

## Important Tax Thresholds

Medicare Premiums	<p>Will pay a higher premium for Part B and prescription drug coverage if:</p> <ul style="list-style-type: none"> <li>• Adjusted gross income <u>*plus tax exempt income</u> exceeds threshold amounts</li> <li>• Based on a 2 year look back. Therefore, in 2019, the government will be looking at 2017 income.</li> </ul> <p>For example, in 2017 look back to 2015. 2017 monthly premium if 2015 income is:</p> <ul style="list-style-type: none"> <li>• Under \$170,000 (MFJ) / \$85,000 (S) <i>\$1,608/year</i></li> <li>• \$214,000 (MFJ) / \$107,000 (S) <i>\$2,250/year or \$642 more per year</i></li> <li>• \$320,000 (MFJ) / \$160,000 (S) <i>\$3,214.80/year or \$1,606.80 more per year</i></li> <li>• \$428,000 (MFJ) / \$214,000 (S) <i>\$4,179.60/year or \$2,571.60 more per year</i></li> <li>• Over \$428,000 (MFJ) / \$214,000 (S) <i>\$5,143.20/year or \$3,535.20 more per year</i></li> </ul>
Medical Expense Deduction	Only get benefit of medical expenses if they exceed 10% of your income for Federal tax and 2% of your income for New Jersey tax.
Miscellaneous Deductions	Examples: Investment fees, accounting fees, safe deposit box. Only get a tax benefit if these items in total exceed 2% of your income.
Net Investment Tax & Additional Medicare Tax	Tax on investment income for those individuals with income of more than \$250,000 married filing joint return and \$200,000 single. Extra 3.8% tax on amounts over this threshold.
Health Coverage Through Market Place	Premium credits are based on income levels. If income is higher than expected, credits will need to be paid back.
New Jersey Retirement Exclusion	\$40,000 in 2017, \$60,000 in 2018, \$80,000 in 2019 and \$100,000 in 2020. Will only be eligible for the exclusion if your New Jersey income is \$100,000 or less.
New Jersey Senior Property Tax Freeze	In order to be eligible, gross income, including tax exempt income, cannot exceed \$87,007.

## **Simple Solution**

For those over 70 ½, who are receiving distributions from a retirement plan and who are making charitable contributions, consider having the distributions go directly to the charity. Doing this keeps your income down and allows you to take a standard deduction.

Example: Jerry Jenerous, who is married to Judy Jenerous receives \$25,000 of RMD each year. Jerry and Judy have \$80,000 of other income as well. Since they don't rely on this money to live on, Jerry usually contributes it to his favorite charity. Jerry and Judy would otherwise claim a standard deduction on their tax return except for the fact he has made this contribution and wants to get the benefit of it. Their total income is \$105,000, which puts them over the \$100,000 NJ threshold and as a result they lose the retirement exclusion on their NJ return.

By having the check go directly to the charity, the \$25,000 isn't included in income. Their income stays below the \$100,000 threshold, and they still get to take a standard deduction of \$12,700 (\$6,350 single).

**For additional information, please contact:**

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