



Jim Lange's 2017-2018 Tax Planning Card

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HOW to COMPUTE YOUR FEDERAL INCOME TAX

Example: For a married couple in 2017 with taxable income of \$85,000, refer to the *MARRIED FILING JOINTLY* section of the 2017 chart listed below. See \$75,901 - 153,100 and calculate as follows:

$$\$85,000 \times 25\% = \$21,250 - \$8,523 = \$12,727$$

CALCULATION OF TAXABLE INCOME

To determine taxable income, please follow these steps:

1. List your total income. (*U.S. Form 1040, Line 22*)
2. Subtract adjustments to income, which include allowable IRA and retirement plan deductions, alimony paid and one-half of self-employment tax. (*Line 36*)
3. You now have your adjusted gross income, AGI. (*Line 37*)
4. Subtract the larger of the standard deduction or your itemized deductions. (*Line 40*)
5. Subtract your deduction for personal exemptions. (*Line 42*)
6. Arrive at taxable income. (*Line 43*)
7. Insert taxable income into the appropriate table below.
8. Make adjustments for dividends and capital gains.

2017 QUICK CALC MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 18,650	x 10%	- \$ 0	= Tax
18,651 - 75,900	x 15%	- 933	= Tax
75,901 - 153,100	x 25%	- 8,523	= Tax
153,101 - 233,350	x 28%	- 13,116	= Tax
233,351 - 416,700	x 33%	- 24,783	= Tax
416,701 - 470,700	x 35%	- 33,117	= Tax
470,701 and above	x 39.6%	- 54,771	= Tax

SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,325	x 10%	- \$ 0	= Tax
9,326 - 37,950	x 15%	- 466	= Tax
37,951 - 91,900	x 25%	- 4,261	= Tax
91,901 - 191,650	x 28%	- 7,018	= Tax
191,651 - 416,700	x 33%	- 16,601	= Tax
416,701 - 418,400	x 35%	- 24,935	= Tax
418,401 and above	x 39.6%	- 44,182	= Tax

HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 13,350	x 10%	- \$ 0	= Tax
13,351 - 50,800	x 15%	- 668	= Tax
50,801 - 131,200	x 25%	- 5,748	= Tax
131,201 - 212,500	x 28%	- 9,684	= Tax
212,501 - 416,700	x 33%	- 20,309	= Tax
416,701 - 444,550	x 35%	- 28,643	= Tax
444,551 and above	x 39.6%	- 49,093	= Tax

MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,325	x 10%	- \$ 0	= Tax
9,326 - 37,950	x 15%	- 466	= Tax
37,951 - 76,550	x 25%	- 4,261	= Tax
76,551 - 116,675	x 28%	- 6,558	= Tax
116,676 - 208,350	x 33%	- 12,391	= Tax
208,351 - 235,350	x 35%	- 16,559	= Tax
235,351 and above	x 39.6%	- 27,385	= Tax

2018 QUICK CALC MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 19,050	x 10%	- \$ 0	= Tax
19,051 - 77,400	x 12%	- 381	= Tax
77,401 - 165,000	x 22%	- 8,121	= Tax
165,001 - 315,000	x 24%	- 11,421	= Tax
315,001 - 400,000	x 32%	- 36,621	= Tax
400,001 - 600,000	x 35%	- 48,621	= Tax
600,001 and above	x 37%	- 60,621	= Tax

SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,525	x 10%	- \$ 0	= Tax
9,526 - 38,700	x 12%	- 190	= Tax
38,701 - 82,500	x 22%	- 4,060	= Tax
82,501 - 157,500	x 24%	- 5,710	= Tax
157,501 - 200,000	x 32%	- 18,310	= Tax
200,001 - 500,000	x 35%	- 24,310	= Tax
500,001 and above	x 37%	- 34,310	= Tax

HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 13,600	x 10%	- \$ 0	= Tax
13,601 - 51,800	x 12%	- 272	= Tax
51,801 - 82,500	x 22%	- 5,452	= Tax
82,501 - 157,500	x 24%	- 7,102	= Tax
157,501 - 200,000	x 32%	- 19,702	= Tax
200,001 - 500,000	x 35%	- 25,702	= Tax
500,001 and above	x 37%	- 35,702	= Tax

MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,525	x 10%	- \$ 0	= Tax
9,526 - 38,700	x 12%	- 190	= Tax
38,701 - 82,500	x 22%	- 4,060	= Tax
82,501 - 157,500	x 24%	- 5,710	= Tax
157,501 - 200,000	x 32%	- 18,310	= Tax
200,001 - 300,000	x 35%	- 24,310	= Tax
300,001 and above	x 37%	- 30,310	= Tax

Note: Net long-term capital gains and qualified dividends will reduce computed Quick Calc tax liability, while the alternative minimum tax and net investment income tax and other factors increase it.

Should You Make a Roth IRA Conversion?

Your current and future tax brackets are an integral factor to be considered in the decision to convert a portion or even all of your IRA to a Roth IRA. For more information, please see Jim's book, *The Roth Revolution: Pay Taxes Once and Never Again*.

PERSONAL EXEMPTIONS

Personal exemptions are the amount you may deduct for yourself, your spouse, and your dependents.

For 2017, the personal exemption deductions are \$4,050.

For 2018, the personal exemption deductions are eliminated.

2017 and 2018 STANDARD DEDUCTIONS

The standard deduction is the amount you may deduct if you do not itemize your deductions.

	2017 Standard Deduction	2017 + Age 65 or Over or Blind (EACH)	2018 Standard Deduction	2018 + Age 65 or Over or Blind (EACH)
Married Filing Jointly or Qualifying Widow(er)	\$ 12,700	\$ 1,250	\$24,000	\$ 1,300
Single	6,350	1,550	12,000	1,600
Head of Household	9,300	1,550	18,000	1,600
Married Filing Separately	6,350	1,250	12,000	1,300

PENNSYLVANIA INCOME TAXES

PA Individual Income Tax

The Pennsylvania individual income tax rate remains at 3.07% for 2017 and 2018.

PA Corporate Tax

The Corporate Tax rate remains unchanged at 9.99% for 2017.

Pittsburgh Income Tax

The Pittsburgh individual earned income tax rate remains at 3% for 2017 and 2018 for city residents.

SOCIAL SECURITY/SELF-EMPLOYMENT TAX

	Taxable Wages	(%)	Maximum Amount	S.E. (%)	Maximum S.E.
2018	\$ 0 - 128,400	7.65%	\$ 9,823	15.3%	\$19,646
2018	128,401 and above	1.45%	unlimited	2.9%	unlimited

The normal three components of the Social Security Tax are:

1. Social Security Tax	5.60%
2. Disability	.60%
3. Medicare Hospital	1.45%
Paid by Employees & Employers	7.65%*

* The Self-Employment Tax is twice this amount. Also please note that one-half of the self-employment tax is deductible as an adjustment to income.

Note: An additional Medicare Tax Rate of 0.9% is applied to self-employment income and wages over threshold amounts after December 31, 2012.

ESTATE and INHERITANCE TAXES

Pennsylvania Inheritance Tax

Transfers to lineal heirs (such as children, grandchildren, parents and grandparents) are taxed at 4^{1/2}%. Transfers to siblings are taxed at 12% and all other transfers (except transfers to charity) are taxed at 15%.

Pennsylvania still allows unlimited tax-free transfers to spouses.

Federal Estate and Gift Tax

The federal government allows unlimited transfers to spouses who are American citizens.

In 2018, the maximum amount that can be transferred from an estate to non-spouses without incurring any federal estate taxes is \$11,200,000 per individual or \$22,400,000 per married couple.

In 2018, the gift tax exclusion per donee is \$15,000/year.

The lifetime gift exemption increases to \$5,490,000 in 2017 and \$11,200,000 in 2018.

2017 and 2018 MAXIMUM RETIREMENT PLAN CONTRIBUTIONS

Plan Type	2017	2017 Age 50 or Over	2018	2018 Age 50 or Over
Roth IRA	\$ 5,500	\$ 6,500	\$ 5,500	\$ 6,500
IRA	5,500	6,500	5,500	6,500
SEP (Self-Employed)	54,000	54,000	55,000	55,000
SEP (Employee)	54,000	54,000	55,000	55,000
403(b)/Roth 403(b) (Employee)	18,000	24,000	18,500	24,500
401(k)/Roth 401(k) (Employee)	18,000	24,000	18,500	24,500
Self-Employed Profit Sharing/401(k)'s*	54,000	60,000	55,000	61,000
Single Person 401(k) Plan*	54,000	60,000	55,000	61,000
SIMPLE	12,500	15,500	12,500	15,500

*401(k) plan limits include elective deferral contributions.



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James Lange CPA/Attorney, is the president of three companies:

1. An investment advisory firm that helps IRA and retirement plan owners get the most out of your hard-earned savings, investments, and assets. We combine strategic advice on retirement and estate planning, estate planning, withdrawal rates, Roth IRA conversions, Social Security maximization, and gifting, etc. and come up with a "masterplan." Then, we work closely with different money management firms to actually invest your money and implement the master plan. One of the firms uses a low-cost index approach and another firm uses an active approach.
2. A CPA firm that provides expert tax planning and preparation services, so you can minimize your tax burden and grow your retirement nest egg faster.
3. A law firm which limits its practice to the preparation of wills, trusts and beneficiary designations. Together with his team, Jim has written 2,455 wills and trusts.

You may qualify for a free **Expert Second Opinion**. Jim and/or his team will review your tax returns, wills and trust, and investments to uncover tax savings or asset appreciation/protection opportunities and, if appropriate, a proposal for services.

If you haven't taken advantage of this offer, we encourage you to call Alice at 412-521-2732 to see if you qualify for your free **Expert Second Opinion** appointment.

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