

TaxUpdate

2017 PREVIEW NEWSLETTER

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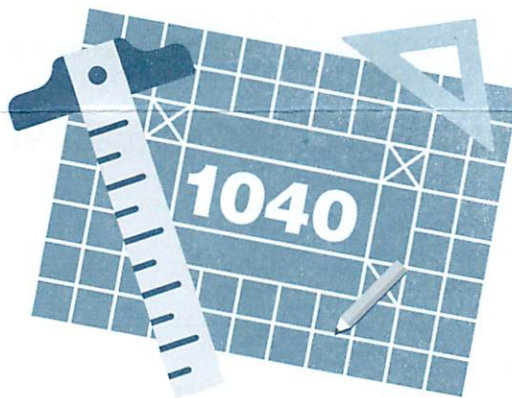
It's time to start thinking ahead. This PREVIEW edition gives you a head start on planning for your 2017 tax strategy.

Plan Now to Reduce Your 2017 Tax Steps to take while we watch Washington

Change is in the air as a new administration takes office in Washington DC, and federal tax policy may see big shifts over the coming year. While it's hard to know exactly what will happen, here are several basic things you can do now to prepare yourself for the coming year.

1 Examine last year's return. Did you get a big refund or did you end up owing the IRS? If your refund was too big, think about changing your withholdings so you aren't inadvertently extending the IRS a small loan with every paycheck in 2017. If you owed, have you made the adjustments to lower the payment this year? You can ask to file a new W-4 with your employer to make these changes.

2 Send in enough to cover your tax. You need to send in (withhold) enough to cover this year's tax burden or last year's tax to ensure



there is no underpayment penalty.* This process may require sending in quarterly estimated tax payments. If you're unsure how to do this, ask for help.

3 Consider your life changes. Are you going to add a dependent this year, or lose one? Any changes in your marital status or income stream? Planning on making any big investments or

divestments this year? Think about these as the big landmarks on your roadmap through 2017.

4 Say goodbye to expiring tax breaks. Several deductions and credits affecting homeownership, investment in green technologies and education spending expired at the end of 2016. See the reverse side of this newsletter for a summary of the changes.

5 Take a wait-and-see approach to events in Washington. Incoming President Donald Trump's campaign promised significant changes to existing tax law, including reducing the number of tax brackets and lowering tax rates. Congress has its own plan and the details will be hashed out over the coming year. Keep a look out for future announcements detailing how the coming changes will affect you.

*Special rules apply if your income is \$150,000 or over.

2017 Social Security Benefits

Social Security Income Benefits (SSI) will increase slightly in 2017, based on the Consumer Price Index measure of inflation over the past 12 months ending in September 2016. On the downside, the maximum payment to the Social Security Administration by wage earners goes up a whopping 7.3 percent. The key 2017 figures are noted here.

What does it mean for you?

Up to \$127,200 in wages will be subject to Social Security taxes in 2017 (up \$8,700 from 2016). This amounts to \$7,886.40 in maximum annual employee Social Security payments (up 7.3 percent from 2016). Any excess amounts paid due to having multiple

employers can be returned to you via a credit on your tax return.

For all retired workers receiving Social Security retirement benefits the estimated average monthly benefit will be \$1,360/mo.

SSI (Supplemental Security Income) is the standard payment for people in need. To qualify for this payment you must have little income and few resources (\$2,000 if single/\$3,000 if married).

A full-time student who is blind or disabled can still receive Supplemental Security Income (SSI) benefits as long as earned income does not exceed the monthly and annual student exclusion amounts listed here.

2017 Key Social Security Benefits

Maximum Taxable	\$127,200 (up \$8,700 from 2016)	
Retirement Earnings Test Limits	Under Full Retirement age	\$16,920/yr*
	In Year you reach full retirement age	\$44,880†
* One dollar in benefits will be withheld for every \$2 in earnings above limit (\$15,720 in 2016)		
† Applies to earnings in months prior to attaining full retirement age. \$1 in benefits will be withheld for every \$3 in earnings above the limit (\$41,880 in 2016)		
SSI Federal Payment Standard	Individual	\$733/mo
	Couple	\$1,103/mo
SSI Student Exclusion	Monthly Limit	\$1,790
	Annual Limit	\$7,200

Don't Count on These Tax Breaks in 2017

Unless changed, several tax breaks expired permanently at the end of 2016. They fall into three general categories:

Home Ownership

Home mortgage insurance premium deductions. If you bought your home with a less than 20-percent down payment, banks typically require you to pay for home mortgage insurance. 2016 was the last year you were able to deduct the cost of that insurance from an itemized return.

Home renewable and energy efficiency credits. Through 2016 you could get credits for 30 percent of the total cost all renewable improvements and up to 10 percent of the purchase price on all energy efficiency improvements you made to your residence. In 2017 these benefits are no longer available.

Keep in mind you can still get a tax benefit if you finance your home improvements with a home equity loan or line of credit. That's because the interest you pay for those loans is deductible on an itemized return.

Discharge of mortgage debt deductions. This provision was designed to help struggling homeowners negotiating with their lenders on a short sale or mortgage

modification that would forgive some or all of their mortgage debt. Under IRS rules, that debt forgiveness is taxable as income, but could be deducted using this expiring tax break. This also expired in 2016.

Education

Tuition and fees deduction. You could deduct up to \$4,000 of tuition and fees from accredited educational institutions during 2016 if you paid for yourself, a spouse or a dependent. This tax credit has gone away in 2017, though other permanent educational tax breaks such as the American Opportunity Tax Credit and the Lifetime Learning Credit are still available.

Medical

Senior medical expense deduction. Seniors at least 65 years old will still be able to deduct the cost of medical expenses that are greater than 7.5 percent of their adjusted gross income in 2016. In 2017 the threshold will be 10 percent for everyone.

A tip to reduce your taxes is to plan any expensive elective procedures for years when your adjusted gross is lower, so more of the cost will be deductible.

Key 2017 Tax Information



Personal Exemption			
Item	2017	2016	Change
Personal Exemption	\$4,050	\$4,050	—
Exemption phase-out <i>Reduce exemptions by 2% for each \$2,500 (or any part thereof & \$1,250 MFS) over the phase-out threshold amounts listed below.</i>			
Single	261,500	259,400	+\$2,100
Married joint/widow	313,800	311,300	+\$2,500
Head of household	287,650	285,350	+\$2,300
Married filing separate	156,900	155,650	+\$1,250

Standard Deductions			
Item	2017	2016	Change
Single	\$6,350	\$6,300	+\$50
Married joint/widow	12,700	12,600	+\$100
Head of household	9,350	9,300	+\$50
Married filing separate	6,350	6,300	+\$50
Elderly/blind: married	+\$1,250	+\$1,250	—
Elderly/blind: unmarried	+\$1,550	+\$1,550	—
Deduction phase-out <i>Itemized deductions can be reduced by 3% of the amount AGI exceeds the applicable thresholds listed below. Maximum deduction is 80% of itemized deductions.</i>			
Single	261,500	259,400	+\$2,100
Married joint/widow	313,800	311,300	+\$2,500
Head of household	287,650	285,350	+\$2,300
Married filing separate	156,900	155,650	+\$1,250

Mileage Rates			
Item	2017	2016	Change
Business	53.5¢/mi	54.0¢/mi	-0.5¢
Medical/moving	17.0¢/mi	19.0¢/mi	-2.0¢
Charitable	14.0¢/mi	14.0¢/mi	—

Section 179*			
Limits	2017	2016	Change
Section 179	\$510,000	\$500,000	+\$10,000
Property limit	\$2.03 million	\$2.01 million	+\$20,000

* Congressional action may increase these amounts.

Long Term Capital Gains			
Tax Rate if in...	2017	2016	Change
10% - 15% income tax brackets	0%	0%	—
25% - 35% income tax brackets	15%	15%	—
39.6% income tax bracket	23.8%**	23.8%**	—

** Includes Medicare surtax

Income Brackets for 2017 Tax Rates

Tax Rate	Single	Married filing Joint/Widow	Head of Household	Married Filing Separate
10%	\$1 - 9,325	\$1 - 18,650	\$1 - 13,350	\$1 - 9,325
15%	9,326 - 37,950	18,651 - 75,900	13,351 - 50,800	9,326 - 37,950
25%	37,951 - 91,900	75,901 - 153,100	50,801 - 131,200	37,951 - 76,550
28%	91,901 - 191,650	153,101 - 233,350	131,201 - 212,500	76,551 - 116,675
33%	191,651 - 416,700	233,351 - 416,700	212,501 - 416,700	116,676 - 208,350
35%	416,701 - 418,400	416,701 - 470,700	416,701 - 444,550	208,351 - 235,350
39.6%	Over \$418,400	Over \$470,700	Over \$444,550	Over \$235,350

This publication provides summary information regarding the subject matter at time of printing. Please call with any questions on how this information may impact your situation.