

Tax Reform - Some things you *should* know

Congress recently passed the Tax Cuts and Jobs Act for 2018. Here are some major points you need to know:

- **Reduces income tax brackets.** The bill retains 7 brackets, with the highest tax bracket dropping to 37% from 39.6%.
- **Double Standard Deduction.** The standard deduction nearly doubles to \$12,000 for single, \$24,000 married filing jointly.
- **Limits itemized deductions.** Many itemized deductions are no longer available such as:
 - Caps state and local tax deductions. Limited to \$10k
 - Caps mortgage interest deductions.
 - Limit on theft casualty losses. Now only for federally declared disaster areas.
 - No more than 2% miscellaneous in deductions. Threshold now gone.
- **Weakens the alternative min tax (AMT).** Retains tax but changes the exemption to \$109,400 for joint filers and phase-out threshold to \$1 million.
- **Bump ups in child tax credit, adds family tax credit.** The child tax increases to \$2,000 from \$1,000. Threshold increased significantly to \$400,000 from \$110,000.
- **Expands 529 education savings plans.** Distribution can now be used for K-12 private schools.

Be Informed

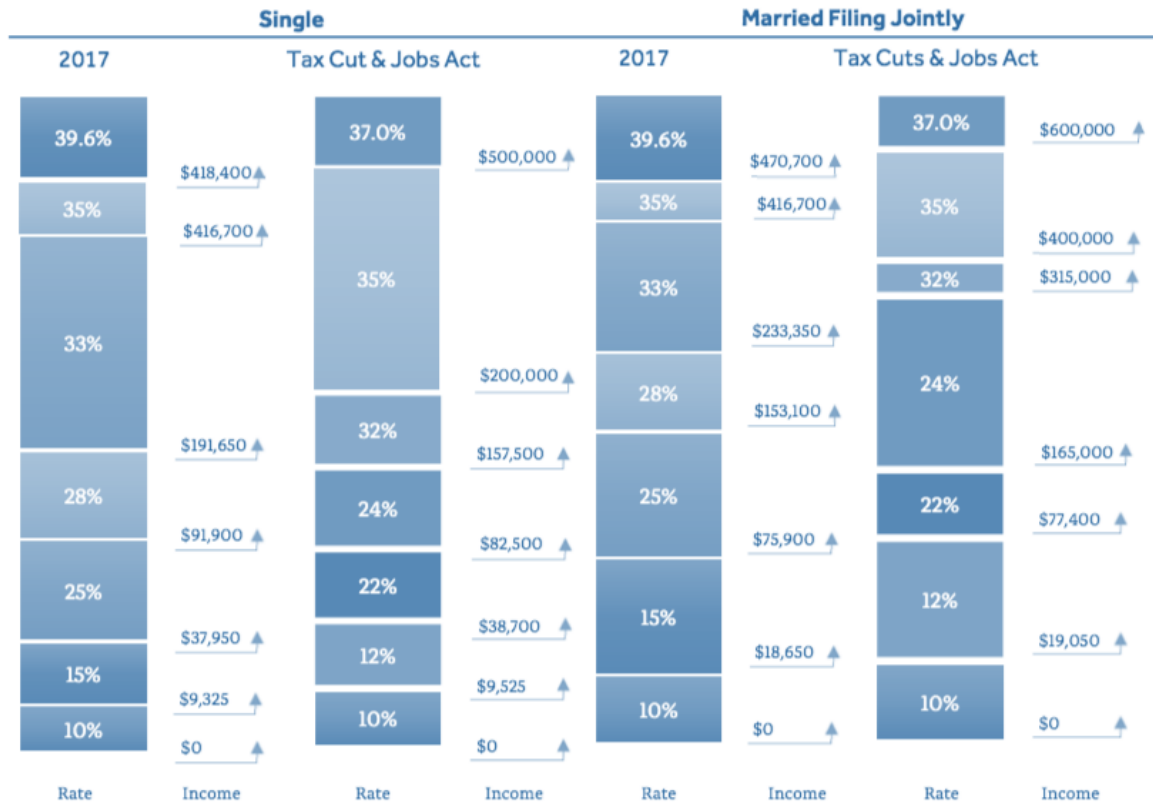
One lesson to be learned is that rules can and often do - change. Uncertainty is the by-product of change, particularly when it comes to your taxes. Fortunately, there are solutions to every personal objective to meet the demands of these changes while protecting your assets for the long-term.

Be Prepared

The recent Tax Cuts and Jobs Act measures are extremely complex. We encourage you to speak with us and obtain insight on these recent changes but also prepare more broadly for years to come. Remember that taxes are only one part of the many important factors in making financial decisions today.



The following chart depicts the changed tax rates and income levels of the final bill in relation to the current tax rates and income levels, for single and married filing jointly taxpayers:



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