

## What Does the Tax Cut and Jobs Act Mean for You?

### How will tax reform benefit individuals and families?

One of the biggest impacts taxpayers can expect involves an increase in the amount of the standard deduction. The previous amount \$6,350 for single filers is nearly doubled under the reform, now falling at \$12,000. Couples who file jointly will find that their standard deduction has risen from \$12,700 to a substantially heftier \$24,000.

Alternative minimum tax, or AMT, will prove less of an issue for both married and single taxpayers as well. Income exempted for couples filing jointly is increased to \$109,400 from \$84,500; for single filers, the amount increases to \$70,300 from \$54,300.

Another component of the Tax Cuts and Jobs Act is the Child Tax Credit. Whereas filers could previously claim up to \$1,000 per eligible child, the Act now doubles that amount (up to \$2,000).

The bill also affords a non-refundable \$500 credit for any non-child dependents. Married couples can now make up to \$400,000 before these benefits no longer apply previously, the ability to claim these credits was limited to couples earning \$110,000 or less.

Taxpayers can also now deduct up to a maximum of \$10,000 in local and state taxes, though they'll have to decide whether to do so from income/sales tax or property taxes. And for those taking out a new mortgage, deductions are limited to the first \$750,000 of the loan (this won't impact filers who currently hold a mortgage).

### How are tax brackets changing under the new reform?

Income thresholds and their corresponding tax brackets are changed under the Act. The new brackets are as follows: 10%, 12%, 22%, 24%, 32%, 35% and 37%. This adjustment effectively lowers tax rates for filers in all but two existing brackets (10% and 35%).

### Which deductions are reduced or eliminated?

The loss of certain deductions will likely result in confusion and questions.

Dependent and personal exemptions — set at \$4,050 for 2017 — are eliminated by the Tax Cuts and Jobs Act. For many families, this may be offset by the increase in the Child Tax Credit and added credits for non-child dependents. In addition, the Act officially eliminates any penalty for lack of health insurance after the December 31, 2018.

Filers looking to deduct medical expenses will be able to do so for 2018 as long as those expenses account for more than 7.5% of their AGI.