Tax Planning Guide 2019

The Consumer's Concise Guide
to Federal Tax Fundamentals.

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Tax Planning Guide 2019

In any year, planning is necessary to get the most from individual and business income tax laws. But with the host of changes contained in the Tax Cuts and Jobs Act enacted in late 2017, it is more crucial than ever to take a clear-eyed look at the new laws.

Whether planning for your family's or company's financial future, knowing the rules and how they apply to your situation can help you to develop tax-saving strategies.

BIG TAX CUTS AHEAD

For most individual taxpayers, the headlines start with tax rate cuts in virtually every tax bracket. You'll also find many brackets enlarged, essentially lowering the tax rate on individuals as they drop down a bracket.

The Alternative Minimum Tax brackets were raised substantially, thus reducing the number of taxpayers affected, and the estate tax exemption was doubled. The standard deduction was almost doubled, but personal exemptions disappeared. Other deductions disappeared or were capped, and all of these changes will revert back to 2017 levels in 2026, when the new tax revisions expire unless Congress revisits them.

The news was mostly good, however, for corporations whose tax changes were made permanent. The corporate tax rate dropped to 21% and pass-through income to individuals from other types of companies will be treated more favorably, albeit with a complicated formula.

ON THESE PAGES

On the following pages you will learn about these and other changes to how individuals and businesses figure their tax liabilities, and how your investment, estate, retirement and business strategies might be affected. Because tax planning has become increasingly complex and each tax situation is unique, we urge you to consult a professional — who may advise you to follow this booklet's tips or another course of action.

BRACKETS AND RATES

Many individuals have already seen an increase in their take-home pay, which should have been adjusted for federal withholding tax by now. Brackets remained the same and rates increased slightly in 2019, after big changes the previous year that benefitted most taxpayers.

MARRIED FILING JOINTLY & SURVIVING SPOUSES

2019 RATES	2019 INCOME	2018 INCOME
10%		$0–$19,050
12%		$19,051–$77,400
22%		$77,401–$165,000
24%		$165,001–$315,000
32%		$315,001–$400,000
35%		$400,001–$600,000
37%		$600,001 or more

MARRIED FILING SEPARATELY & SINGLES

2019 RATES	MARRIED FILING SEPARATELY INCOME	SINGLE INCOME	HEAD OF HOUSEHOLD INCOME
10%	$0–$9,525	$0–$9,525	$0–$13,600
12%	$9,526–$38,700	$9,526–$38,700	$13,601–$51,800
22%	$38,701–$82,500	$38,701–$82,500	$51,801–$82,500
24%	$82,501–$157,500	$82,501–$157,500	$82,501–$157,500
32%	$157,501–$200,000	$157,501–$200,000	$157,501–$200,000
35%	$200,001–$300,000	$200,001–$500,000	$200,001–$500,000
37%	$300,001 or more	$500,001 or more	$500,001 or more

A REAL ALTERNATIVE

The Alternative Minimum Tax (AMT) was designed to limit allowable deductions taken by the highest-income taxpayers to ensure they pay their fair share of taxes. However, because income levels that trigger the AMT were not indexed to inflation in the past, more Americans were forced to pay this alternative tax each year.

Now there is a more generous AMT that is also indexed to inflation, which will stop bracket creep in this area. For the first time in decades, the thresholds for exemptions and phase-outs for the Alternative Minimum Tax (AMT) are expanded dramatically.

Compared to the dramatic reworking of exemptions and phase-out levels in 2018, the increases in these numbers for tax year 2019 are modest.

AMT EXEMPTION INCREASES

STATUS	2019	2018
Exemption for Singles		$54,300
Exemption for Married Filing Jointly		$84,500
Phase-out for Singles		$120,700
Phase-out for Married Filing Jointly		$160,900

> ***Determining your AMT can be tricky. Some deductions you might itemize in a typical tax return may not be allowed in AMT calculations. So work with your tax professional to get it right.***

DEDUCTIONS AND CREDITS

STANDARD DEDUCTION

A major area in which your tax calculations will differ from the past is deductions and credits. While the standard deduction was virtually doubled, personal exemptions (formerly taken for each dependent) disappeared.

The new standard deduction, which reduces the amount of your taxable income, is $24,000 for married taxpayers filing jointly, $18,000 for those who file as heads of household and $12,000 for all other taxpayers.

CHILD TAX CREDIT

Although they lost personal exemptions, which could be significant, large families saw an increase in the child tax credit, which doubled to $2,000 for each dependent child age 17 or younger in 2018, subject to income limitations. The credit also was expanded to higher-income taxpayers, phasing out at $400,000 for joint filers and $200,000 for everyone else.

DEPENDENT TAX CREDIT

Take another $500 tax credit for each dependent adult child or elderly parent in your care, subject to the child tax credit's income limits.

ITEMIZED DEDUCTION LIMIT GONE

Itemized deductions, which were previously phased out for taxpayers with higher incomes, have no income-based limit any longer.

DEDUCTIONS ELIMINATED

A few itemized deductions were eliminated, including:

- Personal casualty and theft losses, unless they occur in a federally-declared disaster area
- Unreimbursed employee business expenses
- Tax preparation fees
- Investment expenses, including investment management fees
- Legal fees
- Employment-related educational expenses
- Job search expenses
- Hobby losses
- Safe deposit box fees
- Moving expenses, unless an active military member.

DEDUCTION LIMITS

HOME LOANS

If you have a jumbo first mortgage, you may not be able to deduct all of its interest. Married taxpayers filing jointly may deduct the interest on only $750,000 of mortgage principal, down from $1 million previously. The deduction is limited to half of that for single taxpayers.

Interest on home equity loans, home equity lines of credit (HELOC) and second mortgages may be deducted only when used to buy, build or substantially improve the taxpayer's primary or secondary qualified residence that secures the loan, subject to limits.

LIKE-KIND EXCHANGES

The treatment of investment property you own has not changed if you sell one property and buy one to three other properties within a certain timeframe. If you sell investment property, you may defer taxable gains if within 45 days of the sale you identify other income-producing property that you buy within 180 days or by the due date of your tax return, including extensions. Your tax professionals will give you more information.

SALT TAXES

New to taxpayers in 2018 was a $10,000 limit on state and local tax (SALT) deductions. This provision is especially harsh on homeowners in high-tax states, where state income and property taxes can easily exceed this figure.

Caveat: Some tax experts and municipalities advocated pre-paying 2018 property taxes in 2017 to avoid the new SALT limit. However, the IRS has advised it will not allow deduction of the pre-payment in tax year 2017 unless the taxes were assessed in 2017.

> ***If you work and own personal real estate in a high-tax state, the new SALT limit could mean you aren't withholding enough income for taxes. Recheck your withholding numbers.***

NOTABLE CHANGES

There were also other notable changes in tax law that may affect not only your budgeting and tax picture, but your future planning, too. They include:

ALIMONY

Alimony payments for agreements first made after 2018 will no longer be taxable — or deductible. When older agreements are modified, you may elect to have the new tax code apply.

MEDICAL EXPENSES

In tax year 2018, the deduction for unreimbursed medical expenses remains the same: Qualified amounts exceeding 7.5% of adjusted gross income are eligible. In 2019, the threshold rises to 10% of AGI.

ACA PENALTY

Tax year 2018 was the last scheduled year in which the Affordable Care Act (ACA) penalty was in effect; it was repealed for 2019. The penalty for not having a qualified insurance plan this final year is the higher of $695 per adult or 2.5% of household income.

> ***Be careful if you have both a first mortgage and a tax-qualified home equity mortgage. The interest you can deduct is capped on a lower, combined personal mortgage and home equity debt.***

HEALTH SAVINGS ACCOUNT

Some limits increased for Health Savings Accounts (HSAs) and their companion High-Deductible Health Plans (HDHPs). The penalty for taking nonqualified withdrawals before age 65 also dropped from 20% to 10%.

HEALTH SAVINGS ACCOUNTS AND HIGH DEDUCTIBLE HEALTH PLANS

	2019	2018
HSA contribution limit*	Self-only: $3,500 Family: $7,000	Self-only: $3,450 Family: $6,900**
HSA catch-up contribution	$1,000	$1,000
HDHP minimum deductible	$1,350 $2,700	$1,350 $2,700
HDHP maximum	Self-only: $6,750	Self-only: $6,650
Out-of-pocket costs	Family: $13,500	Family: $13,300

**Combined employer and employee contributions*
*** The IRS set the family limit at $6,900, changed it to $6,850 after 2018 started and then restored the $6,900 limit.*

> ***HSAs are triple tax-advantaged with tax-deferred contributions, tax-free potential earnings and tax-free withdrawals for qualified medical expenses, and you can roll over any balance to the next year. Nonqualified withdrawals incur a tax penalty, but that disappears at age 65, when you can take withdrawals for any reason (just pay income tax on the nonqualified amount). At this point, you may be able to use leftover funds to supplement your retirement income.***

CHANGES WITH VARIABLE EFFECTIVE DATES

Income brackets for long-term capital gains were expanded, effectively putting more investors in lower tax brackets. Remember that you pay long-term capital gains taxes on investments held more than one year, while you pay ordinary income taxes on short-term investment gains.

CAPITAL GAINS TAX BRACKETS

RATE	MARRIED JOINT FILERS	SINGLE FILERS
0%	$77,200	$38,600
15%	$77,201-$479,000	$38,601-$425,800
20%*	$479,001 and up	$425,801 and up

**This bracket includes an additional 3.8% net investment income tax.*

TREATMENT OF LOSSES

A capital gain or loss is the difference between your basis, which is typically the cost of buying an asset or investment, and what you get for selling it. If your investments have a net capital loss, you can deduct up to $3,000 of the loss annually (for taxpayers filing jointly) or $1,500 (for singles). If your losses exceed these annual limits, you may carry losses forward to the next tax year.

> ***You may be able to "tax-loss harvest" by deducting up to $3,000 in long-term capital losses, while carrying forward excess losses to the following year.***

A WORD ABOUT DIVIDENDS

Talk to your financial professional to learn if dividends you received are qualified, which are taxed as a capital gain, or unqualified, which are taxed as ordinary income. Dividends from real estate investment trusts (REITs) and master limited partnerships (MLPs) are unqualified, as are dividends from credit unions and mutual savings banks, and are taxed as ordinary income.

TAX PLANNING AND COLLEGE

529 DISTRIBUTIONS

Owners of 529 plans will find the same contribution and withdrawal limits as before. But for the first time, you can withdraw up to $10,000 annually to pay for elementary or secondary education, plus the higher withdrawal allowances for higher education expenses still apply.

COVERDELL ESA

The Coverdell Education Savings Account (ESA) remains unchanged, with a $2,000 annual contribution limit per student. You qualify to make a full nondeductible contribution if you file jointly, but the limit is phased out at a modified AGI of $190–$220,000. Limits for singles are half of those for joint filers. Earnings are tax-deferred and qualified withdrawals are tax-free.

You have until the April 2019 tax filing deadline to make a Coverdell ESA contribution for 2018.

EDUCATION TAX CREDITS

You may have a choice of taking a Lifetime Learning Tax Credit or an American Opportunity Tax Credit for qualified education expenses, but you can't take both in the same year. The credit of up to $2,000 is deducted from taxes owed, not from income. Talk to your tax professional to learn the details.

CUSTODIAL ACCOUNTS

The Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UGMA) permit custodial accounts set up for the benefit of minors. While they don't have restrictions like qualified education accounts, they feature two distinct disadvantages: Beneficiaries can do what they want with the account once reaching the age of majority because they'll own the assets. Also, students are expected to contribute a greater percentage of assets than parents when paying for education expenses.

STUDENT LOANS

Borrowers have a few ways to see their student loans forgiven, cancelled or discharged for working in public service and other sectors. Talk to your tax professional to learn if any apply to your situation.

For those taxpayers paying off their student loans and who qualify by income, they may deduct from their AGI up to $2,500 in qualified education loan interest.

TAX PLANNING AND YOUR ESTATE

New tax changes were especially generous to taxpayers who want to pass assets to loved ones and charities. The amount of deductible charitable contributions you can make annually also increased to 60% of AGI.

ESTATE TAXES

The estate, gift and generation-skipping tax exemption remains the same at $22.36 million for couples filing jointly and $11.18 million for individuals. That's almost double previous levels. If you haven't discussed this new estate planning opportunity with your legal, tax and financial professionals yet, now is a good time to learn more.

Even with more generous federal estate tax exemptions, taxpayers need to be aware of local estate and inheritance taxes. Although some states have repealed their estate tax statutes and others increased their exemptions recently, a few still have the tax, while a handful of states also have an inheritance tax.

> ***If you maxed out your estate tax exemption prior to its doubling, now is a good time to revisit your estate tax planning strategy before the doubled exemption expires in 2026.***

GIFT TAXES

The annual gift tax exemption remains $15,000 per person per individual receiving the gift. If, for example, you and your spouse each max out your annual gift exemption to three grandchildren, you can take $90,000 out of your taxable estate gift-tax-free.

> ***Reduce your taxable estate by putting five years' worth of gifts into a 529 plan for a loved one's college education. Maximize your gift by giving up to the maximum annual tax-free gift limit of $15,000 times five years per donor per recipient; the plan's assets then grow tax-deferred and qualified withdrawals are tax-free.***

KIDDIE TAX

Children under the age of 19 and full-time students under the age of 24 saw a difference in how their unearned income is taxed. Minor children with a modest amount of unearned income, such as investment income, saw their taxes increase. That's because this income is no longer taxed at their parents' tax rates, but at the higher trusts and estates rates.

> ***With lower income tax rates for parents and potentially higher kiddie tax rates for their children, parents may want to reconsider ownership of their children's investment income.***

CHARITABLE CONTRIBUTIONS

If you itemize on your tax return, you may deduct qualified charitable contributions of up to 60% of your adjusted gross income, but not for donations made to educational institutions for which you receive event seating in return.

If you don't itemize because your deductions are less than the standard deduction — you can't itemize and get the standard deduction, too — you might consider accelerating or bunching contributions for a number of years. For example, if you give $10,000 per year to a charity, bunch three years of contributions — $30,000 — into one year instead, then itemize the deduction on your tax return. Take the standard deduction in the other two years.

STEP UP IN BASIS

You can leverage your gifts even more if you time them to receive optimal tax treatment. You do this by using a step up in basis of your gift. A new fair market value is established for gifts received after a donor's death — a step up in basis — but there is no step up in basis for gifts received during a donor's life. The step-up in basis sets a new starting value for the gift, which can make a big difference if the asset has appreciated significantly, while making it less likely to exceed gift exemptions and trigger larger capital gains.

TAX PLANNING AND YOUR RETIREMENT

While the Tax Cuts and Jobs Act did not have a direct impact on most retirement plans, lower rates and expanded brackets raised many taxpayers' take-home pay.

PREPARE FOR TOMORROW

Ask anyone nearing or in retirement and they'll tell you the future is closer than you think. That's why the steps you take many years before retirement will shape your financial picture in retirement.

You may have a variety of retirement savings vehicles to which you can contribute. Traditional and Roth IRAs, Simplified Employee Pensions (SEPs), SIMPLE plans, and 401(k), 403(b) and 457 plans are examples of the many opportunities Americans have to put money away for a more financially secure retirement.

An added bonus is that you reduce your taxable income by contributing before-tax to most retirement vehicles. Roth IRAs require after-tax contributions, but qualified distributions are tax-free and there are no required minimum distributions during your lifetime, unlike most other retirement accounts.

Check out the chart on pages 16 and 17, which includes new contribution and other limits.

> ***While Roth IRA contributions are subject to an annual income limit, there is no such limit when you roll over traditional IRA or 401(k) plan money into a Roth. Consider making the rollover in years when your income is down, or roll over amounts in annual increments, to keep the one-time tax bill on the rollover reasonable.***

TAX-RELATED STRATEGIES FOR FAMILIES AND INDIVIDUALS

- Yes, the tax rules have changed, so what are you waiting for? Talk to your tax professional today to get the most from the federal tax code.
- Beware, though, of any difference between federal and local tax jurisdictions. The latter may not mirror federal tax rates, deductions and limits.
- If you reside in a high-tax state, you can only deduct up to $10,000 of combined state income and real estate taxes.
- If you experience tax savings this year, why not use this money to bolster your retirement and college savings accounts?
- Now is a good time, in fact, to review your retirement savings and investing strategies. One universal truth is this: time and compounding work best when given the most time.
- Taxes are only one part of a greater strategy – or strategies – addressing your investment, retirement, estate and even insurance needs. A financial professional can help you address these areas of your life and potentially take advantage of any tax savings you might have.
- Also consider working with an insurance professional to make sure your hopes and aspirations for loved ones are financially secure. Consider disability insurance for what could be your greatest asset – the ability to earn a living. Also make sure you have an appropriate amount of life insurance.
- Speaking of protection, a will, powers of attorney and a healthcare directive are legal documents that can ensure your wishes are carried out.
- Last point: Your tax preparer is only as good as the information you provide. Make sure to ask your tax pro for the documents needed to get the job done right.

RETIREMENT & HEALTH SAVINGS PLAN CONTRIBUTION INCREASES

PLAN	
401(K) 403(B) 457	Employee Contribution Limit
	Catch-Up Contributions (Age 50+)
	Combined Employer / Employee Contribution
Traditional IRA / Roth IRA	Contribution Limit
Traditional IRA Income Limit for Deductible Contributions	Single or Head of Household
	Married Filing Jointly
Roth IRA Income Limit	Single
	Married Filing Jointly or Head of Household
Simple IRA	Elective Contribution Limit
	Catch-Up Contribution (Age 50+)
	Employer Non-Elective Contribution Limit
SEP-IRA / Profit Sharing / Money Purchase	Contribution Limit
Defined Benefit	Maximum Annual Benefit
Supplemental Security Income (SSI) Employee Deduction	Annual Income When Deduction Stops
Health Savings Account (HSA) Maximum Contribution	Single
	Family
	Catch Up (Age 55+)
High Deductible Health Plan (HDHP)	Single Coverage Deductible
	Family Coverage Deductible
HDHP Maximum Out-Of-Pocket Limit	Single Coverage
	Family Coverage

	2019	2018
		$18,500
		$6,000
		$55,000
		$5,500
		$63,000-$73,000
		$101,000-$121,000
		$120,000-$135,000
		$189,000-$199,000
		$12,500
		$3,000
		2% of Compensation up to $270,000
		$55,000
		$220,000
		$128,400
	$3,500	$3,450
	$7,000	$6,900
	$1,000	$1,000
	$1,350	$1,350
	$2,700	$2,700
	$6,750	$6,650
	$13,500	$13,300

FIND YOUR NUMBERS

With some big changes in corporate taxes, it is important to consult your tax professional to learn how you will be affected. From a new flat rate of 21% and favorable treatment of pass-through entities' income to the elimination of the corporate alternative minimum tax (AMT) and the liberalization of some deductions and expensing, lower taxes are the dominant theme.

FEDERAL INCOME TAX RATE SLASHED

While the corporate tax rate was almost halved, owners of this type of business entity are still double-taxed on the corporate side and as individual taxpayers. However, the much lower corporate tax rate should ease a bit of this tax burden.

On the other hand, owners of pass-through entities like S corporations, sole proprietorships, limited liability companies (LLCs) and partnerships see income pass through directly to them as individuals without being taxed on the business side. These owners pay taxes on business income only once, at their personal tax rate. Now owners of some entities may also benefit from a new pass-through provision, further lowering their tax liability.

PASS-THROUGH INCOME

This is good news: Owners of some pass-through businesses can now deduct 20% of qualified income, with this tax break phasing out for single tax filers at $157,500 of AGI and married taxpayers filing jointly at $315,000. Owners of real estate investment trusts (REITs) and publicly traded partnerships can also use this deduction on qualified income.

The bad news: The formula to figure out your tax liability with the pass-through income provision is extremely complex. Work with your tax professional, who can help you calculate your pass-through income and its tax.

Caveat: Most business tax breaks were made permanent, unlike the individual tax provisions, which expire in 2026. There is one notable exception: The pass-through provision will pass into history in 2026 unless Congress votes to make it permanent.

NOTEWORTHY CHANGES

AMT NO LONGER

Thanks to the recent tax changes, the corporate Alternative Minimum Tax (AMT) is history. However, businesses can still receive credit for previous AMT payments that exceed their regular tax liability through 2021.

NET OPERATING LOSSES

The deduction for net operating losses is reduced from 100% to 80%. There is no carry-back, but there's unlimited carry-forward.

SECTION 179

The limit for Section 179 expensing on eligible property is now $1 million and phases out at $2.5 million or business income, whichever is less. This provision is subject to inflation adjustments.

Within these guidelines, Section 179 also allows for immediate and 100% expensing of qualified improvement property placed in service starting in tax year 2018. This provision phases out in 2023. Improvements include:

- Qualified improvement property, which means any improvement to a building's interior but not building enlargements, elevators and escalators, or changes to the internal structural framework of the building
- Roofs, HVAC, and alarm, security and fire protection systems

BONUS DEPRECIATION

The amount of bonus depreciation percentage you can use for qualified property acquired and placed in service after September 27, 2017 until January 1, 2023 is now 100%. In contrast, the bonus depreciation percentage for qualified property that a taxpayer acquired before September 28, 2017 and placed in service before January 1, 2018, remains at 50%. Talk to your tax pro to get the specifics, of which there are many.

> ***Work with your tax professional to get the most out of new tax provisions and keep good records. Accurate books lead to an accurate tax return. An inaccurate tax return could lead to costly penalties.***

LUXURY VEHICLES

Depreciation limits for passenger vehicles placed in service after Dec. 31, 2017, have changed. If the taxpayer doesn't claim bonus depreciation, limits range from $10,000 in the first year to $5,760 for years four and beyond.

- $10,000 for the first year,
- $16,000 for the second year,
- $9,600 for the third year, and
- $5,760 for each later taxable year in the recovery period.

The new law also removes computer or peripheral equipment from the definition of listed property. This change applies to property placed in service after December 31, 2017.

INTEREST EXPENSING

Through 2021, amended IRC Section 163(j) limits corporations' business interest expensing to any business interest income plus 30% of the business' adjusted taxable income. This interest expensing provision doesn't apply to companies with gross average receipts of $25 million or less for the three previous years.

> *When you expect your business income to increase in a given year, consider using the more generous expensing and depreciation rules to reduce taxes on any gain.*

MEALS AND ENTERTAINMENT

While companies generally may continue to deduct 50% of the cost of business meals, they can no longer deduct entertainment expenses.

ACCOUNTING METHODS

If your average annual gross receipts were $25 million or less in the three previous tax years, you can choose either a cash or accrual method of accounting.

EMPLOYEE BENEFIT CHANGES

Unemployment remains historically low, so you may want to consider fine-tuning your total compensation package, including fringe benefits, to attract and retain qualified employees.

QUALIFIED RETIREMENT PLAN OFFSET

Previously, employees with a defaulted plan loan who were no longer with their qualified plan's company or had a terminated plan had 60 days to roll over the loan plus withholding taxes before penalties and interest accrued. Now, they have until the tax filing deadline (plus extensions) of the following year to make a rollover.

QUALIFIED PLAN LIMITS

The annual compensation limit for retirement accounts under Sections 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii) was $275,000 in 2018. In 2019, the limit increases to $xxx,xxx.

ESOPS

The dollar amount under Section 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a five-year distribution period increaes from $1,080,000 to $1,105,000, while the dollar amount used to determine the lengthening of the five-year distribution period increases from $215,000 to $220,000.

TRANSPORTATION BENEFIT

The corporate tax break for employer-paid transportation benefits, including parking and mass transit reimbursement, was repealed last year. However, it is still tax-free to employees.

TEMPORARY LEAVE CREDIT

Tax year 2019 is the last year companies can claim the credit of between 12.5% and 25% of taxes for offering paid family or medical leave. It goes away in 2020.

DELAYS

A 40% excise tax on high-value health plans known as Cadillac plans was scheduled to go into effect in 2020, but the effective date was pushed back to 2022. A new law also pushes back the medical device tax of 2.3%, part of the Affordable Care Act, to 2020.

TAX-RELATED STRATEGIES FOR BUSINESSES

- With so many changes, it is important to work with your tax professional to make the most of the new laws. Don't forget to ask your tax pro for a complete list of documents you'll need in the meeting.
- One area you may want to explore is your menu of employee benefits. Even with some reduced tax deductibility of benefits, now may be the time to enhance some of your offerings with unemployment historically low. Benefits can help you attract and retain talented workers.
- With lower tax rates for corporations and the new pass-through income provision for other types of business income, you may be tempted to change your business legal structure to take advantage. However, many factors go into how your business is legally organized, and taxes are only one.
- The "pass-through" tax benefit could be lower than your personal federal income tax rate, so check with your tax pro.
- Beware that not all tax jurisdictions are mimicking federal tax changes. Again, ask your tax professional how they may differ.
- You may want to reexamine your various cash-flow and investment strategies after changes in expensing and depreciation rules.
- The news isn't all good this year, as some deductions have disappeared and the allowable deduction for net operating losses is reduced.
- Although the Alternative Minimum Tax is gone, you may still get credit for previous AMT payments over your regular tax liability through 2021.
- Remember that even if you work for an employer but on the side for yourself, you may be able to use the business owner part of your income to achieve additional tax savings.

NOTES

WE CAN HELP

Tax regulations are ever-changing and always complex, with some provisions still needing further guidance. It has never been more important to work with your tax and financial professionals to learn how to minimize taxes and leverage your savings to invest in your business or in your future. We urge you to call us as soon as you can to schedule an appointment.

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Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 4, 2018

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Please be advised that we provide no opinion on the tax information included in this material and it is your firm's responsibility to ensure that all statements and claims are accurate and can be substantiated.

As such, the submitted material appears generally consistent with applicable standards

Reviewed by,

David Y. Kim
Senior Analyst

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