### 2019 Tax Update

#### INCOME TAXES

<table>
<thead>
<tr>
<th>Over</th>
<th>But not &gt;</th>
<th>The tax is</th>
<th>Of the amount &gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>0</td>
<td>19,050</td>
<td>0 + 10%</td>
</tr>
<tr>
<td>19,050</td>
<td>77,400</td>
<td>1,905 + 12%</td>
<td>77,400</td>
</tr>
<tr>
<td>77,400</td>
<td>165,000</td>
<td>8,907 + 22%</td>
<td>165,000</td>
</tr>
<tr>
<td>165,000</td>
<td>315,000</td>
<td>28,179 + 24%</td>
<td>315,000</td>
</tr>
<tr>
<td>315,000</td>
<td>400,000</td>
<td>64,379 + 32%</td>
<td>400,000</td>
</tr>
<tr>
<td>400,000</td>
<td>600,000</td>
<td>91,379 + 35%</td>
<td>600,000</td>
</tr>
<tr>
<td>600,000</td>
<td>0</td>
<td>161,379 + 37%</td>
<td>0</td>
</tr>
<tr>
<td>Single</td>
<td>0</td>
<td>9,525</td>
<td>0 + 10%</td>
</tr>
<tr>
<td>9,525</td>
<td>38,700</td>
<td>953 + 12%</td>
<td>38,700</td>
</tr>
<tr>
<td>38,700</td>
<td>82,500</td>
<td>4,454 + 22%</td>
<td>82,500</td>
</tr>
<tr>
<td>82,500</td>
<td>157,500</td>
<td>14,090 + 24%</td>
<td>157,500</td>
</tr>
<tr>
<td>157,500</td>
<td>200,000</td>
<td>32,090 + 32%</td>
<td>200,000</td>
</tr>
<tr>
<td>200,000</td>
<td>500,000</td>
<td>45,690 + 35%</td>
<td>500,000</td>
</tr>
<tr>
<td>500,000</td>
<td>0</td>
<td>150,690 + 37%</td>
<td>0</td>
</tr>
<tr>
<td>Estates and trusts</td>
<td>0</td>
<td>2,550</td>
<td>0 + 10%</td>
</tr>
<tr>
<td>2,550</td>
<td>9,150</td>
<td>255 + 24%</td>
<td>2,550</td>
</tr>
<tr>
<td>9,150</td>
<td>12,500</td>
<td>1,839 + 35%</td>
<td>9,150</td>
</tr>
<tr>
<td>12,500</td>
<td>0</td>
<td>3,012 + 37%</td>
<td>12,500</td>
</tr>
</tbody>
</table>

**BUSINESSES**

C-Corps: flat 21% rate including professional corps.

*Pass Through Entities (e.g., S-Corps): Business owner can deduct up to 20% of Qualified Business Income (QBI), subject to certain limitations as follows: At higher levels of owner’s taxable income (see table), the deduction is limited to the greater of: 50% of allocable W-2 wages paid; or 25% of allocable W-2 wages paid plus 2.5% of the unadjusted basis of tangible depreciable property used in the business. In addition, for Specified Service Businesses, business income is not considered QBI, but the deduction is still permitted at lower income levels (see table).

#### PERSONAL ALTERNATIVE MINIMUM TAX

**AMT less exemption amount**

<table>
<thead>
<tr>
<th>Over</th>
<th>But not &gt;</th>
<th>The tax is</th>
<th>Of the amount &gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$194,800</td>
<td>26%</td>
<td>$0</td>
</tr>
<tr>
<td>$194,800</td>
<td>&gt;$194,800</td>
<td>28%</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Exemption amounts**

<table>
<thead>
<tr>
<th>Over</th>
<th>But not &gt;</th>
<th>The tax is</th>
<th>Of the amount &gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>0</td>
<td>$109,400</td>
<td>$111,700</td>
</tr>
<tr>
<td>Single</td>
<td>70,300</td>
<td>$71,700</td>
<td>$71,700</td>
</tr>
<tr>
<td>Estates and trusts</td>
<td>24,600</td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

**Phase-out thresholds**

<table>
<thead>
<tr>
<th>Over</th>
<th>But not &gt;</th>
<th>The tax is</th>
<th>Of the amount &gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>$1,020,600</td>
<td>$1,467,400</td>
<td>$1,467,400</td>
</tr>
<tr>
<td>Single</td>
<td>$510,300</td>
<td>$797,100</td>
<td>$797,100</td>
</tr>
<tr>
<td>Estates and trusts</td>
<td>$83,500</td>
<td>$185,500</td>
<td>$185,500</td>
</tr>
</tbody>
</table>

#### CAPITAL GAINS & QUALIFIED DIVIDENDS: 2019

**Cap Gains S-T<12mos. - Ordinary Income Rate**

<table>
<thead>
<tr>
<th>Over</th>
<th>But not &gt;</th>
<th>The tax is</th>
<th>Of the amount &gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>0</td>
<td>$78,750</td>
<td>$78,750</td>
</tr>
<tr>
<td>Single</td>
<td>$33,375</td>
<td>$39,376</td>
<td>$43,454</td>
</tr>
<tr>
<td>Estates &amp; Trusts</td>
<td>$2,650</td>
<td>$2,651</td>
<td>$2,651</td>
</tr>
</tbody>
</table>

#### KIDDIE TAX

The unearned income of a child under age 18 (24 if full time student) that exceeds $2,200, is subject to tax at the income tax brackets applicable to estates and trusts.

#### CHILD TAX CREDIT

$2,000 per child; phases out $50 for each $1,000 of MAGI over $400,000 (married filing jointly) or $200,000 (single)

#### PERSONAL EXEMPTIONS

Suspended for years 2018 to 2025.
## IRA

### MODIFIED AGI PHASE-OUT RANGE FOR CONTRIBUTIONS TO ROTH IRAs

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Covered by employer’s retirement plan?</th>
<th>Modified AGI phase-outs</th>
<th>Deductibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>No</td>
<td>$&lt; 26,999 or less</td>
<td>Full deduction</td>
</tr>
<tr>
<td></td>
<td>Any amount</td>
<td>$26,999 – $37,999</td>
<td>Partial deduction</td>
</tr>
<tr>
<td></td>
<td>$37,999 or more</td>
<td>$44,000 – $54,999</td>
<td>No deduction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Married filing jointly</th>
<th>One spouse covered</th>
<th>Modified AGI phase-outs</th>
<th>Deductibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For covered spouse</td>
<td>$&lt; 26,999 or less</td>
<td>Full deduction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$26,999 – $37,999</td>
<td>Partial deduction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$37,999 or more</td>
<td>No deduction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>For non-covered spouse</th>
<th>Modified AGI phase-outs</th>
<th>Deductibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$&lt; 26,999 or less</td>
<td>Full deduction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$26,999 – $37,999</td>
<td>Partial deduction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$37,999 or more</td>
<td>No deduction</td>
</tr>
</tbody>
</table>

### CONTRIBUTION LIMITS — TRADITIONAL AND ROTH

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional</th>
<th>Roth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-2012</td>
<td>$12,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>2013-2018</td>
<td>$14,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>2019</td>
<td>$16,000</td>
<td>$16,000</td>
</tr>
</tbody>
</table>

*Only taxpayers age 50 and over are eligible.

## LIFE-TIME LEARNING CREDITS

Up to 20% of tuition paid (maximum credit is $2,000); calculated per taxpayer.

<table>
<thead>
<tr>
<th>Modified AGI phase-outs</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>$114,000–$134,000</td>
<td>$116,000–$136,000</td>
</tr>
<tr>
<td>Single</td>
<td>$57,000–$67,000</td>
<td>$58,000–$68,000</td>
</tr>
</tbody>
</table>

## EXCLUSION OF U.S. SAVINGS BOND INCOME FOR QUALIFIED HIGHER EDUCATION EXPENSES

<table>
<thead>
<tr>
<th>Modified AGI phase-outs</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>$119,300–$149,300</td>
<td>$121,600–$151,600</td>
</tr>
<tr>
<td>Single</td>
<td>$79,550–$99,550</td>
<td>$81,300–$91,300</td>
</tr>
</tbody>
</table>

## STUDENT LOAN INTEREST DEDUCTION — MAXIMUM DEDUCTION $2,500

<table>
<thead>
<tr>
<th>Modified AGI phase-outs</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>$135,000–$165,000</td>
<td>$140,000–$170,000</td>
</tr>
<tr>
<td>Single</td>
<td>$65,000–$85,000</td>
<td>$70,000–$85,000</td>
</tr>
</tbody>
</table>

## Coverdell Education Savings Accounts (Education IRAs) — Contribution Limit $2,000

<table>
<thead>
<tr>
<th>Modified AGI phase-out range for contributions to Coverdell Education Savings Accounts</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>$90,000–$220,000</td>
<td>$95,000–$100,000</td>
</tr>
<tr>
<td>Single</td>
<td>$56,000–$86,000</td>
<td>$60,000–$85,000</td>
</tr>
</tbody>
</table>

## Qualified Tuition Programs — Section 529 Plans

Distributions for qualified higher education expenses are income-tax free. Effective 2018: Includes expenses for elementary or secondary public, private or religious school. Limited to $10,000/yr. Higher education unlimited.

## American Opportunity Tax Credit/Hope Learning Credits

<table>
<thead>
<tr>
<th>Modified AGI phase-out Hope credit — up to $2,500 per student for first four years of higher education tuition paid.</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married filing jointly</td>
<td>$60,000–$80,000</td>
<td>$80,000–$90,000</td>
</tr>
</tbody>
</table>

## Catch-Up Contribution Limits for Other Qualified Plan Types

<table>
<thead>
<tr>
<th>401(k), 403(b), SARSEP and 457 plans</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIMPLE IRA and SIMPLE 401(k) plans</td>
<td>$6,000</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

## Qualified Plans

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum elective deferral to</td>
<td>$18,500</td>
<td>$19,000</td>
</tr>
<tr>
<td>retirement plans, e.g., 401(k), 403(b)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans</td>
<td>$12,500</td>
<td>$13,000</td>
</tr>
<tr>
<td>Maximum elective deferral to 457 plans of tax-exempt employers</td>
<td>$18,500</td>
<td>$19,000</td>
</tr>
<tr>
<td>Limit on annual additions to SEP IRA plans</td>
<td>$55,000</td>
<td>$56,000</td>
</tr>
<tr>
<td>Annual compensation threshold requiring SEP IRA contribution</td>
<td>$600</td>
<td>$600</td>
</tr>
<tr>
<td>Limit on annual additions to defined contribution plans</td>
<td>$55,000</td>
<td>$56,000</td>
</tr>
<tr>
<td>Maximum annual compensation taken into account for contributions</td>
<td>$275,000</td>
<td>$280,000</td>
</tr>
<tr>
<td>Annual benefit limit under defined benefit plans</td>
<td>$220,000</td>
<td>$225,000</td>
</tr>
<tr>
<td>Threshold amount for definition of highly compensated employee</td>
<td>$120,000</td>
<td>$125,000</td>
</tr>
<tr>
<td>Threshold amount for definition of key employee in top-heavy plans</td>
<td>$175,000</td>
<td>$180,000</td>
</tr>
<tr>
<td>Pension Benefit Guaranty Corp. monthly pension amt. (age 65, single life)</td>
<td>$5,420</td>
<td>$5,608</td>
</tr>
</tbody>
</table>

## Saver’s Tax Credit

Contributions to employer plans and IRAs. Max credit $1,000 per taxpayer — AGI limits below.

<table>
<thead>
<tr>
<th>Married filing jointly</th>
<th>Single</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0–$35,500</td>
<td>$0–$9,250</td>
<td>50% of contribution</td>
</tr>
<tr>
<td>$35,501–$41,500</td>
<td>$19,251–$20,750</td>
<td>20% of contribution</td>
</tr>
<tr>
<td>$41,501–$56,000</td>
<td>$20,751–$32,000</td>
<td>10% of contribution</td>
</tr>
<tr>
<td>Over $56,000</td>
<td>Over $32,000</td>
<td>Not available</td>
</tr>
</tbody>
</table>

Life insurance offered through Allstate Life Ins. Co. & Allstate Assurance Co., 3075 Sanders Rd, Northbrook IL 60062; American Heritage Life Ins. Co., 1776 American Heritage Life Dr., Jacksonville FL 32224. In New York, life insurance offered through Allstate Life Insurance Company of New York, Hauppauge NY. Securities offered by Personal Financial Representatives through Allstate Financial Services, LLC (LVA Securities in LA and PA). Registered Broker-Dealer. Member FINRA, SIPC. Main Office: 2920 South 84th Street, Lincoln, NE 68506. (877) 525-5727. Check the background of this firm on FINRA’s BrokerCheck website http://brokercheck.finra.org. This material is intended for general educational purposes only. Please note that neither the offering insurance company nor any of its agents or representatives can give legal or tax advice. The brief discussion of taxes in this brochure may not be complete or necessarily correct. The tax laws and regulations are complex and subject to change. For complete details, consult your attorney or tax advisor.

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