



# 2018 ANNUAL LIMITS RELATING TO FINANCIAL PLANNING

Compiled by Michael B. Cates, MS, CRPS®, CFP®.

RETIREMENT PLANS	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$18,500
Catch-up contribution	\$6,000
Defined contribution (§415(c)(1)(A))	\$55,000
Defined benefit (§415(b)(1)(A))	\$220,000
SIMPLE plan	\$12,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$275,000
Highly compensated employee	
Lookback to 2017	\$120,000
Lookback to 2018	\$120,000
Key employee (top-heavy plan)	>\$175,000
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$5,500
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants	
Single	\$63,000-\$73,000
Married filing jointly	\$101,000-\$121,000
Married filing separately	\$0-\$10,000
Non-active participant married to active participant	\$189,000-\$199,000
Roth IRA phaseout	
Single	\$120,000-\$135,000
Married filing jointly	\$189,000-\$199,000

SOCIAL SECURITY	
SS wage base	\$128,400
FICA tax rate—employee <sup>3</sup>	7.65%
SECA tax rate—self-employed	15.3%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$17,040
Persons reaching FRA (\$1 for \$3)	\$45,360
(Applies only to earnings for months prior to attaining FRA)	
Social Security cost-of-living adjustment	2.0%
Quarter of coverage	\$1,320
Maximum benefit: worker retiring at FRA	\$2,788
Estimated average monthly benefit	\$1,404

SOCIAL SECURITY FRA			
Year of Birth	Social Security FRA	Year of Birth	Social Security FRA
1943–54	66	1958	66 and 8 months
1955	66 and 2 months	1959	66 and 10 months
1956	66 and 4 months	1960 and later	67
1957	66 and 6 months		

ESTATE AND GIFT TAX	
Annual gift tax exclusion	\$15,000
Estate & gift tax basic exclusion	\$11,180,000
Applicable credit amount	\$4,417,800
Generation skipping exemption	\$11,180,000
Maximum estate tax rate <sup>4</sup>	40%

MEDICARE	
Monthly premium:	
Part A <sup>1</sup>	\$422
Part B <sup>2</sup>	\$134
Part A:	
First 60 days—patient pays a deductible	\$1,340
Next 30 days—patient pays per day	\$335
Next 60 days (lifetime reserve days) patient pays per day	\$670
Skilled nursing benefits	
First 20 days—patient pays per day	-0-
Next 80 days—patient pays per day	\$167.50
Over 100 days—patient pays per day	All costs
Part B:	
Deductible	\$183
Coinsurance	20%
Part D (Prescription Standard Benefit Model):	
Deductible	\$405
25% coinsurance on next	\$3,345
Out-of-pocket (OOP) threshold	\$5,000
Beneficiary then pays coinsurance amount for additional covered expenses.	

2018 MEDICARE PART B PREMIUM RATES:			
YOU PAY		If your 2016 income was:	
Premium	PART D Surcharge	SINGLE	MARRIED COUPLE
\$109.00 Hold Harmless		\$85,000 or less	\$170,000 or less
\$134.00-not Hold Harmless		\$85,000 or less	\$170,000 or less
\$187.50	\$13.00	\$85,001–\$107,000	\$170,001–\$214,000
\$267.90	\$33.60	\$107,001–\$133,500	\$214,001–\$267,000
\$348.30	\$54.20	\$133,501–\$160,000	\$267,001–\$320,000
\$428.60	\$74.80	Above \$160,000	Above \$320,000
YOU PAY	PART D Surcharge	If you are married filing separately and your 2016 income was:	
\$134.00		\$85,000 or less	
\$428.60	\$74.80	Above \$85,000	

- The Part A premium of \$422 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A Premium is \$232 per month.
- Beneficiaries not subject to the "hold harmless" provision includes persons not receiving Social Security, those who enroll in Part B for the first time in 2018, dual eligible beneficiaries who have their premiums paid by Medicaid, and beneficiaries who pay an additional income-related premium. **See Premium rates (Figure 1)**
- The FICA tax rate is comprised of two separate payroll taxes: Employer portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI); Employee portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI). For self-employed, the SECA is 12.40% for OASDI and 2.90% for HI.
- A deceased spouse's unused credit amount is portable to a surviving spouse.

Previous years may be found at: [www.cffpinfo.com/annual-limits/](http://www.cffpinfo.com/annual-limits/)

STANDARD MILEAGE RATES	
Business use	54.5¢ per mile
Charitable use (not indexed)	14¢ per mile
Medical use	18¢ per mile

MISCELLANEOUS ITEMS	
PBGC maximum monthly benefit (at age 65)	\$5,420.45
LTC per diem limit	\$360
LTC premium as medical expense limitation	
Age 40 or under	\$420
Age 41-50	\$780
Age 51-60	\$1,560
Age 61-70	\$4,160
Age 71 or older	\$5,200
Qualified Transportation Fringes (monthly)	
Commuter highway vehicle/transit pass	\$260
Qualified parking	\$260
Qualified Longevity Annuity Contract	Max \$130,000
Health Care Flexible Spending Account	Max \$2,650

LTCG RATES BASED ON TAXABLE INCOME			
Filing Status	0% rate	15% rate	20% rate
Single	under \$38,600	\$38,600-\$425,800	over \$425,800
Head of household	under \$51,700	\$51,700-\$452,400	over \$452,400
Married filing jointly	under \$77,200	\$77,200-\$479,000	over \$479,000
Estates and trusts	under \$2,600	\$2,600-\$12,700	over \$12,700

2018 TAX RATE SCHEDULES				
If Taxable Income Is		Then the Gross Tax Payable Is:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
<b>SINGLE TAXPAYERS (other than surviving spouses and heads of households)</b>				
\$0	\$9,525	----- 10% of taxable income -----		
9,525	38,700	\$952.50	12%	\$9,525
38,700	82,500	4,453.50	22%	38,700
82,500	157,500	14,089.50	24%	82,500
157,500	200,000	32,089.50	32%	157,500
200,000	500,000	45,869.50	35%	200,000
500,000	--	150,689.50	37%	500,000
<b>HEADS OF HOUSEHOLDS</b>				
\$0	\$13,600	----- 10% of taxable income -----		
13,600	51,800	\$1,360.00	12%	\$13,600
51,800	82,500	5,944.00	22%	51,800
82,500	157,500	12,698.00	24%	82,500
157,500	200,000	30,698.00	32%	157,500
200,000	500,000	44,298.00	35%	200,000
500,000	--	149,298.00	37%	500,000
<b>MARRIED INDIVIDUALS (and surviving spouses) FILING JOINT RETURNS</b>				
\$0	\$19,050	----- 10% of taxable income -----		
19,050	77,400	\$1,905.00	12%	\$19,050
77,400	165,000	8,907.00	22%	77,400
165,000	315,000	28,179.00	24%	165,000
315,000	400,000	64,179.00	32%	315,000
400,000	600,000	91,379.00	35%	400,000
600,000	--	161,379.00	37%	600,000
<b>MARRIED INDIVIDUALS FILING SEPARATE RETURNS</b>				
\$0	\$9,525	----- 10% of taxable income -----		
9,525	38,700	\$952.50	12%	\$9,525
38,700	82,500	4,453.50	22%	38,700
82,500	157,500	14,089.50	24%	82,500
157,500	200,000	32,089.50	32%	157,500
200,000	300,000	45,689.50	35%	200,000
300,000	--	80,689.50	37%	300,000
<b>FIDUCIARY (estates and trusts) TAXPAYERS</b>				
\$0	\$2,550	----- 10% of taxable income -----		
2,550	9,150	\$255.00	24%	\$2,550
9,150	12,500	1,839.00	35%	9,150
12,500	--	3,011.50	37%	12,500

HEALTH SAVINGS ACCOUNT	
Minimum Deductible Amount	
Single	\$1,350
Family	\$2,700
Maximum Out-of-Pocket Amount	
Single	\$6,650
Family	\$13,300
HSA Statutory Contribution Maximum	
Single	\$3,450
Family	\$6,900
Catch-up contributions (age 55 or older)	\$1,000

EDUCATION	
EE bonds for education—exclusion phaseout	
Single	\$79,550-\$94,550
Married filing jointly	\$119,300-\$149,300
Coverdell Education Savings Account (\$2,000 limit) phaseout	
Single	\$95,000-\$110,000
Married filing jointly	\$190,000-\$220,000
Lifetime Learning Credit—20% of qualified expenses up to \$10,000	
Single	\$57,000-\$67,000
Married filing jointly	\$114,000-\$134,000
American Opportunity tax credit—maximum of \$2,500	
100% up to \$2,000 of qualified expenses	
25% on next \$2,000—phaseout:	
Single	\$80,000-\$90,000
Married filing jointly	\$160,000-\$180,000
Education loan deduction (\$2,500) phaseout	
Unmarried	\$65,000-\$80,000
Married filing jointly	\$135,000-\$165,000

INCOME TAX	
Standard deduction	
Single	\$12,000
Married filing jointly	\$24,000
Head of household	\$18,000
Married filing separately	\$12,000
Kiddie tax limited standard deduction	\$1,050
Individual eligible to be claimed as dependent—greater of \$1,050 or earned income plus \$350, not to exceed full standard deduction of \$12,000.	
Elderly or blind additional deduction	
Single	\$1,600
Married	\$1,300
Section 179	
Maximum election	\$1,000,000
Phaseout begins	\$2,500,000
Adoption credit (nonrefundable)	
Maximum	\$13,810
Phaseout	\$207,140-\$247,140
Medicare Contribution tax and additional Medicare tax	
Single	\$200,000
Head of household	\$200,000
Married filing jointly	\$250,000
Child tax credit	
Dependent under age 17	\$2,000
Other dependents	\$500
Phaseout (\$50 for every \$1,000 over)	
Single	\$200,000
Married filing jointly	\$400,000

ALTERNATIVE MINIMUM TAX (AMT)	Exemption	Phaseout	AMT RATES
Single	\$70,300	\$500,000	26% up to \$191,500 of AMT base
Married filing jointly	\$109,400	\$1,000,000	28% over \$191,500 of AMT base
Married filing separately	\$54,700	\$500,000	
Trusts and estates	\$24,600	\$500,000	



**College for Financial Planning**  
EDUCATING THE NATION'S TOP FINANCIAL ADVISORS