KEY TAX REFORM PROVISIONS INDIVIDUALS*

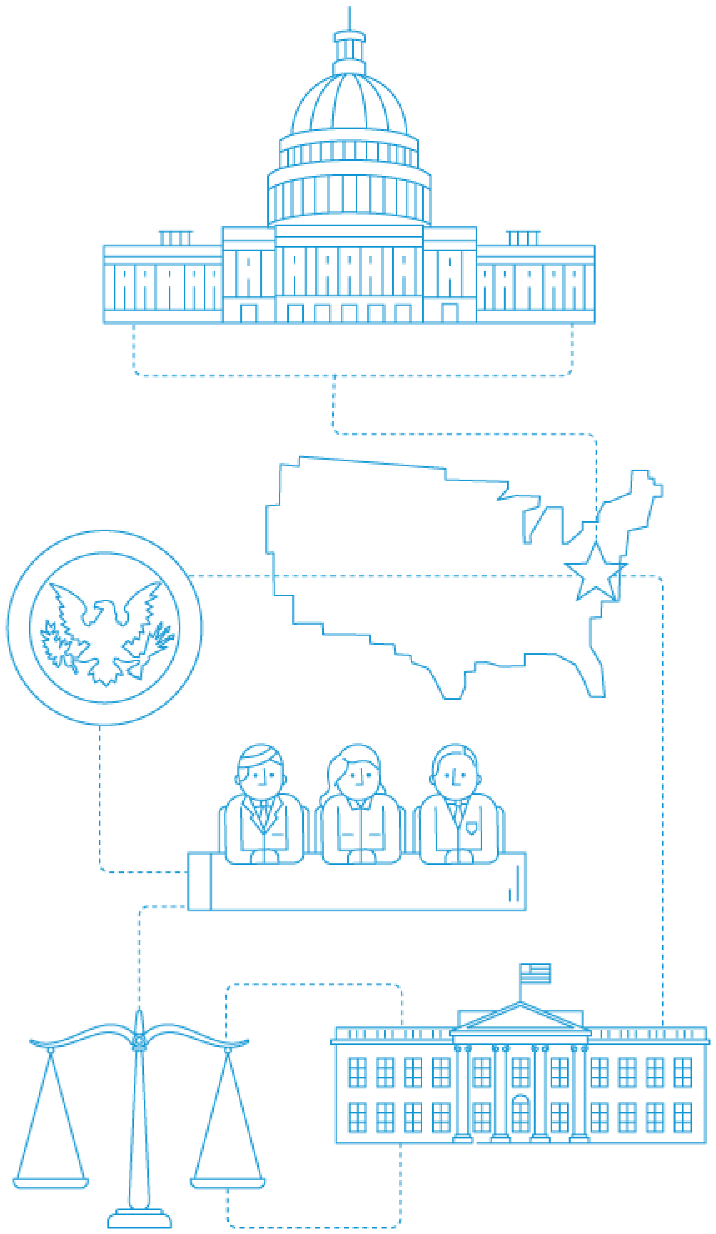
- Seven individual tax brackets – 10, 12, 22, 24, 32, 35 and 37 percent. Top individual rate of 37 percent will apply for individuals earning $500,000 and above and joint filers earning at least $600,000
- Repeals deduction for personal exemptions
- Doubles the standard deduction
- Retains the alternative minimum tax (AMT), albeit with higher exemptions
- Allows deduction up to $10,000 for state and local property, income or sales taxes
- Preserves medical expense deduction, albeit temporarily
- Repeals all miscellaneous deductions now subject to the 2 percent floor
- Preserves deduction for charitable contributions
- Limits deduction for home mortgage interest to interest on $750,000 of acquisition indebtedness incurred on newly purchased principal and second residences after Dec. 15, 2017. No deduction for interest on home equity loans.
- Eliminates the 3 percent of adjusted gross income (AGI) limitation on itemized deductions
- Doubles the estate, gift and generation-skipping transfer (GST) tax exemptions to approximately $11 million
- Retains the gift tax and the step-up in basis for inherited property

*Provisions generally sunset after 2025

TAX REFORM RESOURCE CENTER

How might new tax rules affect your business and tax planning?
The Tax Cuts and Jobs Act includes sweeping changes to tax law. This resource center features our latest insights and programming, so that you understand what to expect and the potential impact to your tax planning process.

rsmus.com/taxreform



TAX REFORM: INDIVIDUAL CONSIDERATIONS

Income	Estate and gift	State
Issues		
• Depending on where you live and whether you are subject to the AMT, the limitation on state and local tax deductions may affect your tax liability. • Loss of or limitations on various deductions could profoundly alter the calculus for your charitable giving and home ownership. • Sunsetting of many individual provisions injects uncertainty in any planning that depends on future tax rates, e.g., funding a deferred compensation plan or buying a deferred annuity.	• Doubling of the exemptions (and indexing thereafter) effectively repeals the estate tax for many individuals. But potential sunsetting makes the planning more problematic. • The key inquiries will be whether (1) your current or projected estate will be taxable in the first place, and (2) you feel that you need to do more to reduce the impact of estate taxes on what you leave to your children. • If you want to do further planning, particularly by transferring significant assets during your lifetime, the gift tax will obviously remain a factor to be addressed.	• Depending, once again, on where you live and the composition of your income and deductions, the new tax law could certainly impact your state tax liability.
Opportunities		
• With so many key provisions of the tax law preserved, revised or repealed for 2018, the principal challenge is to gain a comprehensive perspective on the impact of these changes on how you handle your compensation, investments, credit management, retirement planning and charitable giving. • All things considered, you may have to manage such diverse aspects of your tax and financial planning as paying deductible expenses and allocating investments between taxable and deferred accounts more strategically than you have in the past.	• The doubling of the estate tax exemption is reason enough for you to review your estate plan, e.g., the funding of a so-called 'credit shelter' trust. • The expanded gift tax exemption creates opportunities for (1) new, gift tax efficient wealth transfer, and (2) remedying problems with existing planning, such as with 'underfunded' irrevocable life insurance trusts. • Planning for estate tax liquidity should be revisited to be sure it aligns properly with the increased exemptions, though caveats apply for any sunsetting.	• You should review your state tax situation to see if there are adjustments that might be necessary or appropriate, particularly in your fixed income investing. For example, if the loss of (or limitations on) deductions on your federal return increases your state tax liability, then you might want to reassess the after-tax returns of in-state versus out-of-state tax-exempt bonds.

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