



Case 2 – Prepay certain deductions

Gene & Jean Miller	No Planning		With Planning *	
	2017	2018	2017	2018
Allowed Deductions				
State Tax Paid	9,000	0	9,000	0
Property Taxes	14,000	10,000	28,000	0
Mortgage Interest	15,000	15,000	16,200	13,800
Charity	5,000	5,000	10,000	0
Total Itemized	43,000	30,000	63,200	13,800
What's Greater?	Itemize	Itemize	Itemize	Standard
Itemize or Standard	43,000	30,000	63,200	24,000
Total of 2017 & 2018 deductions:		73,000	87,200	
Additional Deduction compared to "No Planning"			14,200	
Tax Savings @ 25%			\$ 3,550	
Tax Savings @ 39.6%			\$ 5,623	

* With Planning:

- Prepay property taxes of \$14,000 by 12/31/17 (would've paid in '18)
- Pay January 2018 mortgage payment by 12/31/17 (\$1,200 of interest)
- Accelerate 2018 planned charity into 2017 (give outright or to a DAF)

The Millers are not subject to the AMT

*** The House and Senate passed separate bills indicating no state tax deduction; now there is possible agreement of a combined \$10,000 deduction for state tax and property tax paid. The end result, however, would not change. The Millers would still not itemize in 2018 (with planning) by adding the state tax deduction.