

TAX BRACKETS FOR 2013

Married, filing jointly

| | |
|---------------------|-------|
| \$0–\$17,850 | 10.0% |
| \$17,851–\$72,500 | 15.0% |
| \$72,501–\$146,400 | 25.0% |
| \$146,401–\$223,050 | 28.0% |
| \$223,051–\$398,350 | 33.0% |
| \$398,351–\$450,000 | 35.0% |
| Over \$450,000 | 39.6% |

Single

| | |
|---------------------|-------|
| \$0–\$8,925 | 10.0% |
| \$8,926–\$36,250 | 15.0% |
| \$36,251–\$87,850 | 25.0% |
| \$87,851–\$183,250 | 28.0% |
| \$183,251–\$398,350 | 33.0% |
| \$398,351–\$400,000 | 35.0% |
| Over \$400,000 | 39.6% |

Married, filing separately

| | |
|---------------------|-------|
| \$0–\$8,925 | 10.0% |
| \$8,926–\$36,250 | 15.0% |
| \$36,251–\$73,200 | 25.0% |
| \$73,201–\$111,525 | 28.0% |
| \$111,526–\$199,175 | 33.0% |
| \$199,176–\$225,000 | 35.0% |
| Over \$225,000 | 39.6% |

Head of household

| | |
|---------------------|-------|
| \$0–\$12,750 | 10.0% |
| \$12,751–\$48,600 | 15.0% |
| \$48,601–\$125,450 | 25.0% |
| \$125,451–\$203,150 | 28.0% |
| \$203,151–\$398,350 | 33.0% |
| \$398,351–\$425,000 | 35.0% |
| Over \$425,000 | 39.6% |

Estates and trusts

| | |
|------------------|-------|
| \$0–\$2,450 | 15.0% |
| \$2,451–\$5,700 | 25.0% |
| \$5,701–\$8,750 | 28.0% |
| \$8,751–\$11,950 | 33.0% |
| Over \$11,950 | 39.6% |

LONG-TERM CAPITAL GAINS/ QUALIFIED DIVIDEND RATES

| | |
|-------------------------------|-----|
| 0%–15% brackets | 0% |
| >15% but <39.6% brackets | 15% |
| Top bracket (39.6%) | 20% |
| Capital gains on collectibles | 28% |

Standard deduction

| | |
|-------------------------------|----------|
| Married, filing jointly | \$12,200 |
| Single | \$6,100 |
| Married, filing separately | \$6,100 |
| Head of household | \$8,950 |

Blind or over 65, \$1,200 if married; \$1,500 if single or head of household.

Capital loss limit

| | |
|-------------------------------|---------|
| Married, filing jointly | \$3,000 |
| Single | \$3,000 |
| Married, filing separately | \$1,500 |

If your capital loss exceeds your capital gains.

ESTATE TAX

| | |
|---|-------------|
| Transfer tax rate | 40% |
| Estate tax exemption | \$5,250,000 |
| Gift tax exemption | \$5,250,000 |
| Generation-skipping transfer exemption | \$5,250,000 |

EDUCATION

| | |
|----------------------|---------|
| Kiddie tax exemption | \$2,000 |
|----------------------|---------|

| | |
|------------------------|---------------------------------------|
| 529 Plan contributions | \$14,000 per yr. before a gift tax |
|------------------------|---------------------------------------|

| | |
|---|-----------|
| Accelerate 5 years of gifting into 1 year per individual | \$70,000 |
| Per couple | \$140,000 |

Lifetime learning credits

| | |
|-------------------|---------------------|
| Maximum credit | \$2,000 |
| Phaseout — Single | \$53,000–\$63,000 |
| Phaseout — Joint | \$107,000–\$127,000 |

Coverdell Education Savings Account

| | |
|-------------------|---------------------|
| Contribution | \$2,000 |
| Phaseout — Single | \$95,000–\$110,000 |
| Phaseout — Joint | \$190,000–\$220,000 |

Student loan interest

| | |
|-------------------|---------------------|
| Deduction limit | \$2,500 |
| Phaseout — Single | \$60,000–\$75,000 |
| Phaseout — Joint | \$120,000–\$150,000 |

Phaseout of tax-free savings bonds interest

| | |
|--------|--------------------------|
| Single | \$74,700–\$89,700 MAGI |
| Joint | \$112,050–\$142,050 MAGI |

American Opportunity Education Tax Credit

| | |
|-------------------|---------------------|
| Maximum credit | \$2,500 |
| Phaseout — Single | \$80,000–\$90,000 |
| Phaseout — Joint | \$160,000–\$180,000 |

RETIREMENT

IRA and Roth contributions

| | |
|-----------------|---------|
| Under age 50 | \$5,500 |
| Age 50 and over | \$6,500 |

Phaseout for deducting IRA

| | |
|---|--------------------------|
| Contribution (qualified plan participant) | |
| Married, filing jointly | \$95,000–\$115,000 MAGI |
| Single or head of household | \$59,000–\$69,000 MAGI |
| Spousal IRA | \$178,000–\$188,000 MAGI |

Phaseout of Roth contribution eligibility

| | |
|-------------------|--------------------------|
| Joint | \$178,000–\$188,000 MAGI |
| Single | \$112,000–\$127,000 MAGI |
| Filing separately | \$0–\$10,000 MAGI |

SEP contribution

| | |
|---------------------------|----------------|
| Up to 25% of compensation | Limit \$51,000 |
| To participate in SEP | \$550 |

SIMPLE elective deferral

| | |
|---------------|----------|
| Under age 50 | \$12,000 |
| Age 50 & over | \$14,500 |

Qualified plan contributions

| | |
|--------------------------------|----------|
| 401(k), 403(b), 457 and SARSEP | \$17,500 |
| Age 50 & over | \$23,000 |

Limit on additions to defined contribution plan

\$51,000

Annual benefit limit on defined benefit plan

\$205,000

Highly compensated employee makes

\$115,000

Annual compensation taken into account for qualified plans

\$255,000

On January 1, 2013, the Senate and the House passed the American Taxpayer Relief Act (ATRA, or the Act) to avoid the fiscal cliff deadline. The ATRA in some cases adopts permanent rules and in others short-term extensions. Due to the last minute nature of the Act, some information in this guide might change as rates are indexed for inflation and other changes take effect. For further information, please visit the John Hancock Mutual Funds Tax Center at www.jhfunds.com/taxcenter.

NEW AND NOTEWORTHY CHANGES FROM THE AMERICAN TAXPAYER RELIEF ACT

Qualified Tuition Deduction

This deduction expired after 2011. The ATRA extends the above-the-line \$4,000 higher education deduction for 2013, and extends it retroactively for the 2012 tax year.

Permanent AMT relief

The ATRA “patches” the alternative minimum tax (AMT) for 2012 and subsequent years by adjusting the AMT exemption amounts to protect the middle class from the application of the AMT. Annual inflation adjustments will be made to exemption amounts for years beginning after 2012.

Portability

The ATRA made portability between spouses permanent. Portability allows the estate of a decedent who is survived by a spouse to permit the surviving spouse to apply any unused exclusion amount to the surviving spouse.

In-Plan Roth Rollovers

The ATRA lifts most in-plan Roth rollover restrictions. Participants in 401(k) plans with in-plan Roth conversion features can convert assets to a Roth account without a distributable event. (As with other conversions, the amount is subject to income tax.)

Medicare Surcharge

Beginning in 2013, there is a new 3.8% Medicare surcharge on investment income (including dividends and capital gains) to the extent income is above \$200,000 for individuals or \$250,000 filing jointly.

IRA Charitable Rollovers

Although they had expired, the charitable IRA rollover provisions were reinstated for 2012 and 2013 only. Individuals age 70½ or older can make tax-free distributions, up to \$100,000 per year, to qualified charities.

Required Minimum Distributions

The Uniform Lifetime Table can be used by all IRA owners, at age 70 years, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the regular Joint Life Expectancy Table is used (see IRS Pub. 590), which could reduce the required minimum distribution even further.

Uniform Lifetime Table

| Age of Account Owner | Divisor | Age of Account Owner | Divisor |
|----------------------|---------|----------------------|---------|
| 70 | 27.4 | 81 | 17.9 |
| 71 | 26.5 | 82 | 17.1 |
| 72 | 25.6 | 83 | 16.3 |
| 73 | 24.7 | 84 | 15.5 |
| 74 | 23.8 | 85 | 14.8 |
| 75 | 22.9 | 86 | 14.1 |
| 76 | 22.0 | 87 | 13.4 |
| 77 | 21.2 | 88 | 12.7 |
| 78 | 20.3 | 89 | 12.0 |
| 79 | 19.5 | 90 | 11.4 |
| 80 | 18.7 | | |

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