**Quarterly Financial Integration Planning Pointer**
**2018 Form 1040/Schedule A**

As the April 17, 2018 tax filing deadline rapidly approaches, many of you are looking forward to "filing away" your 2017 tax return and supporting documents and putting this annual chore behind you. Some may have filed for an extension and will still have to deal with the task of finalizing their 2017 Form 1040 in the coming months. Regardless, now would be an appropriate time to "zero in" the 2017 tax reform changes to your 2018 Schedule A – Itemized Deductions Schedule and how this will impact your 2018 and future income tax planning. With that objective in mind, we wanted to call your attention to the primary changes to your 2018 itemized deductions and related considerations:

- **Medical Deductions -** the threshold for medical related deductions (health and long-term care insurance premiums, out of pocket medical expenses, skilled nursing and assisted care, etc.) will be 7.5% for 2018 for all taxpayers. *This is a positive change.*

- **State and Local Taxes Deductions -** the maximum deduction for "combined" state income tax, sales tax, real estate taxes, etc. will be capped at $10,000. *This is a negative change.*

- **Mortgage Interest Deductions -** the major change is for "new mortgages" taken out after December 15, 2017. Interest expense will be deductible only to the extent the principal mortgage amount does not exceed $750,000. The interest deduction allowed for existing mortgages prior to December 15, 2017 remains unchanged. *This represents a negative change for future mortgages – neutral for existing mortgages.*

- **Charitable Contribution Deductions -** the AGI limitation for cash contributions will increase from 50% to 60%. *A positive change.* The 80% deduction for contributions made for university athletic seating rights have been eliminated. *A negative change.*

- **Miscellaneous Itemized Deductions -** this deduction category is eliminated beginning in 2018.

There may be a silver lining related to the Schedule A changes for high taxable income clients who in the past have been negatively affected by the "phase-out rules" related to itemized deductions (known as the Pease provision). This phase-out will no longer be applicable. In addition, many clients who historically have been negatively impacted by the Alternative Minimum Tax (AMT) provisions may no longer be subject to these provisions as a result of the Schedule A changes.

Obviously, these changes will impact individual clients differently. We will be working with our clients to navigate these and other 2018 tax changes to minimize their 2018 taxes. If we do not already have your 2017 Form 1040, please forward a copy so we can formulate optimal 2018 planning strategies for your particular tax picture.

Please contact us if you have questions or would like to review your future tax and financial planning.

Sincerely,

Your TD Capital Team