

INVESTMENT PERSPECTIVES

January 2018

Happy New Year!

Here is some news you can use regarding the new tax law and the mailing of 1099 Consolidated Statements.

The new tax law generally lowers tax rates for corporations and individuals. The laws impact will depend on an individual taxpayer circumstances because the lower rates also come with many changes to deductions and exemptions.

The law maintains seven income tax brackets for individuals. It also maintains the current preferential rates for long-term capital gains and qualified dividend income but redefines the income levels for those rates based on specific dollar amounts rather than income tax brackets.

Taxable Income		
Tax Rate	Individual Tax Return	Joint Tax Return
10%	Not Over \$9,525	Not Over \$19,050
12%	Over \$9,525	Over \$19,050
22%	Over \$38,700	Over \$77,400
24%	Over \$82,500	Over \$165,000
32%	Over \$157,500	Over \$315,000
35%	Over \$200,000	Over \$400,000
37%	Over \$500,000	Over \$600,000

Long-Term Capital Gain and Qualified Dividend Income		
Tax Rate	Individual Tax Return	Joint Tax Return
0%	Not Over \$38,600	Not Over \$77,200
15%	Not Over \$425,800	Not Over \$479,000
20%	Over \$425,800	Over \$479,000

The law:

- ▶ preserves the existing incentives for saving and investing in tax qualified retirement plans. For Section 401(k) and Section 403(b) plans: the investment limit is raised to \$18,500 in 2018 for individuals under age 50 and \$24,500 for individuals over age 50. For IRAs the investment limits is \$5,500 for individuals under age 50 and \$6,500 for individuals over age 50.
- ▶ maintains the 3.80% Medicare tax on net investment income of taxpayers with a modified adjusted gross income over \$200,000 for individuals and \$250,000 for joint returns.
- ▶ doubles the standard deduction to \$12,000 for individuals and \$24,000 for joint returns; but, eliminates the personal exemption and reduces or eliminates several itemized deductions.
- ▶ doubles the child tax credit to \$2,000 per qualifying child under age 17 and creates a new dependent tax credit of \$500 per qualifying dependent not eligible for the child tax credit.
- ▶ eliminates the corporate alternative minimum tax; but, retains it for individual and joint returns.
- ▶ expands 529 plans to include tax-free distributions of up to \$10,000 per year per student to pay for K-12 expenses.
- ▶ doubles the estate and gift tax exclusion amount to \$11.2 million in 2018. This amount will be adjusted for inflation and retains the stepped-up basis in estate property.

This is not meant to be an exhaustive report on the new tax law; but, simply a summary of some important features. As always, if you have a question regarding your personal tax situation please contact your accountant. Source of information: Analysis of the 2017 Tax Cuts and Job Act, the Heritage Foundation, December 19, 2017.

LPL Financial has announced the mailing schedule for 1099 Consolidated Statements. Here is that schedule:

Date	Description
January 31, 2018	1099 Consolidate Form Mailing. The first wave of 1099 Consolidated Forms will be mailed. This includes accounts with the simplest tax information and not subject to income reclassification.
February 15, 2018	The second wave of 1099 Consolidated Forms will be mailed. This includes accounts holding securities that may be subject to income reclassification. Preliminary 1099 Consolidated Tax Statement. This draft copy includes accounts that will not receive a final 1099 Consolidated Tax Statement until March 1 or March 15.
March 1, 2018	The third wave of 1099 Consolidated Forms will be mailed. This includes accounts holding securities that may be subject to income reclassification where investment companies did not furnish tax information to LPL Financial in time for the February 15, 2018 mailing deadline.
March 15, 2018	The fourth wave of 1099 Consolidated Forms will be mailed. This includes accounts where investment companies did not furnish tax information to LPL Financial in time for the February 15, 2018 mailing deadline, and any accounts that hold securities that provide mortgage-backed income reporting information.

IMPORTANT NOTICE

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor. The examples provided are not representative of any specific situation and are for informational purposes only. There can be no guarantee that the strategies promoted will be successful.