



# 2017 TAX PLANNING TABLES

# 2017 Important Deadlines

## Last day to ...

### January 17

- Pay fourth-quarter 2016 federal individual estimated income tax

### January 25

- Buy in to close a short-against-the-box position (regular-way settlement) for 2016

### April 1

- Take 2016 required minimum distribution (RMD) from traditional IRAs if you reached age 70½ in 2016

### April 18

- File 2016 federal individual income tax return (or make payment with extension)
- Pay first-quarter 2017 federal individual estimated income tax
- Make 2016 contribution to traditional IRA, Roth IRA, or Education Savings Account (ESA)

### June 15

- Pay second-quarter 2017 federal individual estimated income tax

### September 15

- Pay third-quarter 2017 federal individual estimated income tax

### October 16

- File 2016 federal individual income tax return subject to automatic extensions
- Recharacterize a 2016 Roth IRA conversion

### November 28

- Double up to avoid violating the “wash sale” rule

### December 29

- Sell stock or listed options to realize a gain or loss
- Take 2017 RMDs from traditional IRAs and most qualified plans if you reached age 70½ before 2017
- Complete a Roth IRA conversion
- Complete a 529 plan contribution
- Sell shares acquired through the 2017 exercise of incentive stock options (ISOs) in disqualifying disposition to limit alternative minimum tax (AMT) exposure

### December 31

- Complete gifts for the current calendar year (charitable or other)

# 2017 Income Tax Rate Schedules

## Married Taxpayer Filing Jointly/Surviving Spouse

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 18,650	\$ 0.00	10%	\$ 0
18,650	75,900	1,865.00	15	18,650
75,900	153,100	10,452.50	25	75,900
153,100	233,350	29,752.50	28	153,100
233,350	416,700	52,222.50	33	233,350
416,700	470,700	112,728.00	35	416,700
470,700	—	131,628.00	39.6	470,700

## Single Taxpayer

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	9,325	\$ 0.00	10%	\$ 0
9,325	37,950	932.50	15	9,325
37,950	91,900	5,226.25	25	37,950
91,900	191,650	18,713.75	28	91,900
191,650	416,700	46,643.75	33	191,650
416,700	418,400	120,910.25	35	416,700
418,400	—	121,505.25	39.6	418,400

## Head of Household

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 13,350	\$ 0.00	10%	\$ 0
13,350	50,800	1,335.00	15	13,350
50,800	131,200	6,952.50	25	50,800
131,200	212,500	27,052.50	28	131,200
212,500	416,700	49,816.50	33	212,500
416,700	444,550	117,202.50	35	416,700
444,550	—	126,950.00	39.6	444,550

## Married Taxpayer Filing Separately

Taxable income*		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 9,325	\$ 0.00	10%	\$ 0
9,325	37,950	932.50	15	9,325
37,950	76,550	5,226.25	25	37,950
76,550	116,675	14,876.25	28	76,550
116,675	208,350	26,111.25	33	116,675
208,350	235,350	50,364.00	35	208,350
235,350	—	65,814.00	39.6	235,350

\* Taxable income is income after all deductions (including either itemized deductions or the standard deduction) and exemptions.

## Standard Deductions

Married/ joint	Single	Head of household	Dependents	Married/ separate
\$12,700	\$6,350	\$9,350	\$1,050	\$6,350

For dependents with earned income, the deduction is greater of \$1,050 or earned income +\$350 (up to \$6,350).

## Additional Standard Deductions

Married, age 65 or older or blind	\$ 1,250*
Married, age 65 or older and blind	2,500*
Single, age 65 or older or blind	1,550
Single, age 65 or older and blind	3,100

\* per person

## Personal and Dependency Exemption: \$4,050

### Personal and Dependency Exemption Phase-outs

Phase-outs	Exemption reduced when AGI* exceeds	Exemption phased out when AGI exceeds
<b>Married/joint</b>	\$313,800	\$436,300
<b>Single</b>	\$261,500	\$384,000
<b>Head of household</b>	\$287,650	\$410,150
<b>Married/ separate</b>	\$156,900	\$218,150

\* AGI = adjusted gross income

## Itemized Deduction Phaseouts

Phase-outs	Deduction reduced when AGI exceeds <sup>†</sup>
<b>Married/joint</b>	\$313,800
<b>Single</b>	\$261,500
<b>Head of household</b>	\$287,650
<b>Married/separate</b>	\$156,900

<sup>†</sup> Itemized deductions will be trimmed by 3% of the amount by which your AGI exceeds these thresholds. However, the amount of your itemized deductions will never be reduced by more than 80%.

## Tax Credit for Dependent Children

	Modified adjusted gross income (MAGI)	Tax credit for each child younger than age 17
<b>Married/joint</b>	\$0 - 110,000	\$1,000
<b>Individual</b>	0 - 75,000	\$1,000

Tax credit is reduced by \$50 for each \$1,000 by which the taxpayer's MAGI exceeds the maximum threshold.

# Alternative Minimum Tax (AMT)

## Tax Brackets

AMT income	Tax
Up to \$187,800*	26%
Over \$187,800	28%

\* \$93,900 if married filing separately

## AMT Exemption

	Exemption	Phased out on excess over
<b>Married filing joint and surviving spouse</b>	\$84,500	\$160,900
<b>Unmarried individual</b>	\$54,300	\$120,700
<b>Married filing separately</b>	\$42,250	\$80,450
<b>Estates and trusts</b>	\$24,100	\$80,450

# Capital Gains and Losses and Dividends

	10% and 15% tax brackets	25% up to 35% tax brackets	39.6% tax bracket
<b>Short-term</b> (one year or less)	Ordinary rate	Ordinary rate	Ordinary rate
<b>Long-term</b> (longer than one year)	0%*	15%*	20%*

### Dividends

Qualified dividends are taxed at the long-term capital gain rates. Nonqualified dividends are taxed at ordinary income tax rates.

\* To the extent taxable income remains in these brackets. Consult your tax advisor about how this applies to your situation. Higher rates apply to collectibles and unrecovered §1250 gain.

## Netting Capital Gains and Losses

1. Net short-term gains and short-term losses.
2. Net long-term gains and long-term losses.
3. Net short-term against long-term.
4. Deduct up to \$3,000 of excess losses against ordinary income per year.
5. Carry over any remaining losses to future tax years.

# Education Planning

## Education Savings Accounts (ESA)

- Maximum nondeductible contribution is \$2,000 per child, per year.
- Must be established for the benefit of a child younger than the age of 18.
- Maximum contribution amount is lowered if a contributor's modified adjusted gross income (MAGI) is between:
  - \$95,000 and \$110,000 for individual filers
  - \$190,000 and \$220,000 for joint filers
- No contributions can be made if contributor's MAGI exceeds the stated limits or the beneficiary is age 18 or older.
- Interest, dividends, and capital gains grow tax-deferred and may be distributed federal-income-tax free as long as the money is used to pay qualified education expenses.

## 529 Plans

- Earnings accumulate tax-deferred; qualified withdrawals may be federal-income-tax-free.
- No income, state-residency, or age restrictions.
- Potential state-tax incentives available in some states.
- Contributions up to \$70,000 (single) and \$140,000 (married couples) allowed in one year without a reduction in the applicable gift/estate tax exclusion (see page 11). No additional gifting in the current year or next four years without incurring potential gift tax implications.

*Please consider the investment objectives, risk, charges, and expenses carefully before investing in a 529 savings plan. The official statement for a specific plan, which contains this and other information, can be obtained by calling your financial professional. Read it carefully before you invest.*

## American Opportunity Credit

<b>Maximum credit</b>	\$2,500 per student for first four years of qualified expenses paid
<b>MAGI phaseouts:</b>	
Married filing jointly	\$160,000 - 180,000
Single filer	\$ 80,000 - 90,000

## Lifetime Learning Credit

<b>Maximum credit</b>	20% of first \$10,000 (per tax return) of qualified expenses paid in 2017
<b>MAGI phaseouts:</b>	
Married filing jointly	\$112,000 - 132,000
Single filer	\$ 56,000 - 66,000

## Exclusion of U.S. Savings Bond Interest

### MAGI phaseouts:

Married filing jointly	\$117,250 - 147,250
Others	\$ 78,150 - 93,150

Bonds must be titled in name(s) of taxpayer(s) only. Owner must be age 24 or older at time of issue. Must be Series EE issued after 1989 or any Series I bonds. Proceeds must be used for qualified postsecondary education expenses of the taxpayer, spouse, or dependent.

## Student Loan Interest Deduction

<b>Maximum deduction</b>	<b>\$2,500</b>
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### MAGI phaseouts:

Married filing jointly	\$135,000 - 165,000
Others	\$ 65,000 - 80,000

## Kiddie Tax

Children who have not reached the age of 19 by the end of the tax year are subject to the “kiddie tax” rules. If the child continues to be a full-time student, the rules apply until he or she turns age 24. If the child is age 18 or older and provides more than half of his or her own support, the kiddie tax rules do not apply. The following tax rate schedule will apply (assumes no earned income).

### Unearned income Tax treatment

Less than \$1,050	No tax
\$1,050 - 2,100	Taxed at child's rate
More than \$2,100	Taxed at the higher of the parents' top marginal rate or the child's tax rate

## Estimated Annual College Costs

	Public	Private
2017	\$21,340	\$46,600
2022	24,026	55,614
2027	27,051	66,371
2032	30,457	79,210

Total yearly costs for in-state tuition, fees, books, and room and board (transportation and miscellaneous expenses not included). Base is 2016-2017 school year. Costs for all future years projected by Wells Fargo Advisors in November 2016 assuming a 2.4% national average increase per year for public and a 3.6% national average increase per year for private.

Source: Trends in College Pricing. © 2016 collegeboard.org, Inc. Reprinted with permission. All rights reserved. collegeboard.org

# Retirement Accounts

## Pretax 401(k), 403(b), 457, Roth 401(k), or 403(b)

Employee maximum deferral contributions	Catch-up contribution (if age 50 or older)
\$18,000	\$6,000

Combined limit for Roth 401(k) or Roth 403(b) and pretax traditional 401(k) or pretax 403(b) deferral contributions is \$18,000 for those younger than 50.

## Traditional and Roth IRA

Maximum contribution	Catch-up contribution (if age 50 or older)
\$5,500	\$1,000

2017 contributions must be made no later than the tax-filing deadline, regardless of tax extensions. Traditional IRA contributions cannot be made for the year the owner turns age 70½ or subsequent years.

## Traditional IRA Deductibility Limits

**If neither individual nor spouse is a participant in another plan:**  
\$5,500<sup>1</sup> maximum deduction

**If the individual is an active participant in another plan:**

Married/joint MAGI <sup>2</sup>	Single MAGI <sup>2</sup>	Deduction
Up to \$99,000	Up to \$62,000	\$5,500 <sup>1,3</sup>
\$99,000 - 119,000	\$62,000 - 72,000	Phased out
\$119,000 and over	\$72,000 and over	\$0

1. If a spouse (working or non-working) is not covered by a retirement plan, but his or her spouse is covered, the spouse who is not covered is allowed full deductibility up to \$186,000 joint MAGI, phased out at \$196,000 joint MAGI.

2. Modified adjusted gross income

3. Maximum deduction is \$6,500 if age 50 or older.

Note: Phaseout for married filing separately is \$0-\$10,000.

## Roth IRA Qualifications

- Contribution amount is limited if modified adjusted gross income (MAGI) is between:
  - \$118,000 and \$133,000 for individual returns<sup>4</sup>
  - \$186,000 and \$196,000 for married/joint filers
  - \$0 and \$10,000 for married filing separate
- Cannot contribute if MAGI exceeds limits.
- Contributions are not deductible.
- Contributions are allowed after the age of 70½ if made from earned income.

4. Includes single filers, head of household, and married filing separately if you did not live with your spouse at any time during the year.



# Retirement Plan Limits

Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$ 12,500
Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (if age 50 or older)	3,000
Maximum annual defined contribution plan limit	54,000
Maximum compensation for calculating qualified plan contributions	270,000
Maximum annual defined benefit limit	215,000
Threshold for highly compensated employee	120,000
Threshold for key employee in top-heavy plans	175,000
Maximum SEP contribution is lesser of limit or 25% of eligible income	54,000

## Uniform Lifetime/Minimum Distribution Table

Age	Life Expectancy Factor	Age	Life Expectancy Factor
70	27.4	88	12.7
71	26.5	89	12.0
72	25.6	90	11.4
73	24.7	91	10.8
74	23.8	92	10.2
75	22.9	93	9.6
76	22.0	94	9.1
77	21.2	95	8.6
78	20.3	96	8.1
79	19.5	97	7.6
80	18.7	98	7.1
81	17.9	99	6.7
82	17.1	100	6.3
83	16.3	101	5.9
84	15.5	102	5.5
85	14.8	103	5.2
86	14.1	104	4.9
87	13.4	105	4.5

# Social Security Benefits

## Earnings Test

The earnings test indicates the level of earnings permissible for Social Security benefits recipients without incurring a reduction of benefits. These limits are indexed to increases in national earnings.

<b>Worker younger than full retirement age</b>	\$16,920
<b>Year worker reaches full retirement age</b> (applies only to earnings for months prior to attaining full retirement age)	\$44,880
<b>Worker at full retirement age</b>	No limit

## Maximum Monthly Benefit: \$2,687

This benefit is for an individual who reaches full retirement age in 2017 and earns at least the maximum wage base amount for the best 35 years.

Information provided by the Social Security Administration.

## Taxation Thresholds

Up to a certain percentage of an individual's Social Security benefits is subject to taxation when his or her provisional income\* exceeds certain threshold amounts:

	Up to 50% taxed	Up to 85% taxed
<b>Married/joint</b>	\$32,000 - 44,000	More than \$44,000
<b>Single</b>	\$25,000 - 34,000	More than \$34,000
<b>Married filing separately</b>	85% taxable†	

\* Provisional income generally includes modified adjusted gross income (MAGI) plus nontaxable interest and one-half of Social Security benefits.

† There is an exception to this rule if you lived apart from your spouse for the entire year. Consult your tax advisor for more information.

## Social Security Tax Rates

<b>Maximum wage base for Social Security</b>	\$127,200
<b>Employee</b>	6.20%
<b>Employer</b>	6.20%
<b>Self-employed</b>	12.40%

# Medicare Tax Rates

## Thresholds

Single	\$200,000
Married/joint	\$250,000
Married/separate	\$125,000
Trust/estate	\$ 12,500

	Below threshold	Above threshold
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## Tax rate on employee compensation

Compare thresholds to Medicare wages as reported on IRS Form W2

Employee's tax rate	1.45%	2.35%*
Employer's tax rate	1.45%	1.45%

## Tax rate on self-employment income

Compare threshold to net self-employment income as determined on IRS Form 1040 Schedule SE

Owner's rate	2.90%	3.80%*
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## Tax rate on net investment income

Compare threshold to MAGI

Investor's tax rate	0.00%	3.80%
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\* Includes the 0.9% Medicare surtax.

# Health and Long-Term Care

## Long-Term Care Deduction for Medical Care<sup>†</sup>

Age attained before the close of the taxable year	Limit on premiums
40 or less	\$ 410
More than 40 but not more than 50	770
More than 50 but not more than 60	1,530
More than 60 but not more than 70	4,090
More than 70	5,110

<sup>†</sup> Limitations apply based on type of taxpayer. You should consult your tax advisor regarding your situation.

## Health Savings Account (HSA) Limits

### Maximum contribution

<b>Single</b>	<b>Family</b>
\$3,400	\$6,750

\$1,000 catch-up contribution allowed per individual age 55 or older

### Minimum health insurance plan deductible

<b>Single</b>	<b>Family</b>
\$1,300	\$2,600

### Maximum out-of-pocket expenses

<b>Single</b>	<b>Family</b>
\$6,550	\$13,100

# Federal Trust and Estate Income Tax

## Tax Rates\*

Taxable income		Tax		
More than	But not more than	Pay	+ % on excess	Of the amount more than
\$ 0	\$ 2,550	\$0.00	15%	\$ 0
2,550	6,000	382.50	25	2,550
6,000	9,150	1,245.00	28	6,000
9,150	12,500	2,127.00	33	9,150
12,500		3,232.50	39.6	12,500

\* See page 4 for corresponding capital gain and qualified dividend rates.

# Estate, Gift, and Generation-Skipping Transfer Tax

## Gift tax annual exclusion

\$14,000

An individual can give up to \$14,000 per person per year to any number of beneficiaries (family or nonfamily) without paying gift tax or “using up” any available applicable exclusion amount.

## Estate and gift tax - basic exclusion

\$5,490,000

Estate or gift taxes apply to the extent that your cumulative transfers (lifetime exclusion gifts plus the taxable estate at death) exceed your applicable exclusion.

Your applicable exclusion consists of your \$5,490,000 basic exclusion plus any “unused” exclusion received from a spouse who predeceased you.

*Exclusion “portability”*: A deceased spouse’s unused exclusion can only be transferred if (1) the spouse died after December 31, 2010, and (2) the deceased spouse’s executor made an election to transfer any unused exclusion to the surviving spouse, by filing a timely estate tax return.

## Generation-skipping transfer (GST) tax exemption

\$5,490,000

## Estate, gift, and GST tax rate

40%

Applies to transfers in excess of the applicable exclusion/GST exemption.

# Corporate Income Tax

## Tax Rates

Taxable income		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
\$ 0	\$ 50,000	\$ 0	15%	\$ 0
50,000	75,000	7,500	25	50,000
75,000	100,000	13,750	34	75,000
100,000	335,000	22,250	39	100,000
335,000	10,000,000	113,900	34	335,000
10,000,000	15,000,000	3,400,000	35	10,000,000
15,000,000	18,333,333	5,150,000	38	15,000,000
18,333,333		6,416,667	35	18,333,333

Note: There are no special federal capital gains rates for corporations. For corporations, capital losses are deductible only against capital gains. Corporations pay alternative minimum tax (AMT) at a 20% rate.

### Our Firm's Suggested Spending Guidelines

<b>Mortgage payments</b>	Not to exceed 28% of gross (pretax) income
<b>Discretionary expenses</b> (clothing, entertainment, restaurants, etc.)	Not to exceed 20% of after-tax income
<b>Auto loans and credit card debt</b>	Not to exceed 20% of after-tax income
<b>Combined monthly debt</b>	Not to exceed 36% of monthly gross (pretax) income

Stay abreast of pending tax legislation and keep in touch with your financial professional.

# Compounding

At hypothetical rates of return

4%					
Monthly investment		5 years	10 years	20 years	30 years
\$ 50	Amount invested	\$ 3,000	\$ 6,000	\$ 12,000	\$ 18,000
	Value	3,326	7,387	18,400	34,818
100	Amount invested	6,000	12,000	24,000	36,000
	Value	6,652	14,774	36,800	69,636
500	Amount invested	30,000	60,000	120,000	180,000
	Value	33,260	73,870	183,998	348,181
1,000	Amount invested	60,000	120,000	240,000	360,000
	Value	66,520	147,741	367,997	696,363

6%					
Monthly investment		5 years	10 years	20 years	30 years
\$ 50	Amount invested	\$ 3,000	\$ 6,000	\$ 12,000	\$ 18,000
	Value	3,506	8,235	23,218	50,477
100	Amount invested	6,000	12,000	24,000	36,000
	Value	7,012	16,470	46,435	100,954
500	Amount invested	30,000	60,000	120,000	180,000
	Value	35,059	82,349	232,176	504,769
1,000	Amount invested	60,000	120,000	240,000	360,000
	Value	70,119	164,699	464,351	1,009,538

8%					
Monthly investment		5 years	10 years	20 years	30 years
\$ 50	Amount invested	\$ 3,000	\$ 6,000	\$ 12,000	\$ 18,000
	Value	3,698	9,208	29,647	75,015
100	Amount invested	6,000	12,000	24,000	36,000
	Value	7,397	18,417	59,295	150,030
500	Amount invested	30,000	60,000	120,000	180,000
	Value	36,983	92,083	296,474	750,148
1,000	Amount invested	60,000	120,000	240,000	360,000
	Value	73,967	184,166	592,947	1,500,295

Values shown are based on investments made at the beginning of each month, compounded monthly, and do not reflect the return of any particular investment. These tables are for illustrative purposes only and do not reflect the effects of taxes or transaction costs.



Our firm does not render legal or tax advice. While this reference guide is not intended to replace your discussions with your appointed tax advisor, it may help you comprehend the tax implications of your investments and plan tax efficiently.

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