of birth	Full retirement age	% reduced at age 62
1943-1954	66	25%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 and later	67	30%

Delayed retirement credit

Year of birth	Year rate of increase
1943 or later	8%

Accrues when you reach full retirement age until you start receiving benefits or reach age 70.

Source: Social Security Administration website www.SSA.gov

(5) The Tax Cuts and Jobs Act of 2017 temporarily increases the basic exclusion amount provided in Section 2010(c)(3) of the Code from \$5 million to \$10 million for decedents dying and gifts made after December 31, 2017 and before January 1, 2026. The \$10 million amount is indexed for inflation occurring after 2011.

Traditional and Roth IRA

	2018	2017
IRA annual contribution limit		
Contribution limit	\$5,500	\$5,500
50+ Catch-up	\$1,000	\$1,000
Traditional IRA deductibility phase-out (based on MAGI)		
Participants in employer plans		
Married—jointly	\$101,000 - \$121,000	\$99,000 - \$119,000
Married—separately	\$0 - \$10,000	\$0 - \$10,000
All others	\$63,000 - \$73,000	\$62,000 - \$72,000
Nonparticipant married to a participant		
	\$189,000 - \$199,000	\$186,000 - \$196,000
Neither spouse a participant		
	Fully deductible	Fully deductible
Roth IRA phase-out (based on MAGI)		
Married filing jointly	\$189,000 - \$199,000	\$186,000 - \$196,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
All others	\$120,000 - \$135,000	\$118,000 - \$133,000

Source: IRS Notice 2017-177

SEP IRA and Simple IRA—Contribution Limits

	2018	2017
SEP IRA		
Maximum is the lesser of 25% of compensation or:	\$55,000	\$54,000
Maximum compensation	\$275,000	\$270,000
Simple IRA		
Maximum contribution	\$12,500	\$12,500
50+ Catch-up	\$3,000	\$3,000

Source: IRS Notice 2017-177

Qualified plans

	2018	2017
401(k), 403(b), 457(b) salary deferral*	\$18,500	\$18,000
50+ Catch-up	\$6,000	\$6,000
Simple salary deferral	\$12,500	\$12,500
50+ Catch-up	\$3,000	\$3,000
Maximum annual additions in a defined contribution plan	\$55,000	\$54,000
Maximum annual benefit in a defined benefit plan	\$220,000	\$215,000
Maximum compensation considered	\$275,000	\$270,000
Highly compensated employee	\$120,000	\$120,000
Key employee - Officer	\$175,000	\$175,000

* Special catch-up rules apply to certain 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last three years before retirement.

Source: IRS Notice 2017-177

Uniform lifetime table for most taxpayers to compute lifetime required distributions

Age	Applicable divisor	Percentage	Age	Applicable divisor	Percentage
70	27.4	3.65%	93	9.6	10.42%
71	26.5	3.77%	94	9.1	10.99%
72	25.6	3.91%	95	8.6	11.63%
73	24.7	4.05%	96	8.1	12.35%
74	23.8	4.20%	97	7.6	13.16%
75	22.9	4.37%	98	7.1	14.08%
76	22.0	4.55%	99	6.7	14.93%
77	21.2	4.72%	100	6.3	15.87%
78	20.3	4.93%	101	5.9	16.95%
79	19.5	5.13%	102	5.5	18.18%
80	18.7	5.35%	103	5.2	19.23%
81	17.9	5.59%	104	4.9	20.41%
82	17.1	5.85%	105	4.5	22.22%
83	16.3	6.13%	106	4.2	23.81%
84	15.5	6.45%	107	3.9	25.64%
85	14.8	6.76%	108	3.7	27.03%
86	14.1	7.09%	109	3.4	29.41%
87	13.4	7.46%	110	3.1	32.26%
88	12.7	7.87%	111	2.9	34.48%
89	12.0	8.33%	112	2.6	38.46%
90	11.4	8.77%	113	2.4	41.67%
91	10.8	9.26%	114	2.1	47.62%
92	10.2	9.80%	115+	1.9	52.63%

Source: IRS Publication 590



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