

Understanding the New Tax Bill

January 2018

Most of us are curious about how the new tax law may impact us. This summary and the links below may help you better understand some of the major changes.

Please consult with your tax professional for specifics about how the new tax law may impact you.

When does the new law take effect?

The new law will not affect most 2017 tax-year filings, but many things will change in 2018. Most of the changes are temporary and will expire in seven years.

How will my deductions change?

Since the law eliminates many itemized deductions, many people may find it makes more sense to use the standard deduction rather than itemize. Here are some of the changes to the most common deductions:

- **Standard deductions** increase to \$12,000 for singles and \$24,000 for married couples filing jointly. The law eliminates the personal exemption and dependent deduction, but doubles the child tax credit to \$2,000 for each child
- **Charitable Contributions** — Most deductions do not change
- **Medical expenses** — In 2017 and 2018 you can deduct qualified medical expenses that exceed 7.5% of your AGI. In 2019, that number increases to 10%
- **Mortgage Interest** — You can deduct the interest paid on mortgage debt up to \$750,000 (or up to \$1 million if you bought a property before Dec. 15). Home equity loan interest is no longer deductible
- **State and Local Taxes** — You can deduct up to \$10,000 total of any combination of state and local income taxes and property taxes

Any changes to college savings plans?

If you use a 529 Plan, you can now withdraw up to \$10,000 per year per child for religious or private school (K-12) and receive the same tax benefits.

What about the AMT (Alternative Minimum Tax)?

The AMT will affect fewer taxpayers, as the law increases both the exemption amount and the phase-out thresholds.

Find more details about what has changed, and what stays the same, in [What's in the Tax Bill, and How It Will Affect You](#) from *The New York Times*.

This [Calculator](#) uses your 2016 tax information to determine whether your taxes in 2017 will increase or decrease.

As a convenience to our readers, this message contains links to information created and maintained by other organizations. Loring Ward does not control, cannot guarantee, and is not responsible for the accuracy, timeliness, or continued availability or existence of this outside information. Such information is for informational purposes only and should not be relied upon as investment or tax advice. Where the views expressed are those of Loring Ward, they are also not intended as investment or tax advice and are for informational purposes only. You should consult with your own tax advisor or attorney with regard to your personal tax situation.