

## 2017 TAX PLANNING - CHANGES TO NOTE

With the new administration in Washington D.C., tax changes are likely in our future, but the details of those changes are unknown. What we do know about 2017 core tax rates and inflation-adjusted figures will come in handy when you file your 2017 tax return in early 2018.

**Standard deduction increases.** The 2017 standard deduction for single taxpayers and married filing separately increases \$50 to \$6,350. Head of household increases to \$9,350. For those married filing jointly, the deduction goes up \$100 to \$12,700.

**Personal exemption.** The personal exemption remains at \$4,050 for 2017. The exemption is subject to phase-out beginning with adjusted gross income of \$261,500 for single taxpayers; \$287,650 for head of household; \$313,800 for married filing jointly; and \$156,900 for married filing separately.

**Alternative Minimum Tax.** For single taxpayers, the exemption amount for 2017 is \$54,300 and begins to phase out at \$120,700. For married couples filing jointly, the exemption is \$84,500, and begins to phase out at \$160,900. In 2017 the 28 percent tax rate applies to all those with taxable incomes above \$187,800 or \$93,900 for married taxpayers filing separately.

**IRA phase-out range increases.** You may contribute up to \$5,500 in a Roth or Traditional IRA in 2017 or \$6,500 if you are age 50 or over. This benefit phases out when incomes exceed certain thresholds. In 2017 the phase-out for both IRAs will rise by \$1,000 for single taxpayers and heads of household and by \$2,000 for married couples filing jointly.

**Medical Savings Accounts.** For participants in Medical Savings Accounts (MSA), you may now contribute \$3,400 (up \$50) for yourself or \$6,750 for a family in 2017. The catch-up contribution for those aged 55 or over adds \$1,000 to the limit. To qualify for an MSA, your health insurance coverage must meet minimum deductible and out-of-pocket limits.

**Medical expense deduction changes for some seniors.** In 2016, taxpayers 65 and older could use a threshold of 7.5% of their Adjusted Gross Income (AGI) in order to itemize excess medical-related expenses. The threshold for all other taxpayers was 10%. Beginning in 2017, all taxpayers will use the 10% threshold. Now only medical expenses in excess of 10% of your AGI qualify as an itemized deduction.

If you have questions about other changes that could affect your 2017 tax return, call us. We would love to hear from you. (1703)