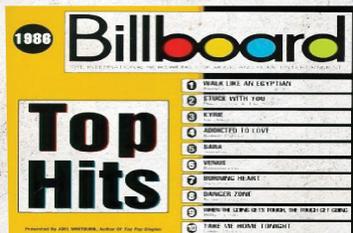


IRS THE LARGEST TAX LAW CHANGES... IRS

Since "Walk Like an Egyptian" Topped the Charts in 1986!



It's been over 30 years since any major tax changes have taken place. Other pop hits like, "How Will I Know" by Whitney Houston and "West End Girls" by the Pet Shop Boys both made the top billboard charts that year.

But finally, on Friday, December 22nd, 2017 President Trump signed the bill into law, ushering in significant changes for both individuals and corporations alike. I felt it was important to share some of the more notable variations that may affect you.

- 1. No Changes for Your 2017 Taxes.** Nothing in the new law will affect your filing for 2017.
- 2. Individual Tax Rates are Changing.** There are still 7 tax brackets, but the percentages and thresholds will be changing for 2018. (See charts below)
- 3. Standard Deduction Has Essentially Doubled.** Single Filers go from \$6,350 to \$12,000 and Married Filing Jointly goes from \$12,700 to \$24,000. Most

people had not been itemizing, especially since the mortgage interest rates have been so low, so this may have an impact on your return.

- 4. Personal Exemption is Gone.** For 2017 you would have received a \$4,050 Personal Exemption for every member of your household, but this is now being eliminated. So, for families with more than 3 household members, the doubled Standard Deduction may not be as generous as I originally thought. However, the Child Tax Credit has doubled to \$2,000 and there is a new "non-child dependency credit of \$500" for elderly parents, children over age 17 and disabled children as well.
- 5. SALT (State and Local Taxes) are Now Capped at \$10,000.** This is a big deal for states that have excessive property taxes and state and local income tax like New York and California.
- 6. Mortgage Interest Deduction.** The interest deduction on new loans is limited to \$750,000 of debt. Obviously, that won't affect most people.
- 7. Student Loan Interest.** This will remain unchanged and still have a deductible limit of \$2,500.
- 8. Medical Expense Deduction.** This was a topic of debate, but remained deductible in the new

law (over the AGI threshold). In fact, the threshold is now reduced from 10% of adjusted gross income to 7.5%.

- 9. Sale of a Primary Residence.** For a home that you've lived in, 2 of the last 5 years, you can still benefit from a tax-free sale up to a \$500,000 exclusion for Married Filing Jointly and a \$250,000 exclusion for Single filers. (This is not a once in a lifetime exemption- it can be utilized every two years).
- 10. Expanded Use of 529 Plans.** Now, 529 plans, can also be used for public, private or religious elementary schools, tax free, up to \$10,000.
- 11. Individual Mandate on Health Insurance has been Eliminated.** There will be no more tax penalties for not buying health insurance. Though, the Republicans tried repealing and replacing Obamacare, this new change will probably be a catalyst that leads to the eventual demise or repeal of the Affordable Care Act, in my opinion.
- 12. Corporate Tax Rates are Dropping from 35% to 21%.** Large, C corporations that pay tax at the corporate level, are seeing a significant drop in their tax rates. The idea is to make our corporations more competitive globally with the hopes they will spend more on capital expenditure projects and bring companies back to US soil, creating jobs right here at home. Regardless of what they do with the money, by reducing their tax liability by as much as 13% will translate to immediate higher profits and could help sustain and even stoke the bull rally we've enjoyed.

...to be continued"



With the arrival of February, I think we're well on our way into the new year and the days are starting to get a little longer. It's been a chilly start to 2018 so far, but I'm certain the warmer weather is just around the corner. At least, I certainly hope so. The month of February has a few notable holidays. Groundhog day is on the 2nd. One my favorites, Valentine's Day on the 14th and finally President's Day on February 19th. Hopefully you took the time last month and wrote down your important goals you have for 2018 and you're on the way to achieving them!

Respectfully,
Scott Weidman, CFP®



Rate	Individuals	Married Filing Jointly
10%	Up to \$9,525	Up to \$19,050
12%	\$9,526 to \$38,700	\$19,051 to \$77,400
22%	38,701 to \$82,500	\$77,401 to \$165,000
24%	\$82,501 to \$157,500	\$165,001 to \$315,000
32%	\$157,501 to \$200,000	\$315,001 to \$400,000
35%	\$200,001 to \$500,000	\$400,001 to \$600,000
37%	over \$500,000	over \$600,000

Make This Valentine's Day Special



One Valentine's Day, many year ago, I made the decision to pick Savannah up from Montessori pre-school brandishing a handful of balloons, flowers, chocolates and a small stuffed teddy bear. Ever since then, it's sort of become our special day that she remembers and really looks forward to. I'm sure this year will be no different. I thought it might be a great lifestyle article to share some creative ideas to help you make Valentine's Day special for your children and grandkids. Just be careful, they may come to expect it every year, now that

you've set the bar pretty high!

- 1. Plan a day at the spa together.** *Little girls love getting pampered and my guess is little boys would have fun all the same if getting to spend time with mom.*
- 2. Begin the day with heart shaped pancakes and eggs for breakfast.** *Cut out a heart shaped hole in the bread and crack an egg in the center. Start the day out with a little love.*
- 3. Play dress up and spend a nice quiet candlelit dinner together.** *Either at a nice restaurant, or even at home, but make*

sure the cell phones are turned off!

- 4. Make a homemade Valentine's Day card, like you did in elementary school.** *Take some time to convey just how much you love them. I guarantee they will hold on to this forever.*
- 5. Take a video of yourself proclaiming your love for them on Valentine's Day.** *Then post it to their Instagram or Facebook timeline for all of their friends to see. This may or may not go over so well, so use measured caution.*

Hopefully, these few fun ideas will help make your Valentine's Day both special and memorable. And for your significant other...well, I'm probably not the best to offer up any advice on that. Happy Valentine's Day!



"...Continued"

13. Passthroughs Such as S Corporations, LLC's and Partnerships feel less burden. *A 20% deduction of passthrough income relieves many small businesses that are set up as a passthrough entity. My guess is this will have a broad reaching tax benefit across the country for many small business owners. But the calculation to determine how much can be deducted is extremely complicated.*

14. Estate Tax Exemption Increases. *The tax-free exemption was doubled from \$5.6 to \$11.2 million for an individual and \$11.2 to \$22.4 million for a married couple. So no need to worry if your total estate is under \$22.4 million. These updates are not all encom-*

passing. There is more to the tax law change than what I've listed. However, I felt these are the most notable and will probably peak the interest of most readers. Ironically, the republicans have wanted to simplify the tax code and with the passage of this new legislation, they very well may have complicated it even further.

For specific tax related questions, please consult your tax advisor. JW Cole nor Savannah Court Financial Advisors, Inc. gives tax advice.

- <https://www.factcheck.org/2017/12/guide-tax-changes/>
- <http://money.cnn.com/2017/12/20/news/>

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https://en.wikipedia.org/wiki/Billboard_Year-End_Hot_100_singles_of_1986

<https://www.irs.gov/newsroom/resources-for-tax-law-changes>

<http://www.foxbusiness.com/markets/2017/12/28/what-tax-reform-really-means-for-small-businesses.html>

<https://www.congress.gov/bill/115th-congress/house-bill/1/text>



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