Key Provisions of New Tax Law:

1. Bigger Standard Deductions and Elimination of Personal Exemptions
   The Standard Deduction has nearly doubled to $12,000/Single and $24,000/Married. Individuals age 65 and older and the blind get an additional $1,600/Single and $2,600/Married.
2. Personal Exemptions have been eliminated ($4,050/person in 2017)
3. Lower Tax Brackets
   All brackets have been reduced, so everyone's income will be subject to lower rates. However, more of your income may be taxed due to other provisions.
4. Indexing of Tax Brackets
   Tax brackets will use "chained" indexing rather than CPI, which will result in smaller annual increases in tax brackets, standard deductions and other tax breaks.
5. Mortgage Interest Deduction Reduced
   Deductions for mortgage interest are capped at loans of $750K. Loans prior to 12/15/17 are still capped at $1M. Interest deductions for home-equity loans are now restricted to home improvements and are still capped at $100K.
6. Gains on the Sale of Your Primary Residence
   You can still shelter gains on the sale of your primary residence up to $250K/Single and $500K/Married, as long as you owned and lived in the home for 2 of the last 5 years.
7. Limit on Deductions for Individual State and Local Tax (SALT)
   The law limits deductions for state and local taxes (including property tax) to $10K.
8. Charitable Deductions and Medical Deductions
   These both still qualify as an itemized deduction, but may get used less due to the increase in the Standard Deduction.
9. Higher Child Tax Credit
   The $1K/child credit for each child under age 17 has doubled to $2K. Those with higher incomes can now qualify for this credit.
10. Fewer Taxpayers Subject to Alternative Minimum Tax (AMT)
    The new law retains AMT, but changes made to the calculation will significantly limit the number of taxpayers subject to it.
11. Step Up in Basis Remains
    Despite proposals to the contrary, the new law keeps the "step up" provision for inherited property. Any appreciation of inherited assets remains tax-free.

Key Provisions of New Tax Law (continued):

12. Estate and Generation Skipping Transfer Tax, Higher Exclusions
    The new law doubles the amount that can be left to heirs to just over $11M/person, while the Illinois exemption remains at $4M/person.
13. Removal of Roth "Do-Overs"
    Conversions from a Traditional IRA to a Roth are now irreversible. In the past you were able to reverse the conversion by 10/15 of the following year and eliminate the tax bill if the Roth account lost money.
14. Capital Gains Rates Retained
    The new law retains the rates for long-term capital gains and qualified dividends with rates of 0%, 15%, 20% and 23.8%.
15. Tax Relief for Businesses
    The corporate tax rate was reduced from 35% to 21% and corporate AMT was eliminated. Pass-through entities representing 95% of businesses in the U.S. (S Corps, partnerships, LLCs and sole proprietors who file a schedule C) could pay less tax. Subject to income limits, these businesses can deduct up to 20% of their business income before figuring their tax bill.
16. Individual Mandate under the Affordable Care Act, Eliminated in 2019
    Starting in 2019, people will no longer be fined if they don't have health insurance.
17. Reduction in Withholding from Payroll
    New withholding tables are required no later than 02/15/18 and most employee paychecks will be higher.
18. Extension for Loan Repayment for 401(k) Plan Borrowers
    Those who change jobs with a loan against their 401(k) plan will have more time to repay it before it becomes a taxable distribution.
19. 529 Plans no Longer Just for College Expenses
    You are now allowed to spend up to $10K/year from the tax-advantaged 529 savings plan to cover the costs of K-12 expenses.
20. Expanded ABLE Accounts
    Those with special needs can receive certain qualifying gifts and deposit a portion of their earnings into their ABLE accounts without jeopardizing their public benefits.

These changes will expire after 2025 unless Congress extends them. Please speak with your accountant and financial advisor about how these changes may affect you and your tax situation.