



National Life  
Group®



# Tax Reform and You

The Tax Reform Act of 2017 provides for some major changes in the tax law. Some of those changes are quite complex – some are relatively simple. These charts highlight some of the key changes made.



## INDIVIDUAL

- Lower tax rates and brackets
- Increased Standard Deduction
- Increased Child Care Credit
- Elimination of Personal Exemptions
- Elimination or Reduction of Many Popular Itemized Deductions



## C CORPORATION

- Flat tax rate of 21%
- Bonus Depreciation
- Increase in Section 179 Deductions



## PASS THRU & THEIR OWNERS

- 20% of Qualified Business Income May Be Personally Deductible
- Bonus Depreciation
- Increase in Section 179 Deductions



## ESTATE AND GIFT

- Lifetime Exemption Nearly Doubled to \$11,400,000

### Have you heard about the sunset rules?

Almost all of the changes for individuals, pass thru business owners and the estate and gift rules will revert back to 2017 rates and rules (adjusted for inflation) on January 1, 2026. The C Corporation flat rate of 21% is not subject to these sunset rules.

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This combination of changes means that there are some winners and some losers – some people will pay less in federal income taxes for the next few years and some people may pay more.

The first step you should take is to determine if you are a winner or loser under the new tax laws. If the answer is, “you are a winner” how will you put the “winnings” to work for yourself and your family?

Let’s look at a simple example – showing how a married couple filing jointly, with two minor children, and a family income of \$100,000 may be on the winning side.

2017		2019	
Annual Income	100,000.00	Annual Income	100,000.00
Standard Deduction	12,700.00	Standard Deduction	24,400.00
Personal Exemptions	16,200.00	Personal Exemptions	-
Taxable Income	71,100.00	Taxable Income	75,600.00
Tax before credits	9,732.50	Tax before credits	8,684.00
Child Tax Credit	2,000	<b>Child Tax Credit</b>	<b>4,000.00</b>
<b>ESTIMATED TAX DUE</b>	<b>7,732.50</b>	<b>ESTIMATED TAX DUE</b>	<b>4,684.00</b>

**TAX SAVINGS = \$3,048.50**

In this scenario, the family is a “winner” because they may be saving nearly \$3,000 in taxes. These funds may be used for many things such as a family vacation or home project. But, consider how all or part of these savings over the next 8 years could be used to either start or enhance your accumulation funds for your personal requirements such as retirement.

**Can \$3,000 really make a difference?**

What if you saved half that amount? Small amounts, given time and a tax favored environment can become a meaningful amount. Saving \$1,500 a year for the next 30 years, assuming a 5% after tax rate of return, will net \$99,658.\*

Speak with your tax advisor and personal representative to get a better sense of how tax reform impacts you and how to convert those tax savings into a better financial future.

\*Hypothetical example for illustrative purposes only - not representative of any particular investment. Does not account for inflation.