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Wealth Advisor's Guide to 2017

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What’s Inside

Our **Wealth Advisor’s Guide to 2017** is designed to help financial services professionals stay abreast of recent events that could have an impact on your most valued clients’ financial situations.

Inside you will find valuable information regarding income tax updates, a legislative outlook, portfolio construction, retirement income best practices and wealth transfer techniques. We have also included a comprehensive summary of 2017 tax rate schedules and other important planning limits.

We hope that you find the information helpful, and we are happy to answer any questions you may have.

Income Tax Updates

Four Tax Breaks That Expired in 2016

- Mortgage premium deduction
- Mortgage debt relief exclusion
- Tuition and fee deduction
- Credit for energy-saving home improvement equipment

Top Tax Rates for Personal Income in 2017

	Wages	Long-term capital gains	Qualified dividends	Passive income	Active income from a general partnership	Active ordinary income from LP or LLC	Active income from S corporation
Medicare tax on earned income	1.45%	0%	0%	0%	2.90%	0%	0%
Highest marginal income tax rate	39.60%	20.00%	20.00%	39.60%	39.60%	39.60%	39.60%
Net Investment Income Tax/Medicare surtax effective in 2013	0.90%	3.80%	3.80%	3.80%	.90%	0%	0%
2017 top marginal tax rate	41.95%	23.80%	23.80%	43.40%	43.40%	39.60%	39.60%

Source: PWC

2017 Tax-Filing Deadlines

	Individuals	Partnerships	C Corporations	S Corporations
Due Date	April 17, 2017	March 15, 2017	April 17, 2017	March 15, 2017
Extension Deadline	October 16, 2017	September 15, 2017	September 15, 2017	September 15, 2017

Source: PWC

IRS Offers Fix for Missing 60-Day Rollover Deadline

> Under Revenue Procedure 2016-47, individuals may complete a rollover even after the 60-day period expires, without having to apply for a private letter ruling (PLR)

> In order to take advantage of Revenue Procedure 2016-47, certain conditions must be satisfied:

- The taxpayer provides a self-certification to the plan administrator or IRA trustee claiming eligibility for a waiver to the 60-day requirement
- The taxpayer missed the 60-day deadline due to one of 11 prescribed "Permissible Late Events"
- The contribution must be made to the plan or IRA "as soon as practical" after the Permissible Late Event ceases to prevent the taxpayer from making the contribution

Favorable Depreciation Rules Extended

> The 50% bonus depreciation provision has been extended through 2017 and is scheduled to be reduced to 40% in 2018, 30% in 2019 and eliminated starting in 2020

> This provision allows businesses to write off capital investments faster than normal depreciation tables allow

> A security-based loan may provide a convenient and cost-effective financing opportunity for some business owners

83(b) Elections No Longer Required to be Submitted with Income Tax Returns

> On July 16, 2016, the IRS issued final regulations that eliminate the requirement for a taxpayer to submit a copy of his or her 83(b) election with their income tax return

> The new regulations do not eliminate the requirement to file an 83(b) election with the IRS within 30 days after the date on which the property is transferred to the taxpayer

> This new rule applies to restricted property transferred on or after January 1, 2016

IRS Provides Relief for Storm-Impacted Taxpayers

> The IRS has made it easier for Louisiana flood and Hurricane Matthew victims to obtain hardship withdrawals and loans from employer-sponsored retirement plans

> Hardship withdrawals deadlines:

- Louisiana: January 17, 2017
- Hurricane Matthew: March 15, 2017

> Taxpayers will still be assessed ordinary income taxes and a 10% premature distribution penalty, unless an exception applies

Final Thought: NING Domestic Asset Protection Trusts

- A "NING" is a Nevada Incomplete-gift Non-Grantor trust that is used to shift highly appreciated property away from a high-tax-rate state to a zero-tax-rate state such as Nevada; a Nevada-based trust company/trustee is required
- Since the gift is incomplete, there are no gift taxes incurred or gift tax returns that will need to be filed when the trust is funded, rather trust assets remain in the grantor's estate
- There are some caveats to using a NING including:
  - The strategy will only work with intangible assets such as marketable securities
  - Some high-tax-rate states have enacted legislation that treats the trust as a grantor trust for state income tax purposes
  - These trusts are complex and costly – care must be taken to avoid a step-transaction and legal counsel is highly advised

Legislative Outlook

2016 Election Results

2016 Presidential Electoral Votes	
Trump 306	Clinton 232
2016 Senate Results	
Republicans 52 (-2)	Democrats 48 (+2)
2016 House Results	
Republicans 238 (-6)	Democrats 194 (+6)

Initial Observations

> Republicans control the White House and Congress but still lack a super-majority in the Senate to end a filibuster – Senate Minority Leader Chuck Schumer (D-NY) becomes the most important Democrat in Washington

> The first 100 days are likely to see a reversal of many Obama executive actions regarding immigration, labor rights, the environment and global warming

> Almost immediately, efforts will be made to repeal and replace the Affordable Care Act

> Supreme Court Justice Antonin Scalia's vacancy must be filled, with potentially three more nominations during the next four years

> Individual and corporate tax reform is likely but the administration and House Republicans will need to find common ground

Tax Reform Proposals

	Trump Plan	House GOP Blueprint
Individual Tax Rates	• Three brackets: 12%, 25% and 33% • Repeal 0.9% FICA-HI tax	• Three brackets: 12%, 25% and 33% • Repeal 0.9% FICA-HI tax
Tax Brackets (Single)	• $0-$37,500 • $37,501-$112,500 • $112,501+	• $0-$37,650 • $37,651-$190,150 • $190,151+
Tax Brackets (Married)	• $0-$75,000 • $75,001-$225,000 • $225,001+	• $0-$75,300 • $75,301-$231,450 • $231,451+
Alternative Minimum Tax	• Repeal	• Repeal

Refer to the Key Planning Limits section for current tax rates.

Tax Reform Proposals

	Trump Plan	House GOP Blueprint
Capital Gains/ Dividend Rate	• Retain current-law capital gain structure with a top rate of 20% • Repeal 3.8% Net Investment Income Tax (NIIT)	• Tax at ordinary rates with 50% exclusion (effective tax rates of 6%, 12.5%, and 16.5%) • Exclusion also applies to interest, which is currently taxed as ordinary income • Repeal 3.8% NIIT
Itemized Deductions	• Cap itemized deductions at $200,000 for married and $100,000 for individual filers	• Retain deductions for mortgage interest and charitable giving; eliminate most others

Tax Reform Proposals

	Trump Plan	House GOP Blueprint
Standard Deduction and Personal Exemptions	• Increase standard deduction to $15,000 for individuals and $30,000 for married filers • Eliminate personal exemptions and head-of-household filing status	• Consolidate standard deduction and personal exemption into one larger standard deduction of $12,000 for single filers, $18,000 for single filers with a child, and $24,000 for married filers
Corporate Tax Rate	• 15% corporate tax rate	• 20% corporate tax rate

Tax Reform Proposals

	Trump Plan	House GOP Blueprint
Pass Through Income	• Pass through businesses may elect to be taxed at the 15% corporate rate or under the individual side of the tax code	• Top rate of 25% will apply to active business income of sole proprietorships, partnerships, limited liability companies and S corporations • Compensation paid to owner/employees will be deductible to business and taxed at individual tax rates
Estate Tax	• Repeal, but tax capital gains on appreciated assets held at death to the extent they exceed $10 million	• Repeal

Final Thought: Stock Protection Fund

- To help manage a concentrated position, a stock protection fund is a new tool that allows a group of investors to continue to own their shares and retain all of the upside potential while mutualizing the downside risk
- Each investor contributes cash equal to a percentage of their position to a pool. The pool is invested in U.S. government bonds that mature in five years. After five years, cash is distributed first to investors whose positions suffered the greatest losses
  - If the total losses exceed the cash pool, large losses are reduced
  - If the cash pool exceeds total losses, all individual losses are eliminated and excess cash is returned to investors
- Taxes are deferred and shares are unencumbered

Portfolio Construction

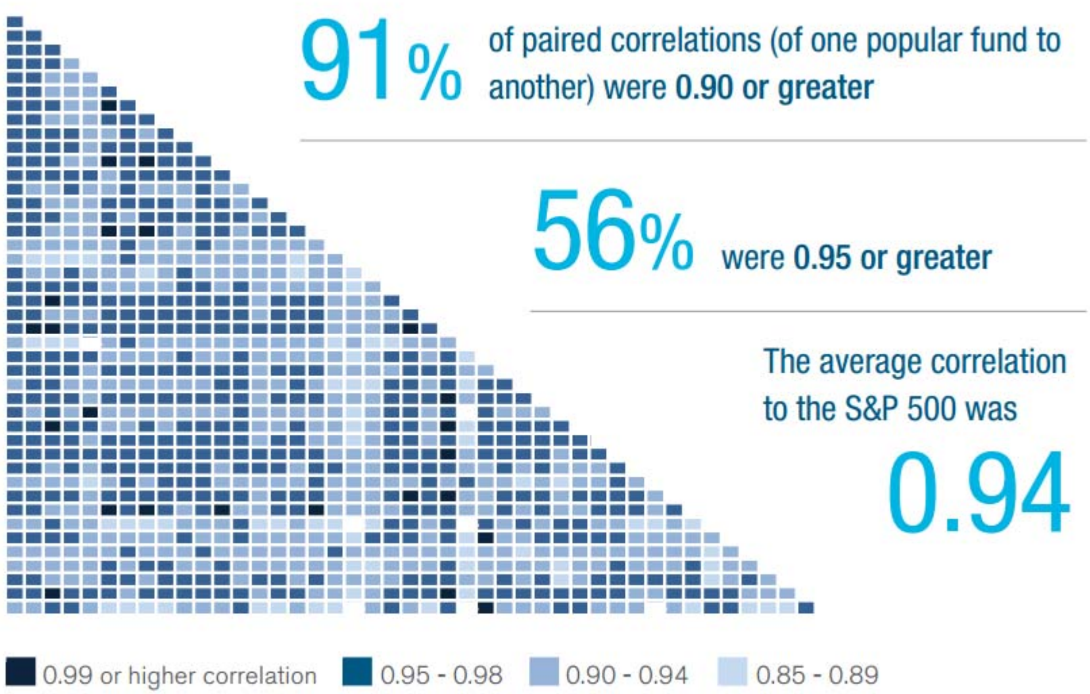
Portfolio Construction Services

- Powered by MPI Stylus, Janus has prepared more than 1,700 customized asset allocation reports to help advisors better understand their model portfolios' intended and unintended risks
- Specific analytics include:
  - Value-at-risk
  - Returns-based factor analysis
  - Risk budgeting
  - Correlation matrix

Key Finding: Duplicative Large Cap Growth Managers

A Sea of Same: The Most Popular Large-Cap Growth Funds are Highly Correlated

Largest 50 Large-Cap Growth Funds (as of 8/31/16)



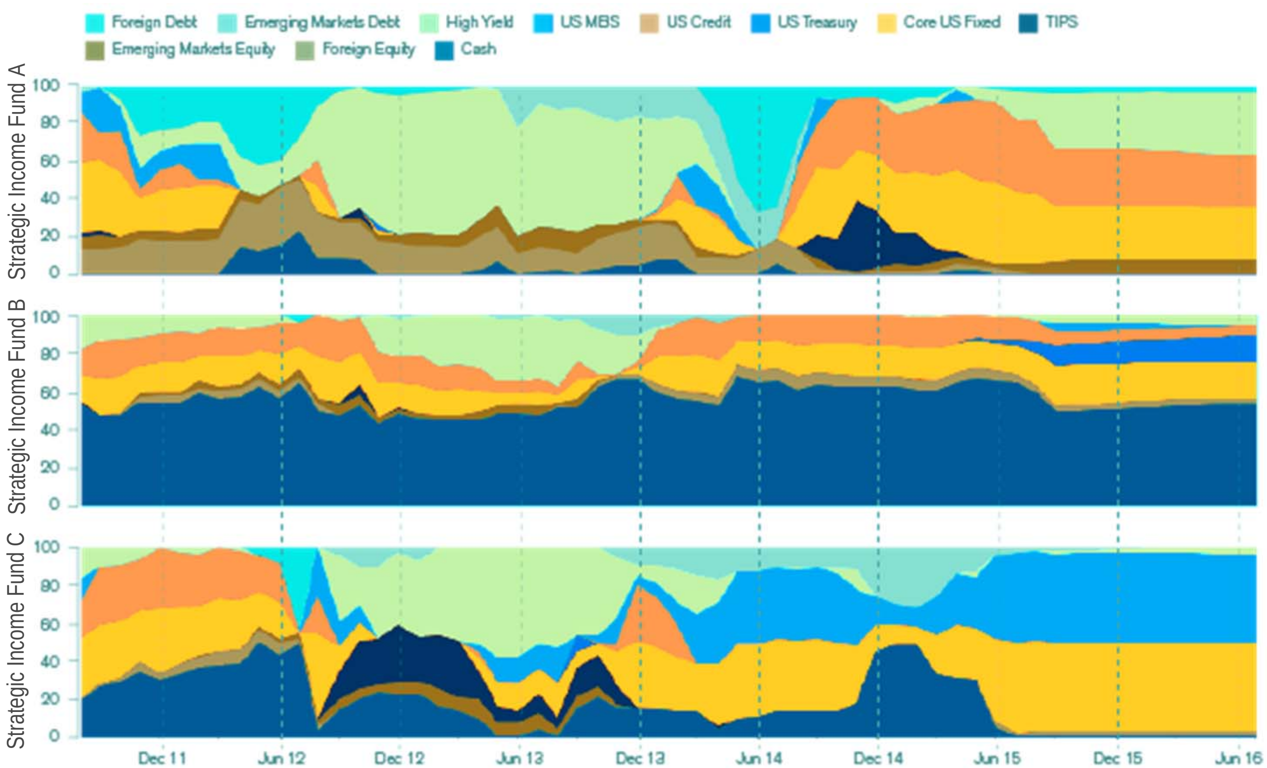
Pairing highly correlated funds in one portfolio does little to diversify equity risk.

Source: Large Cap Growth Funds as defined by Morningstar. Of the 429 mutual funds in the category, we evaluated the largest 50 funds by assets under management (AUM).

Key Finding: Rising Role of Strategic Income

Shifting Exposures Affect an Investor's Intended Allocation

5-Year Rolling Style Map of Exposures Driving Returns (9/1/11–8/31/16)



Returns-based factor analysis exposes the differences in some of the behaviors of these funds, how different they can be and how they can shift over time

Source: Returns-based Factor Analysis from Janus Portfolio Diagnostic Analysis Produced with MPI Stylus Software

Key Finding: Liquid Alts as Return Drivers or Diversifiers

> Correlations to the equity markets are one way to determine the level of diversification these funds are adding:

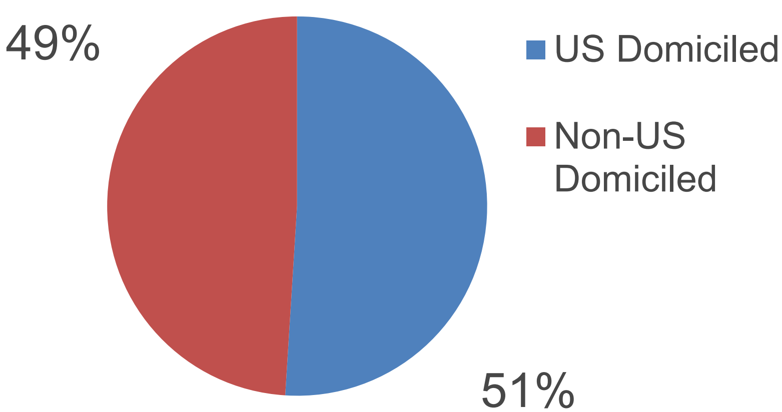
Morningstar Categories 10/01/2011–09/30/2016	5-Year Correlation to the S&P 500
Alternative Long-Short Fund	0.91
Alternative Total Return Fund	0.86
Alternative Absolute Return Fund	0.72
Alternative Market Neutral Fund	0.04
Alternative Managed Futures Fund	-0.03

Source: Morningstar

Key Finding: Home Country Bias

- Despite representing half of the global market's capitalization, non-U.S. domiciled investments represent a quarter of U.S. investor portfolios

Global Equity Market



Source: Thomson Reuters Datastream and MSCI

Moderate Model Portfolios with International Stock as Broad Asset Class:

- 15% of moderate model portfolios have no international stock
- Only 14% have any emerging markets
- The average allocation to international (including those that have none) is 11%
- The average emerging markets allocation for all moderate model portfolios (including those that have none) is 1.8%

Source: Janus PCS

Final Thought: Environmental, Social and Governance (ESG) Investing

> According to the United States Forum for Sustainable and Responsible Investments, ESG currently captures $1 for every $6 under professional management in the United States

> Evidence is emerging that ESG investing can generate favorable business and investment results. Oxford University's 2015 report *From The Stockholder to the Stakeholder* found:

- 90% of the studies confirm that sound sustainability standards lower a company's cost of capital
- 88% of the research shows that solid ESG practices result in better operational performance of firms
- 80% of the studies show that stock price performance of companies is positively influenced by good sustainability practices

Retirement Income

Retirement Income Riddle

> Question: *What is a sustainable, inflation-adjusted withdrawal rate over a 30-year period assuming a 60/40 asset allocation?*

> Answer: ***It depends***

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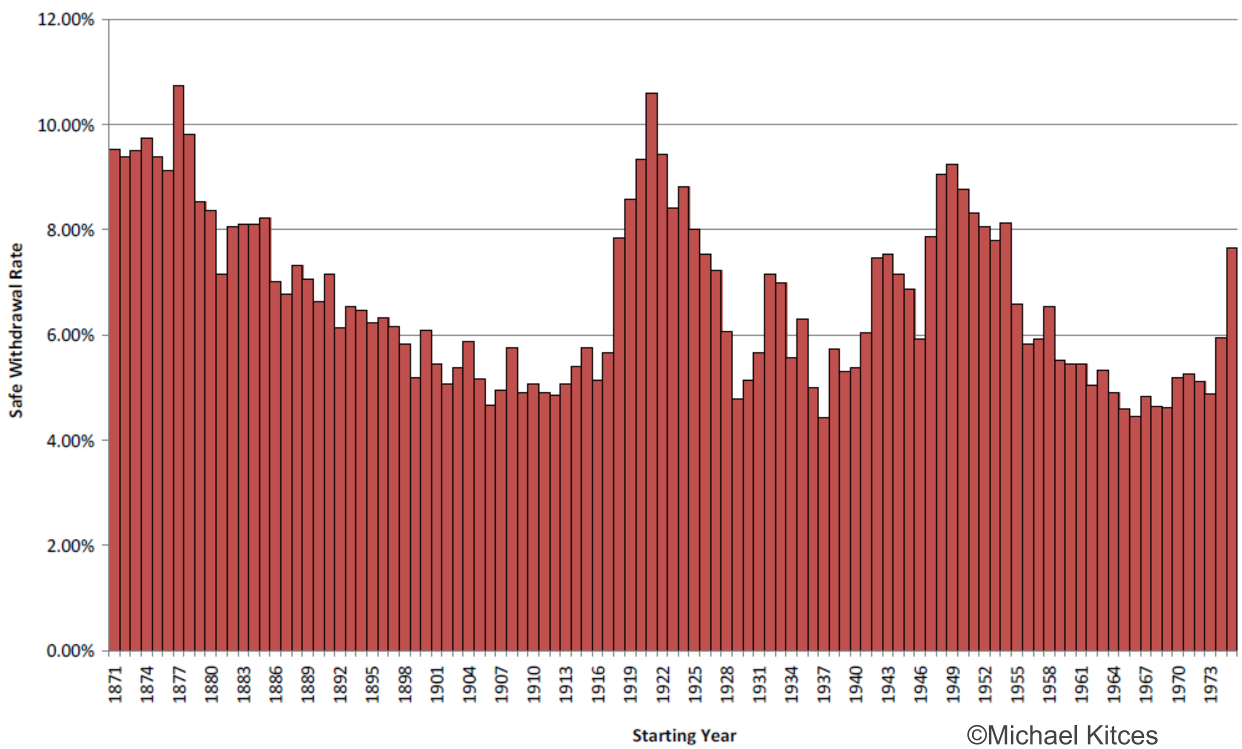
History of Sustainable Withdrawal Rates

Safe Initial Withdrawal Rates by Starting Year With 60% Equity Portfolio



Source: Michael Kitces at Nerd’s Eye View; https://www.kitces.com/wp-content/uploads/2014/11/Kitces-Report-May-2008.pdf

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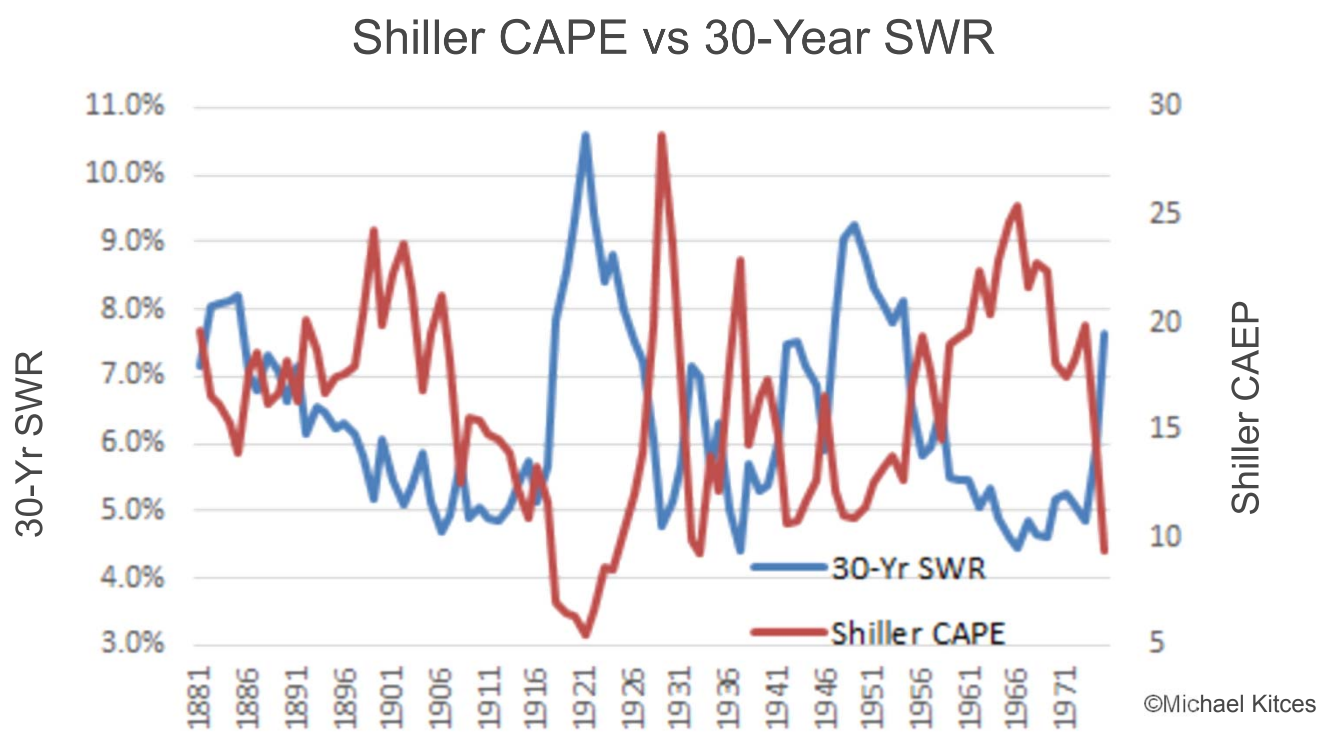
Shiller P/E

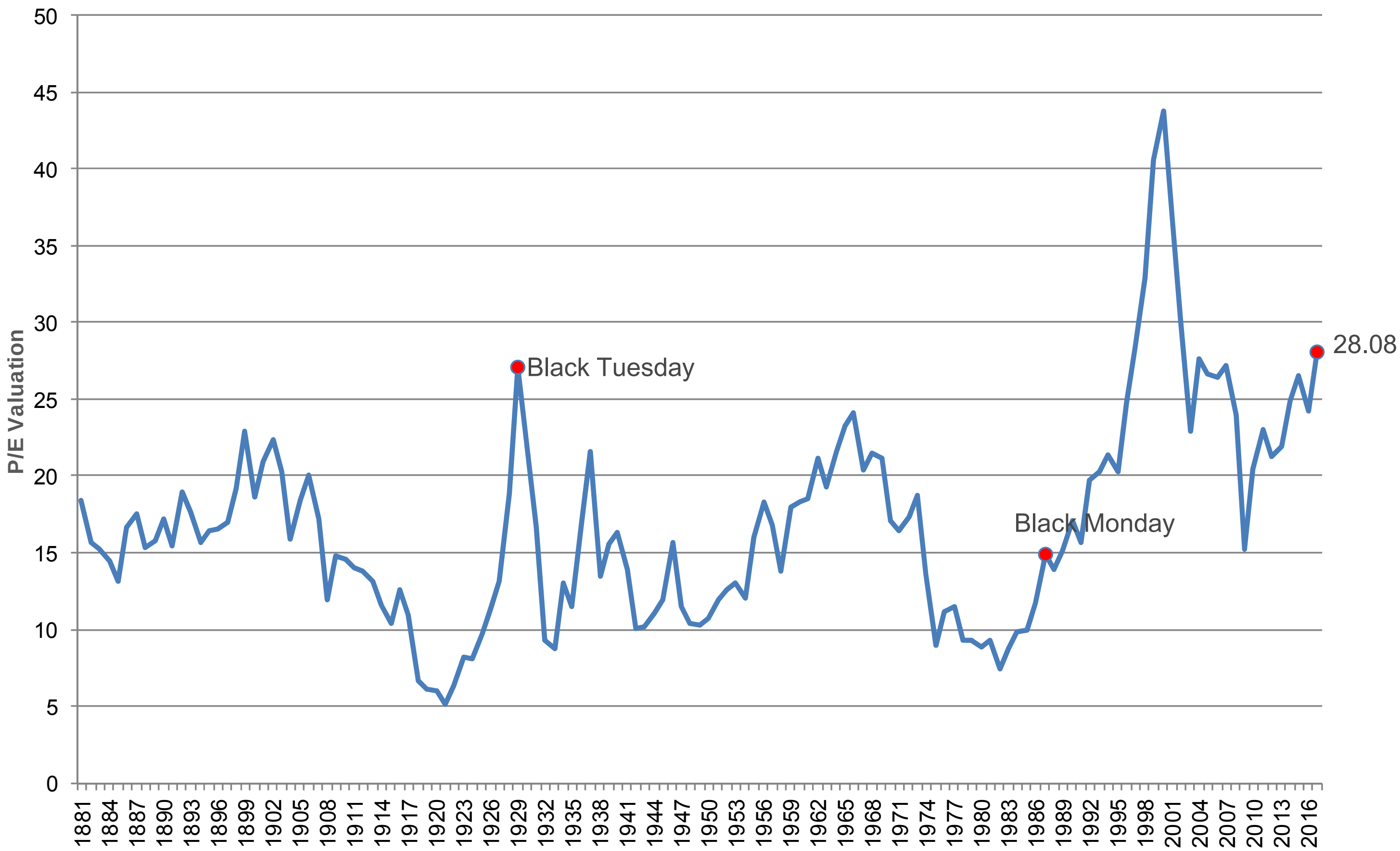
$$\frac{\text{Current Price}}{\text{10-Year Average of Earnings, Inflation Adjusted}}$$

Shiller P/E and 30-Year Sustainable Withdrawal Rate Have a Historical -0.72 Correlation



Source: Michael Kitces at Nerd's Eye View;
https://www.kitces.com/blog/shiller-cape-market-valuation-terrible-for-market-timing-but-valuable-for-long-term-retirement-planning/

Recent Shiller P/E Valuations are High



Source: Multpl.com as of December 20, 2016

Managing Short-Term Volatility to Help Sustain Long-Term Withdrawal Rates

- Manage
- Hedge
- De-risk
- Un-correlate
- Insure

Final Thought: Deferred Income Annuities

- Deferred income annuity sales have grown from $230 million in 2011 to $2.7 billion in 2015 (Source: LIMRA)
- Contracts can be structured to provide investors guaranteed benefits they cannot outlive, a source of income to pay for unexpected health care or long-term care expenses or an income bridge allowing early retirement while delaying Social Security retirement benefits until age 70
- In 2014, regulations were issued that allow IRA owners to exclude from required minimum distributions qualified longevity annuity contracts purchased with the lesser of $125,000 or 25% of the client's aggregate IRA balances

Wealth Transfer

Family Limited Partnership (FLP) Discounts May Be Discontinued

> In 2016 the Treasury Department issued proposed regulations that would effectively end the lack-of-marketability and lack-of-control valuation discounts for intra-family transfers of family businesses

> New limitations on FLP valuation discounts will be imposed prospectively, offering a potential window of opportunity for clients to take advantage of the current valuation rules

> Clarity on the issue is expected in the first half of 2017

Digital Assets and Estate Planning

- According to one study, the average person maintains approximately 90 online accounts. Unfortunately, most Terms of Service (TOS) agreements with online providers are either silent or unclear regarding access to an incapacitated or deceased user's account
- As of January 2017, 20 states have adopted (and another 13 are considering) the Fiduciary Access to Digital Assets Act that establishes a hierarchy online providers are required to follow:
  - Unless accepting a user's specific directions regarding access, online providers must follow a user's estate planning provisions that address digital assets
  - In the event specific directions are not provided and the estate plan is silent, the online provider may rely on its TOS
- Given this new statute, it is critical for clients to make sure their estate plan is updated to incorporate digital assets

New Cost Basis Reporting Rules for Executors

- Congress has created new rules which require beneficiaries to use a date-of-death valuation for cost basis purposes that is no larger than the amount reported on the estate tax return
- In addition, executors must file a new Form 8971 to notify the IRS who the beneficiaries are, along with a Schedule A that informs both the IRS and the beneficiaries what their inherited cost basis will be
  - The form must be delivered by the earlier of 30 days after the estate tax return is filed, or 30 days after the estate tax return was due to be filed
  - This new reporting requirement only applies to estates that file a return

Individuals May Create Self-Settled Special Needs Trusts

- Under the 21st Century Cures Act, individuals are now allowed to create their own self-settled special needs trusts without costly legal proceedings
- Prior to the new law, only parents, grandparents or guardians were permitted to establish these trusts on behalf of a disabled individual
- These restrictions would be problematic if the individual's parents or grandparents were no longer alive, or he/she did not have or need a guardian
- A self-settled special needs trust allows a disabled person to receive an inheritance or monetary awards resulting from a personal injury lawsuit without disqualifying themselves for government benefits

State Estate Tax Changes

State	Changes
Delaware	Exemption is increased from $5,450,000 to $5,490,000
Hawaii	Exemption is increased from $5,450,000 to $5,490,000
Maine	Exemption is increased from $5,450,000 to $5,490,000
Maryland	Exemption is increased from $2,000,000 to $3,000,000
Minnesota	Exemption is increased from $1,600,000 to $1,800,000
New Jersey	Exemption is increased from $675,000 to $2,000,000 and scheduled for repeal in 2018 (Note: New Jersey will maintain its inheritance tax)
New York	Exemption is $4,187,500 for deaths between April 1, 2016, and March 31, 2017, and $5,250,000 for deaths on or after April 1, 2017
Rhode Island	Exemption is increased from $1,500,000 to $1,515,156
Washington	Exemption is increased from $2,078,000 to $2,129,000

See the Key Planning Limits tab for a full list of 2017 federal estate and gift tax limits.

Final Thought: 529 ABLE Accounts

> A **529 ABLE account** is a tax-free savings account that can be used for disabled, special needs beneficiaries without disqualifying the beneficiary from most types of financial aid

- To be eligible, the onset of disability must have occurred before age 26 and satisfy the Social Security Administration's criteria regarding significant functional limitations

> These accounts are intended to be used as a supplement, or perhaps low-cost alternative, to special needs trusts

> As of January 2017, seven states have rolled out their ABLE programs (Florida, Kentucky, Michigan, Nebraska, Ohio, Oregon and Tennessee)

- Some state programs do not have a residency requirement

Key Planning Limits

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2017 TAX RATE SCHEDULES

IF TAXABLE INCOME IS:		THEN THE GROSS TAX PAYABLE IS:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
Single Taxpayers (Other Than Surviving Spouses and Heads of Households)				
$0	$9,325	$0	10%	$0
$9,326	$37,950	$932.50	15%	$9,325
$37,951	$91,900	$5,226.25	25%	$37,950
$91,901	$191,650	$18,713.75	28%	$91,900
$191,651	$416,700	$46,643.75	33%	$191,650
$416,701	$418,400	$120,910.25	35%	$416,700
$418,401		$121,505.25	39.60%	$418,400
Married Individuals (and Surviving Spouses) Filing Joint Return				
$0	$18,650	$0	10%	$0
$18,651	$75,900	$1,865.00	15%	$18,650
$75,901	$153,100	$10,452.50	25%	$75,900
$153,101	$233,350	$29,752.50	28%	$153,100
$233,351	$416,700	$52,222.50	33%	$233,350
$416,701	$470,700	$112,728.00	35%	$416,700
$470,701		$131,628.00	39.60%	$470,700

Source: IRS

2017 TAX RATE SCHEDULES

IF TAXABLE INCOME IS:		THEN THE GROSS TAX PAYABLE IS:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
Heads of Households				
$0	$13,350	$0	10%	$0
$13,351	$50,800	$1,335.00	15%	$13,350
$50,801	$131,200	$6,952.50	25%	$50,800
$131,201	$212,500	$27,052.50	28%	$131,200
$212,501	$416,700	$49,816.50	33%	$212,500
$416,701	$444,550	$117,202.50	35%	$416,700
$444,551		$126,950.00	39.60%	$444,550
Married Individuals Filing Separate Returns				
$0	$9,325	$0	10%	$0
$9,326	$37,950	$932.50	15%	$9,325
$37,951	$76,550	$5,226.25	25%	$37,950
$76,551	$116,675	$14,876.25	28%	$76,550
$116,676	$208,350	$26,111.25	33%	$116,675
$208,351	$235,350	$56,364.00	35%	$208,350
$235,351		$65,814.00	39.60%	$235,350
Fiduciary (Estates and Trusts) Taxpayers				
$0	$2,550	$0	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	39.60%	$12,500

Source: IRS

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INCOME TAX EXEMPTIONS & DEDUCTIONS	2017	2016	2015
Personal Exemption	$4,050	$4,050	$4,000
Standard Deductions			
Single	$6,350	$6,300	$6,300
Married filing jointly	$12,700	$12,600	$12,600
Head of household	$9,350	$9,300	$9,250
Married filing separately	$6,350	$6,300	$6,300
Elderly and Blind Deductions			
Single	$1,550	$1,550	$1,550
Married	$1,250	$1,250	$1,250
Phase-Out of Itemized Deductions and Personal Exemptions			
Single	$261,500	$259,400	$258,250
Married	$313,800	$311,300	$309,900
Head of household	$287,650	$285,350	$284,050
Married filing separately	$156,900	$155,650	$154,950

Source: IRS

INCOME TAX EXEMPTIONS & DEDUCTIONS	2017	2016	2015
Kiddie Tax			
Amount exempt from tax	$1,050	$1,050	$1,050
Amount taxed at child's rate	$1,050	$1,050	$1,050
Unearned income over this amount taxed at parent's rate	$2,100	$2,100	$2,100
Adoption Credit			
Maximum credit	$13,570	$13,460	$13,400
Phaseout amounts	$203,540-$243,540	$201,920-$241,920	$201,010-$241,010
AMT Exemption			
Single	$54,300	$53,900	$53,600
Married filing jointly	$84,500	$83,800	$83,400
AMT Exemption Phaseout			
Single	$120,700	$119,700	$119,200
Married filing jointly	$160,900	$159,700	$158,900

Source: IRS

SOCIAL SECURITY PLANNING	2017	2016	2015
Wage Base	$127,200	$118,500	$118,500
FICA Tax – Employee	7.65%	7.65%	7.65%
Social Security portion	6.20%	6.20%	6.20%
Medicare portion	1.45%	1.45%	1.45%
FICA Tax – Self-Employed	15.30%	15.30%	15.30%
Social Security portion	12.40%	12.40%	12.40%
Medicare portion	2.90%	2.90%	2.90%
Additional Medicare Payroll Tax	0.90%	0.90%	0.90%
Single	$200,000	$200,000	$200,000
Joint	$250,000	$250,000	$250,000
Quarter of Coverage	$1,300	$1,260	$1,220
Earnings Limitations			
Under full retirement age ($1 reduced for every $2 earned)	$16,920	$15,720	$15,720
Year of full retirement age ($1 reduced for every $3 earned)	$44,880	$41,880	$41,880
Beginning the month of full retirement age	No limit on earnings	No limit on earnings	No limit on earnings

Source: IRS

SOCIAL SECURITY PLANNING	2017	2016	2015
Cost of Living Adjustment	0.30%	0.00%	1.70%
Maximum Monthly Benefit	$2,687	$2,639	$2,663
Percentage of Social Security Benefits Subject to Tax			
Single filers with combined income			
less than $25,000	0%	0%	0%
between $25,000 - $34,000	50%	50%	50%
over $34,000	85%	85%	85%
Joint filers with combined income			
less than $32,000	0%	0%	0%
between $32,000 - $44,000	50%	50%	50%
over $44,000	85%	85%	85%

Source: IRS

MEDICARE AND HEALTH CARE PLANNING	2017	2016	2015
Medicare Part A Monthly Premium Amounts			
40+ quarters of coverage	$0	$0	$0
30-39 quarters of coverage	$227	$226	$224
< 30 quarters of coverage	$413	$411	$407
Medicare Part B Monthly Premium Amounts	$109.00-$428.60	$104.90-$389.90	$104.90-$335.70
Medicare Part A Hospital Insurance			
First 60 days – deductible	$1,316	$1,288	$1,260
Next 30 days – per day	$329	$322	$315
Next 60 days – per day	$658	$644	$630
Skilled Nursing Benefits			
First 20 days – per day	$0	$0	$0
Next 80 days – per day	$164.50	$161	$157.50
Over 100 days – per day	All	All	All
Part B Deductible	$183	$166	$147
Part D Deductible	$400	$360	$320
Coverage Limit	$3,700	$3,310	$2,960
Out-of-Pocket Threshold	$4,950	$4,850	$4,700

Source: IRS

MEDICARE AND HEALTH CARE PLANNING	2017	2016	2015
Health Savings Account Limits			
Individual	$3,400	$3,350	$3,350
Family	$6,750	$6,750	$6,650
Catch up contribution (age 55 or older)	$1,000	$1,000	$1,000
Health Savings Account Minimum Deductible			
Individual	$1,300	$1,300	$1,300
Family	$2,600	$2,600	$2,600
Health Savings Account Maximum Out-of-Pocket			
Individual	$6,550	$6,550	$6,450
Family	$13,100	$13,100	$12,900
Long-Term Care Per Diem Limit	$360	$340	$330
Long-Term Care Premium Deduction Limits			
Age 40 or under	$410	$390	$380
Age 41-50	$770	$730	$710
Age 51-60	$1,530	$1,460	$1,430
Age 61-70	$4,090	$3,900	$3,800
Over age 70	$5,110	$4,870	$4,750

Source: IRS

RETIREMENT PLAN LIMITS	2017	2016	2015
Elective Deferral Limits			
401(k), 403(b) and 457(b) plans	$18,000	$18,000	$18,000
Catch-up contribution	$6,000	$6,000	$6,000
SIMPLE IRAs	$12,500	$12,500	$12,500
Catch-up contribution	$3,000	$3,000	$3,000
Traditional and Roth IRAs Contribution Limits	$5,500	$5,500	$5,500
Catch-up contribution	$1,000	$1,000	$1,000
Traditional IRA Deduction Phaseout for Active Participants			
Single	$62,000-$72,000	$61,000-$71,000	$61,000-$71,000
Married filing jointly	$99,000-$119,000	$98,000-$118,000	$98,000-$118,000
Married filing separately	$0-$10,000	$0-$10,000	$0-$10,000
Spousal IRA	$186,000-$196,000	$184,000-$194,000	$183,000-$193,000

Source: IRS

RETIREMENT PLAN LIMITS	2017	2016	2015
Roth IRA Contribution Phaseouts			
Single	$118,000-$133,000	$117,000-$132,000	$116,000-$131,000
Married filing jointly	$186,000-$196,000	$184,000-$194,000	$183,000-$193,000
Married filing separately	$0-$10,000	$0-$10,000	$0-$10,000
Maximum Includable Compensation	$270,000	$265,000	$265,000
Defined Benefit Limit	$215,000	$210,000	$210,000
Defined Contribution Limit	$54,000	$53,000	$53,000
Highly Compensated Employees	> $120,000	> $120,000	> $120,000
Key Employee	> $175,000	> $170,000	> $170,000
SEP Minimum Compensation Limit	$600	$600	$600

Source: IRS

ESTATE AND GIFT TAX PLANNING	2017	2016	2015
Annual gift exclusion	$14,000	$14,000	$14,000
Estate tax applicable exclusion amount	$5,490,000	$5,450,000	$5,430,000
Gift tax exclusion amount	$5,490,000	$5,450,000	$5,430,000
Noncitizen spouse annual gift exclusion	$149,000	$148,000	$147,000
GST exemption	$5,490,000	$5,450,000	$5,430,000
Special use valuation limit (qualified real property in the decedent's gross estate)	$1,120,000	$1,110,000	$1,100,000

Source: IRS

EDUCATION PLANNING	2017	2016	2015
Interest Exclusion on EE Saving Bonds			
Single phaseouts	$78,150-$93,150	$77,550-$92,550	$77,200-$92,200
Married filing jointly phaseouts	$117,250-$147,250	$116,300-$146,300	$115,750-$145,750
Coverdell Education Savings Account Phaseout			
Single phaseouts	$95,000-$110,000	$95,000-$110,000	$95,000-$110,000
Married filing jointly phaseouts	$190,000-$220,000	$190,000-$220,000	$190,000-$220,000
Lifetime Learning Credit			
Maximum credit	$2,000	$2,000	$2,000
Single phaseouts	$56,000-$66,000	$55,000-$65,000	$55,000-$65,000
Married filing jointly phaseout	$112,000-$132,000	$111,000-$131,000	$110,000-$130,000
American Opportunity Credit			
Maximum credit	$2,500	$2,500	$2,500
Single phaseouts	$80,000-$90,000	$80,000-$90,000	$80,000-$90,000
Married filing jointly phaseout	$160,000-$180,000	$160,000-$180,000	$160,000-$180,000

Source: IRS

EDUCATION PLANNING	2017	2016	2015
Interest Deduction for Education Loans			
Maximum deduction	$2,500	$2,500	$2,500
Single phaseout	$65,000-$80,000	$65,000-$80,000	$65,000-$80,000
Married filing jointly phaseout	$135,000-$165,000	$130,000-$160,000	$130,000-$160,000
$4,000 Higher Education Deduction			
Single AGI cutoff	N/A	$65,000	$65,000
Married filing jointly AGI cutoff	N/A	$130,000	$130,000
$2,000 Higher Education Deduction			
Single phaseout	N/A	$80,000	$80,000
Married filing jointly phaseout	N/A	$160,000	$160,000

Source: IRS

INVESTMENT PLANNING	2017	2016	2015
Top Long-Term Capital Gain Rate	20%	20%	20%
Top Rate on Qualified Dividends	20%	20%	20%
Medicare Surtax on Net Investment Income	3.80%	3.80%	3.80%
Single taxpayers	$200,000	$200,000	$200,000
Married taxpayers	$250,000	$250,000	$250,000
Estates & Trusts	$12,500	$12,400	$12,300

Source: IRS

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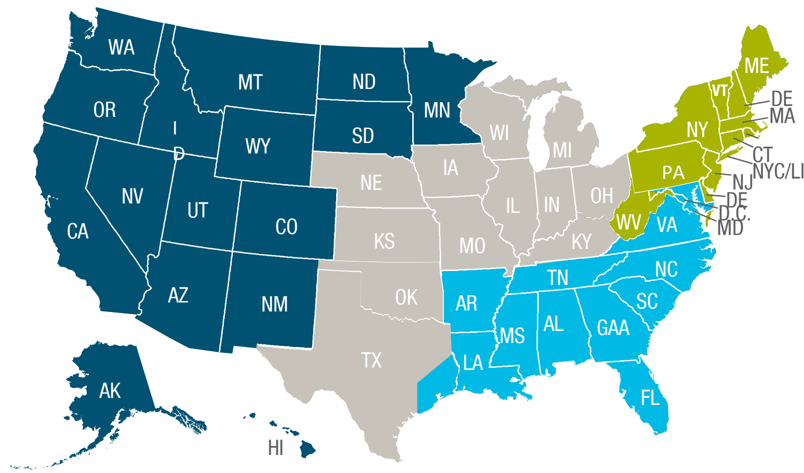

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