



Jim Lange's 2018-2019 Tax Planning Card

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HOW to COMPUTE YOUR FEDERAL INCOME TAX

Example: For a married couple in 2018 with taxable income of \$85,000, refer to the *MARRIED FILING JOINTLY* section of the 2018 chart listed below. See \$77,401 - 165,000 and calculate as follows:

$$\$85,000 \times 22\% = \$18,700 - \$8,121 = \$10,579$$

CALCULATION of TAXABLE INCOME

To determine taxable income, please follow these steps:

1. List your total income. (*U.S. Form 1040, Line 6*)
2. Subtract adjustments to income, which include allowable IRA and retirement plan deductions, alimony paid and one-half of self-employment tax. (*Schedule 1, Line 36*)
3. You now have your adjusted gross income, AGI. (*Line 7*)
4. Subtract the larger of the standard deduction or your itemized deductions. (*Line 8*)
5. Subtract your qualified business income deduction. (*Line 9*)
6. Arrive at taxable income. (*Line 10*)
7. Insert taxable income into the appropriate table below.
8. Make adjustments for qualified dividends and capital gains.

2018 QUICK CALC

MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 19,050	x 10%	- \$ 0	= Tax
19,051 - 77,400	x 12%	- 381	= Tax
77,401 - 165,000	x 22%	- 8,121	= Tax
165,001 - 315,000	x 24%	- 11,421	= Tax
315,001 - 400,000	x 32%	- 36,621	= Tax
400,001 - 600,000	x 35%	- 48,621	= Tax
600,001 and above	x 37%	- 60,621	= Tax

SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,525	x 10%	- \$ 0	= Tax
9,526 - 38,700	x 12%	- 190	= Tax
38,701 - 82,500	x 22%	- 4,060	= Tax
82,501 - 157,500	x 24%	- 5,710	= Tax
157,501 - 200,000	x 32%	- 18,310	= Tax
200,001 - 500,000	x 35%	- 24,310	= Tax
500,001 and above	x 37%	- 34,310	= Tax

HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 13,600	x 10%	- \$ 0	= Tax
13,601 - 51,800	x 12%	- 272	= Tax
51,801 - 82,500	x 22%	- 5,452	= Tax
82,501 - 157,500	x 24%	- 7,102	= Tax
157,501 - 200,000	x 32%	- 19,702	= Tax
200,001 - 500,000	x 35%	- 25,702	= Tax
500,001 and above	x 37%	- 35,702	= Tax

MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,525	x 10%	- \$ 0	= Tax
9,526 - 38,700	x 12%	- 190	= Tax
38,701 - 82,500	x 22%	- 4,060	= Tax
82,501 - 157,500	x 24%	- 5,710	= Tax
157,501 - 200,000	x 32%	- 18,310	= Tax
200,001 - 300,000	x 35%	- 24,310	= Tax
300,001 and above	x 37%	- 30,310	= Tax

2019 QUICK CALC

MARRIED FILING JOINTLY or QUALIFYING WIDOW(ER)

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 19,400	x 10%	- \$ 0	= Tax
19,401 - 78,950	x 12%	- 388	= Tax
78,951 - 168,400	x 22%	- 8,283	= Tax
168,401 - 321,450	x 24%	- 11,651	= Tax
321,451 - 408,200	x 32%	- 37,367	= Tax
408,201 - 612,350	x 35%	- 49,613	= Tax
612,351 and above	x 37%	- 61,860	= Tax

SINGLE

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,700	x 10%	- \$ 0	= Tax
9,701 - 39,475	x 12%	- 194	= Tax
39,476 - 84,200	x 22%	- 4,142	= Tax
84,201 - 160,725	x 24%	- 5,826	= Tax
160,726 - 204,100	x 32%	- 18,684	= Tax
204,101 - 510,300	x 35%	- 24,807	= Tax
510,301 and above	x 37%	- 35,013	= Tax

HEAD of HOUSEHOLD

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 13,850	x 10%	- \$ 0	= Tax
13,851 - 52,850	x 12%	- 277	= Tax
52,851 - 84,200	x 22%	- 5,562	= Tax
84,201 - 160,700	x 24%	- 7,246	= Tax
160,701 - 204,100	x 32%	- 20,102	= Tax
204,101 - 510,300	x 35%	- 26,225	= Tax
510,301 and above	x 37%	- 36,431	= Tax

MARRIED FILING SEPARATELY

Taxable Income (\$)	x%	Less (\$)	= Tax
\$ 0 - 9,700	x 10%	- \$ 0	= Tax
9,701 - 39,475	x 12%	- 194	= Tax
39,476 - 84,200	x 22%	- 4,142	= Tax
84,201 - 160,725	x 24%	- 5,826	= Tax
160,726 - 204,100	x 32%	- 18,684	= Tax
204,101 - 306,175	x 35%	- 24,807	= Tax
306,176 and above	x 37%	- 30,930	= Tax

Note: Net long-term capital gains and qualified dividends will reduce computed Quick Calc tax liability, while the alternative minimum tax and net investment income tax and other factors increase it.

Should You Make a Roth IRA Conversion?

Your current and future tax brackets are an integral factor to be considered in the decision to convert a portion or even all of your IRA to a Roth IRA. For more information, please see Jim's book, *The Roth Revolution: Pay Taxes Once and Never Again*.

PERSONAL EXEMPTIONS

Personal exemptions are the amount you may deduct for yourself, your spouse, and your dependents.

As a result of the passage of The 2017 Tax Cuts and Jobs Act, all personal and dependent exemptions have been suspended for the tax years of 2018 through 2025.

PENNSYLVANIA INCOME TAXES

PA Individual Income Tax

The Pennsylvania individual income tax rate remains at 3.07% for 2018 and 2019.

PA Corporate Tax

The Corporate Tax rate remains unchanged at 9.99% for 2018.

Pittsburgh Income Tax

The Pittsburgh individual earned income tax rate remains at 3% for 2018 and 2019 for city residents.

2018 and 2019 STANDARD DEDUCTIONS

The standard deduction is the amount you may deduct if you do not itemize your deductions.

	2018 Standard Deduction	2018 + Age 65 or Over or Blind (EACH)	2019 Standard Deduction	2019 + Age 65 or Over or Blind (EACH)
Married Filing Jointly or Qualifying Widow(er)	\$ 24,000	\$ 1,300	\$24,400	\$ 1,300
Single	12,000	1,600	12,200	1,650
Head of Household	18,000	1,600	18,350	1,650
Married Filing Separately	12,000	1,300	12,200	1,300

SOCIAL SECURITY/SELF-EMPLOYMENT TAX

	Taxable Wages	(%)	Maximum Amount	S.E. (%)	Maximum S.E.
2019	\$ 0 - 132,900	7.65%	\$ 10,167	15.3%	\$20,334
2019	\$132,901 and above	1.45%	unlimited	2.9%	unlimited

The normal three components of the Social Security Tax are:

1. Social Security Tax	5.60%
2. Disability	.60%
3. Medicare Hospital	1.45%
Paid by Employees & Employers	7.65%*

* The Self-Employment Tax is twice this amount. Also please note that one-half of the self-employment tax is deductible as an adjustment to income.

Note: An additional Medicare Tax Rate of 0.9% is applied to self-employment income and wages over threshold amounts after December 31, 2012.

ESTATE and INHERITANCE TAXES

Pennsylvania Inheritance Tax

Transfers to lineal heirs (such as children, grandchildren, parents and grandparents) are taxed at 4½%. Transfers to siblings (except transfers to charity) are taxed at 15%.

Pennsylvania still allows unlimited tax-free transfers to spouses.

Federal Estate and Gift Tax

The federal government allows unlimited transfers to spouses who are American citizens.

In 2019, the maximum amount that can be transferred from an estate to non-spouses without incurring any federal estate taxes is \$11,400,000 per individual or \$22,800,000 per married couple.

In 2019, the gift tax exclusion per donee is \$15,000/year.

The lifetime gift exemption increases to \$11,180,000 in 2018 and \$11,400,000 in 2019.

2018 and 2019 MAXIMUM RETIREMENT PLAN CONTRIBUTIONS

Plan Type	2018	2018 Age 50 or Over	2019	2019 Age 50 or Over
Roth IRA	\$ 5,500	\$ 6,500	\$ 6,000	\$ 7,000
IRA	5,500	6,500	6,000	7,000
SEP (Self-Employed)	55,000	55,000	56,000	56,000
SEP (Employee)	55,000	55,000	56,000	56,000
403(b)/Roth 403(b) (Employee)	18,500	24,500	19,000	25,000
401(k)/Roth 401(k) (Employee)	18,500	24,500	19,000	25,000
Self-Employed Profit Sharing/401(k)'s*	55,000	61,000	56,000	62,000
Single Person 401(k) Plan*	55,000	61,000	56,000	62,000
SIMPLE	12,500	15,500	13,000	16,000

*401(k) plan limits include elective deferral contributions.



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James Lange CPA/Attorney, is the president of three companies:

1. An investment advisory firm that helps IRA and retirement plan owners get the most out of your hard-earned savings, investments, and assets. We combine strategic advice on retirement and estate planning, estate planning, withdrawal rates, Roth IRA conversions, Social Security maximization, and gifting, etc. and come up with a "masterplan." Then, we work closely with different money management firms to actually invest your money and implement the master plan. One of the firms uses a low-cost index approach and another firm uses an active approach.
2. A CPA firm that provides expert tax planning and preparation services, so you can minimize your tax burden and grow your retirement nest egg faster.
3. A law firm which prepares wills, trusts and IRA beneficiary designations and the best estate plan for married couples, Lange's Cascading Beneficiary Plan. Together with his team, Jim has written 2,581 wills and trusts.

You may qualify a free **Expert Second Opinion**. Jim and/or his team will review your tax returns, wills and trust, and investments to uncover tax savings or asset appreciation/protection opportunities and, if appropriate, a proposal for services.

If you haven't taken advantage of this offer, we encourage you to call Alice at 412-521-2732 to see if you qualify for your free **Expert Second Opinion** appointment.

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