

10-QUESTION QUIZ

ON THE NEW TAX LAWS



financial fitness

By Rocky Mills, North Ranch Resident

Most of the new tax laws take effect immediately. Do you think you have them figured out? Take this short quiz and find out. And, by all means, talk with your CPA or tax attorney.

1. The highest personal income tax bracket was:

- a. Lowered from 35% to 21%
- b. Lowered from 39.6% to 37%
- c. Kept the same
- d. Raised to 42% for incomes over \$1 million

2. The tax on long-term capital gains was:

- a. Lowered to 10% for all income levels
- b. Lowered to 10% for assets owned longer than 5 years
- c. Kept the same
- d. Raised for profits on BitCoin trades

3. The standard deduction for MFJs (those who are married filing jointly) was:

- a. Lowered to \$5,000
- b. Kept the same at \$12,700
- c. Raised to \$20,000
- d. Raised to \$24,000 (\$26,600 if both are at least at 65)

4. If you are MFJ and itemize your deductions, how much can you deduct for state and local taxes:

- a. Unlimited – no change from 2017
- b. None – this deduction was eliminated
- c. A maximum of \$10,000
- d. A maximum of \$20,000 (\$10,000 for each)

5. Regarding the Child Tax Credit for each child under 17:

- a. The credit increased from \$1,000 to \$2,000 per child
- b. The qualifying income for MFJs rose from \$110,000 to \$400,000
- c. If the credit reduces your tax liability below \$0, you could still claim a refund of \$1400
- d. All of the above

6. The interest on your mortgage had been deductible for the first \$1,000,000 for MFJs. The new law lowers the limit to \$750,000. However, the \$1,000,000 ceiling will still apply to:

- a. Loans in existence prior to 2018
- b. Loans executed by 12/16/17 for homes that close before 4/1/18
- c. Refinances of loans in existence prior to 2018, as long as the principal is not increased
- d. All of the above

Are you TRENDWISE?

We know that even the best portfolios perform poorly when the stock market performs poorly. Remember the devastation on portfolios from the market crashes of 2000-02 and 2007-09?

*The key is to be **WISE** about the stock market's **TREND** and proactively move to the sidelines when the market's trend turns negative.*

How do you become TRENDWISE?

Read the free whitepaper at
WestlakeIA.com/Writings.



A Registered Investment Advisor

Robert A. "Rocky" Mills, MBA, CIMA®, President
5743 Corsa Avenue, Suite 113 (805) 277-7300
Westlake Village, CA 91362 Rocky@WestlakeIA.com

Rocky Mills is a registered representative with and securities offered through LPL Financial, Member FINRA/SIPC

7. Starting in 2019, alimony payments mandated by new divorce agreements:

- a.** Will not be deductible by the payer and will be taxable to the receiver
- b.** Will not be deductible by the payer and will be non-taxable to the receiver
- c.** Will be deductible by the payer and will be taxable to the receiver
- d.** Will be deductible by the payer and will be non-taxable to the receiver

8. The unified Federal gift and estate tax exemption for a married couple will:

- a.** Stay about the same at \$11.2 million
- b.** Rise to \$22.4 million – gradually from 2018 to 2025
- c.** Rise to \$22.4 million – immediately
- d.** Be discontinued

9. The Alternative Minimum Tax (AMT):

- a.** Was eliminated
- b.** Had its exemption raised from \$84,500 to \$109,400 for MFJs
- c.** Had its top rate reduced to 21%
- d.** Gives taxpayers the option of choosing AMT if its lower than their regular tax

10. Which of the following deductions was not eliminated?

- a.** Charitable donations
- b.** Moving expenses
- c.** Personal casualty and theft losses (except in a Federally-declared disaster area)
- d.** Tax preparation

Answers: 1b, 2c, 3d, 4c, 5d, 6d, 7b, 8c, 9b, 10a

Further reading:

- *10 Things You Need to Know About the New Tax Law*, *MarketWatch.com*, 12/22/17
- *A Guide to the Tax Changes*, *FactCheck.org*, 12/20/17

Robert A. “Rocky” Mills is president of Westlake Investment Advisors in Westlake Village.
(805) 277-7300. **www.westlakeia.com**.

He is a registered representative with and securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Westlake Investment Advisors, a registered investment advisor and separate entity from LPL Financial.