

2019 Fingertip Tax Guide

ADVANCED MARKETS

This Guide has been updated to reflect 2019 tax changes related to individual income taxes, transfer taxes, business taxes, retirement contribution limits and more. Please note that under the Tax Cuts and Jobs Act (TCJA) of 2017, many of the provisions of this tax act that affect individual taxpayers are set to expire at the end of 2025, reverting to pre-TCJA law.

Additionally, for tax years 2018 and beyond, inflation indexing incorporates "chained CPI-U" which is slightly different than the "CPI-U" that was required prior to 2018. This affects several figures in this guide (e.g., applicable exclusion, LTC per diem limits).

Income Taxes 2019 IF TAXABLE INCOME IS:¹

| | OVER | BUT NOT OVER | THE TAX IS | OF THE AMOUNT OVER |
|------------------------|-----------|--------------|--------------------|--------------------|
| Married Filing Jointly | \$0 | \$19,400 | \$0 + 10% | \$0 |
| | \$19,400 | \$78,950 | \$1,940 + 12% | \$19,400 |
| | \$78,950 | \$168,400 | \$9,086 + 22% | \$78,950 |
| | \$168,400 | \$321,450 | \$28,765 + 24% | \$168,400 |
| | \$321,450 | \$408,200 | \$65,497 + 32% | \$321,450 |
| | \$408,200 | \$612,350 | \$93,257 + 35% | \$408,200 |
| | \$612,350 | — | \$164,709.50 + 37% | \$612,350 |
| Single | \$0 | \$9,700 | \$0 + 10% | \$0 |
| | \$9,700 | \$39,475 | \$970 + 12% | \$9,700 |
| | \$39,475 | \$84,200 | \$4,543 + 22% | \$39,475 |
| | \$84,200 | \$160,725 | \$14,382.50 + 24% | \$84,200 |
| | \$160,725 | \$204,100 | \$32,748.50 + 32% | \$160,725 |
| | \$204,100 | \$510,300 | \$46,628.50 + 35% | \$204,100 |
| | \$510,300 | — | \$153,798.50 + 37% | \$510,300 |
| Estates and Trusts | \$0 | \$2,600 | \$0 + 10% | \$0 |
| | \$2,600 | \$9,300 | \$260 + 24% | \$2,600 |
| | \$9,300 | \$12,750 | \$1,868 + 35% | \$9,300 |
| | \$12,750 | — | \$3,075.50 + 37% | \$12,750 |

Alternative Minimum Tax Exemption Amounts

| | 2018 | 2019 |
|---------------------------|-----------|-----------|
| Married Filing Jointly | \$109,400 | \$111,700 |
| Single | \$70,300 | \$71,700 |
| Married Filing Separately | \$54,700 | \$55,850 |
| Head of Household | \$70,300 | \$71,700 |

Kiddie Tax (UNDER AGE 19 WITH UNEARNED INCOME)²

TAX YEARS 2018-2025

The child's net unearned income is effectively taxed according to the ordinary income rates applicable to estates and trusts.

Standard Deductions

| | 2018 | 2019 |
|---------------------------|----------|----------|
| Married Filing Jointly | \$24,000 | \$24,400 |
| Single | \$12,000 | \$12,200 |
| Married Filing Separately | \$12,000 | \$12,200 |
| Head of Household | \$18,000 | \$18,350 |

Itemized Deduction Phaseout

| TAX YEARS 2018-2025 | |
|---------------------------|---|
| Married Filing Jointly | The phaseout for itemized deductions for taxpayers with income above certain thresholds is eliminated until 2026. |
| Single | |
| Married Filing Separately | |
| Head of Household | |

Personal Exemption

| TAX YEARS 2018-2025 | |
|--|---|
| Personal Exemption | The personal exemption and corresponding phaseout of the exemption for taxpayers with income above certain thresholds is eliminated until 2026. |
| Phaseout Income Range: Married Filing Jointly | |
| Phaseout Income Range: Single | |
| Phaseout Income Range: Married Filing Separately | |
| Phaseout Income Range: Head of Household | |

Net Investment Income Tax Thresholds (3.8% MEDICARE SURCHARGE)

| | 2018 | 2019 |
|---------------------------|-----------|-----------------------|
| Married Filing Jointly | \$250,000 | Same as Previous Year |
| Married Filing Separately | \$125,000 | |
| Any Other Filing Status | \$200,000 | |

Medicare Tax Thresholds (0.9% ADDITIONAL TAX ON EARNED INCOME)

| | 2018 | 2019 |
|---------------------------|-----------|-----------------------|
| Married Filing Jointly | \$250,000 | Same as Previous Year |
| Married Filing Separately | \$125,000 | |
| Any Other Filing Status | \$200,000 | |

Qualified Plans

| | 2018 | 2019 |
|--|-----------|-----------|
| Maximum elective deferral to retirement plans (e.g., 401(k), 403(b) & 457(b) plans) ³ | \$18,500 | \$19,000 |
| 401(k) age 50+ catch-up contribution limit | \$6,000 | \$6,000 |
| Maximum IRA contribution limit | \$5,500 | \$6,000 |
| IRA age 50+ catch-up contribution limit | \$1,000 | \$1,000 |
| Maximum elective deferral to SIMPLE plan | \$12,500 | \$13,000 |
| SIMPLE plan age 50+ catch-up contribution limit | \$3,000 | \$3,000 |
| Annual includible compensation limit | \$275,000 | \$280,000 |
| Defined contribution plan annual addition limit | \$55,000 | \$56,000 |
| Highly compensated employee compensation limit | \$120,000 | \$125,000 |
| Annual retirement benefit limit under defined benefit plans (not to exceed 100% of compensation) | \$220,000 | \$225,000 |

Roth IRA Income Limits for Contributions

| | 2018 | 2019 |
|---|-----------------------|-----------------------|
| Married Filing Jointly | \$189,000 - \$199,000 | \$193,000 - \$203,000 |
| Single, Head of Household, or Married Filing Separately | \$120,000 - \$135,000 | \$122,000 - \$137,000 |

Capital Gains Tax

| | 2019 | |
|---|----------------------|-------------------------------|
| Capital gains rate on collectibles | 28% | |
| Long-term capital gains rates (other than collectibles and qualified business stock)* | <i>Single</i> | <i>Married Filing Jointly</i> |
| 0% | \$39,375 or below | \$78,750 or below |
| 15% | \$39,375 - \$434,550 | \$78,750 - \$488,850 |
| 20% | Over \$434,550 | Over \$488,850 |

Long-Term Care

| | 2018 | 2019 |
|--|---------|---------|
| Periodic Payments Received Under Qualified Long-Term Care Insurance Contracts or Under Certain Life Insurance Contracts | | |
| Per Diem Limit | \$360 | \$370 |
| Deduction for Eligible Long-Term Care Premiums per IRC 213(d)(10) | | |
| Age 40 or less | \$420 | \$420 |
| Over age 40 but not more than 50 | \$780 | \$790 |
| Over age 50 but not more than 60 | \$1,560 | \$1,580 |
| Over age 60 but not more than 70 | \$4,160 | \$4,220 |
| More than 70 | \$5,200 | \$5,270 |

Social Security Benefits (MAXIMUM ANNUAL EARNINGS BEFORE SOCIAL SECURITY BENEFITS ARE REDUCED)

| | 2018 | 2019 |
|--|----------|----------|
| Before Full Retirement Age (lose \$1 for every \$2 of earnings) | \$17,040 | \$17,640 |
| Year of Full Retirement Age (lose \$1 for every \$3 of earnings) | \$45,360 | \$46,920 |
| After Full Retirement | No Limit | No Limit |

FICA Income Limits (MAXIMUM COMPENSATION SUBJECT TO FICA TAXES)

| | 2018 | 2019 |
|--|-----------|-----------|
| OASDI (Old-Age, Survivors and Disability Insurance; Social Security maximum) | \$128,400 | \$132,900 |
| HI (Hospital Insurance; Medicare maximum) | No Limit | No Limit |

Corporations

| | 2018 | 2019 |
|---|--|-----------------------|
| C Corporations | 21% flat tax | Same as Previous Year |
| Pass-Through Businesses (S Corporations, Partnerships) and Sole Proprietors | Tax rate of owner, but up to 20% deduction on "qualified business income"*** | Same as Previous Year |

* Qualified Dividends are taxed the same as capital gains.

** Subject to strict rules and testing requirements; deduction unavailable for specified service-oriented businesses where owner's income exceeds certain limits.

Estate & Gift Taxes 2019

| OVER | BUT NOT OVER | THE TAX IS | OF THE AMOUNT OVER | TAX EXEMPTIONS FOR 2019 |
|-------------|--------------|-----------------|--------------------|---|
| \$0 | \$10,000 | \$0 + 18% | \$0 | Annual Gift Tax Exclusion: Individual donor may gift \$15,000 per donee |
| \$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 | Gift Tax Exemption: \$11,400,000 |
| \$1,000,000 | — | \$345,800 + 40% | \$1,000,000 | |

Estate and Generation-Skipping Transfer Tax Exemption:
\$11,400,000

Annual Gift Tax Exclusion for a Non-Citizen Spouse:
\$155,000

Maximum Gift Tax Rate: 40%

Estate Tax Rates and Exemptions

| YEAR | TOP ESTATE TAX RATE | ESTATE TAX EXEMPTION | APPLICABLE CREDIT |
|------|---------------------|----------------------|-------------------|
| 2010 | 0%/35% | \$0/\$5,000,000 | \$0/\$1,730,800 |
| 2011 | 35% | \$5,000,000 | \$1,730,800 |
| 2012 | 35% | \$5,120,000 | \$1,772,800 |
| 2013 | 40% | \$5,250,000 | \$2,045,800 |
| 2014 | 40% | \$5,340,000 | \$2,081,800 |
| 2015 | 40% | \$5,430,000 | \$2,117,800 |
| 2016 | 40% | \$5,450,000 | \$2,125,800 |
| 2017 | 40% | \$5,490,000 | \$2,141,800 |
| 2018 | 40% | \$11,180,000 | \$4,417,800 |
| 2019 | 40% | \$11,400,000 | \$4,505,800 |

Note: The TCJA increased the gift, estate, and GST tax exemptions to \$10M (indexed for inflation), but these exemptions are scheduled to expire and revert back to \$5M (indexed for inflation) after 12/31/2025. In November 2018, proposed regulations were issued clarifying that there will be no “clawback” of any unified credit used before 2026 when the exemption reverts to a \$5 million exemption (indexed for inflation).



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- The rates listed are for the regular income tax. Some taxpayers may be subject to the Alternative Minimum Tax (AMT) instead; every taxpayer is responsible for paying the higher of the regular income tax or the AMT.
- The kiddie tax applies to children ages 19–24: 1) who are full-time students, 2) whose earned income does not exceed one-half of their support, and 3) who do not file a joint tax return.
- The contribution limit is the same for regular and Roth 401(k) plans; a total of \$19,000 can be contributed in 2019 to one or both types of 401(k) plans.
- In 2010, decedents had the choice between full estate tax repeal but with carryover basis or exposure to estate tax with a \$5M exemption and a maximum tax rate of 35%.

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