

2017 FEDERAL & STATE TAX PROVISIONS

2017 Federal Tax Brackets

Current Law vs Potential Trump Proposal

2017 Tax Rates	Single Filers		Married Filing Jointly	
	Current Law	Trump Proposal	Current Law	Trump Proposal
10%	\$0 - \$9,325		\$0 - \$18,650	
12%		\$0 - \$37,500		\$0 - \$75,000
15%	\$9,325 - \$37,950		\$18,651 - \$75,900	
25%	\$37,951 - \$91,900	\$37,501 - \$112,500	\$75,901 - \$153,100	\$75,001 - \$225,000
28%	\$91,901 - \$191,650		\$153,101 - \$233,350	
33%	\$190,651 - \$416,700	\$112,501 and above	\$233,351 - \$416,700	\$225,001 and above
35%	\$416,701 - \$418,400		\$416,701 - \$470,700	
39.6%	\$418,401 +		\$470,701 +	

Source: Internal Revenue Service, IR-2015-119



No Changes to Federal Tax Rates

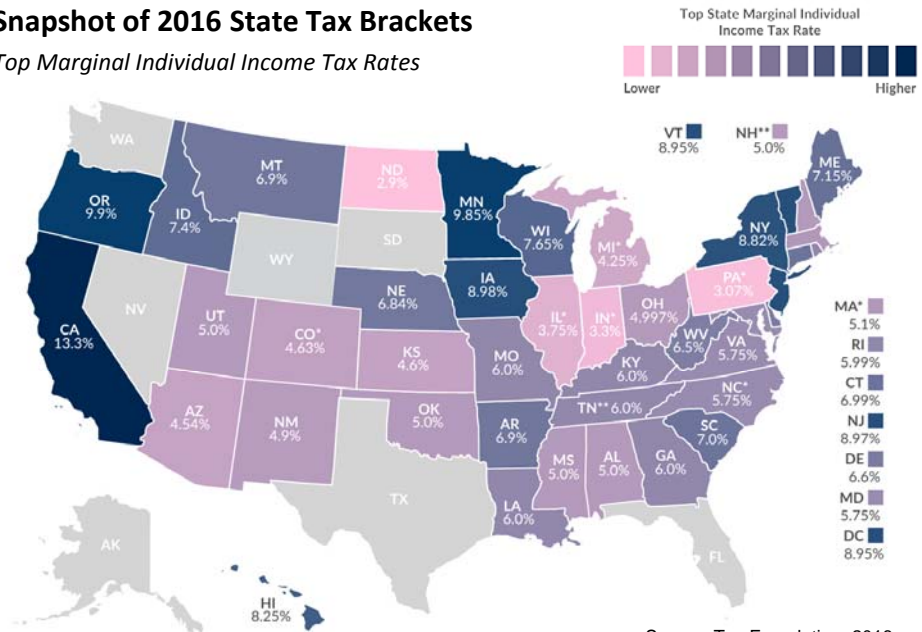
In 2017, the income limits for all brackets and all filers will be adjusted for inflation; however, tax rates remains unchanged from 2016.



Above are tax reform proposals that President-elect Trump may put forth in 2017.

Snapshot of 2016 State Tax Brackets

Top Marginal Individual Income Tax Rates



Source: Tax Foundation, 2016

2017 TAX PROVISIONS

2017 Long-Term Capital Gains Tax Rates

Current Law

0%

Taxable income less than:
\$38K Single
\$76K Married Filing Jointly

15%

Taxable income between:
\$38K - \$418K for Single
\$76K - \$470K for Married Filing Jointly

20%

Taxable income greater than:
\$418K Single
\$470K for Married Filing Jointly

Trump Proposal

Taxable income less than:
\$38K Single
\$75K Married Filing Jointly

Taxable income between:
\$38K - \$113K for Single
\$75K - \$225K for Married Filing Jointly

Taxable income greater than:
\$113K Single
\$225K for Married Filing Jointly

Additional 2017 AGI Thresholds

Alternative Minimum Tax (AMT) Exemptions

AMT

\$54.3K for Single
\$84.5K for Married Filing Jointly

Itemized Deduction Limitation (Pease) &
Personal Exemption Phase-out (PEP)

PEP

\$261.5K for Single
\$318.8K for Married Filing Jointly

“Must Know” Healthcare Taxes

Net Investment Income Tax (NIIT)

3.8%

On *unearned* income above:
\$200K for Single
\$250K for Married Filing Jointly

Medicare Surtax

0.9%

On *earned* income above:
\$200K for Single
\$250K for Married Filing Jointly

Trump Proposal



In 2017, both House GOP blueprints and Trump favor a repeal of the 3.8% NIIT, the reduction of personal exemptions, and caps on itemized deductions.

A Closer Look at Net Investment Income (NIIT)

Net investment income includes:

- Interest, dividends and capital gains
- Annuities, Rents and Royalties
- Passive activities and trading partnerships

The 3.8% tax applies to the lesser of investment income or the amount of AGI over \$200K for Single and \$250K for Married Filing Jointly



NIIT Tax Example

Single Taxpayer

\$185K Earned Income + \$75K Net Investment Income
= \$260K Total AGI

The 3.8% tax applies to:

Lesser of Net Investment Income (\$75K) or AGI above \$200K (\$60K)

Therefore, the NIIT is \$2,280 (\$60K x 3.8%)

TAX PLANNING CHECKLIST

What we are doing to help clients

1. Tax Loss Harvesting / Thoughtful Rebalancing
2. Consider Tax Brackets when realizing gains
3. Tax Aware Investing / Asset Placement
4. Tax Efficient Securities and Active Management Considerations
5. Capital Gains Distribution Analysis

How your tax advisor can help

1. Recognition and Timing of Income
2. Review Estimated Tax Withholding
3. AMT Considerations
4. Limit State & Local Income Tax Deductions
5. Review Property Tax Deductions
6. Additional State Tax Considerations

Areas that we can offer perspective

1. **Consider Gifting Long-Term Appreciated Securities** rather than cash for charitable contributions and avoid paying capital gains tax on the appreciated securities.
2. **Charitably Gifting the Required Minimum Distribution of an IRA**, which avoids IRA distribution being treated as taxable income.
3. **Making Contributions to a Flexible Spending or Health Savings Account(s)** FSA/HSA for growth and use of pre-tax dollars towards Health Expenses
4. **Weighing the differences between a Lump Sum Option or Annuity** Income stream for Defined Benefit Plan or Cash Balance Pensions
5. **Reviewing Social Security** Income Options
6. **Taking into consideration Tax Bracket Break-Points** and Stock Volatility when minimizing Single Stock Concentrations