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THE INDEPENDENCE

OAK PARTNERS INC.

ISSUE HIGHLIGHTS

TAX REFORM

by Shane Crist

In December of 2017, President Trump signed into law the Tax Cuts and Jobs Act bill which provides for the most sweeping changes to the U.S. Tax code in over 30 years.

The republican driven law is expected to reduce taxes on the vast majority of American individuals and businesses, create more jobs, lead to higher wagers, and energize the economy. After failing to follow through on some of his campaign promises (such as repealing Obamacare), the President and the Republican's needed a win to bring to the voters. There are plenty of skeptics to the new law but there is no question that we needed some type of tax reform. Let's hope that this leads to some positive results for all of us and the economy.

HERE ARE SOME OF THE KEY CHANGES:

- The corporate tax rate will be cut 21% from the current 35%.
- Lower marginal tax brackets: 10%, 12%, 22%, 24%, 32%, 35%, and 37%
- The standard deduction is increased to $24,000 for married couples and $12,000 for individuals.
- The Child Tax Credit increased from $1,000 to $2,000 and is refundable up to $1,400 (with phaseouts).
- The Estate Tax exclusion is doubled. The amount for an individual is $11.2 million and for a couple it is $22.4 million.
- The Alternative Minimum Tax is repealed for corporations. It remains in place for individuals, but the exemption amounts are increased.
- Personal exemptions are no longer allowed.
- State and local deductions will be capped at $10,000 for state and local sales, income, and property taxes.
- The Obamacare Individual Mandate penalty is eliminated.
- The mortgage interest deduction threshold is lowered to $750,000 from $1,000,000.
- Pass-Through income will be taxed at individual tax rate minus a 20% deduction.
- 529 have added flexibility.
- Up to $10,000 per student can be used for elementary and secondary school expenses.
- Previously, you could only use proceeds for college expenses without penalty.

The tax reform bill was over 1000 pages long so this is just a short list of some of the important changes that I listed. Many of the provisions of this new law are scheduled to expire in December of 2025 unless congress extends them.

NEWS & ANNOUNCEMENTS

by Crystal DeHaven

Ice Skating Event

As many of you know, Oak Partners broker dealer, SII Investments was acquired by LPL financial on February 15th, 2018. We are excited about the change and the resources our clients will gain. With this change comes a slight bit of inconvenience. Over the next 90 days we will be re-papering all client accounts. The process will be very quick, but we will be reaching out and asking you to meet to sign the new documents, we will also offer e-sign via email should that be more convenient for you.

The Principal Management group has added ***Laura Jeffers*** to their team. Laura will be filling the executive assistant role. Laura has worked in client services for more than 20 years, she enjoys spending time with her two children and resides in Crown Point. Please take a moment to meet Laura next time you visit our Crown Point office.

On February 25th The Time of NWI will open the polls for voting Best of the Region. We kindly ask you to take some time out and vote for Oak Partners, Inc. as the ***BEST Financial Advisors in NWI.*** I will send the link as soon as it is available. Thank you!

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SHORT-TERM INTEREST RATES ARE ON THE MOVE

By Clint Henry

The Federal Reserve raised rates three times last year and fixed interest investments are finally paying better rates. Savings accounts, CD's, and other short term fixed interest investments are all benefiting from this increase. The two-year treasury is just shy of 2% but the ten-year treasury is only above 2.5%. This is causing a flattening of the yield curve and something we need to continue to watch.

The Treasury Yield Curve inverted before the recessions of 2008, 2000, 1991 and 1981. The inverted yield curve shows the markets lack of confidence in the economy. Institutional investors are buying longer-term treasuries vs shorter for the higher yield. In times of economic recession, the fed is known to cut the fed fund rate which is tied to short term rates. This is NOT a guaranteed result. Just one of the factors we continue to monitor.

Given the recent corporate tax cuts, the market could easily see higher inflation due to wage growth and better employment. This has been missing from our economy since 2008. The Fed will offset the inflationary pressures by raising the Fed Fund Rate high. It's predicted to see 2-4 additional hikes this year. That will be a positive sign for our economy and your savings accounts.

ASK YOUR ADVISOR *if they are a Fiduciary*

By Mike Barancyk, AIF®

For many Professional Advisors, their role has seemed straight forward for years. The Advisor presents a suitable investment product and the client pays a commission for financial services. Sometimes this could present a conflict of interest for an Advisor and occasionally might result in an individual "buying" an investment product that they really didn't understand. In my opinion, there is a better way to provide financial advice and services to someone and that is to act as a Fiduciary in your recommendations.

Wikipedia defines a Fiduciary as "a person who holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of money or other assets for another person. In such a relationship, good conscience requires the fiduciary to act at all times for the sole benefit and interest of the one who trusts." Now I will admit that Wikipedia isn't always the place to go for concrete answers and insight, but it is a good start in this instance. Doing what is "right" for a person that places their trust in you sounds like a no brainer. However, in our industry it isn't always practiced 100% of the time as evident by the many television shows highlighting financial criminals over the last 20 years.

I will submit that the majority of Advisors tend or try to act in a Fiduciary manner but might not always succeed. Some of the governmental regulations proposed and passed recently will help address inconsistencies in the way Advisors work with clients. As the regulatory environment changes, so must the Advisor evolve and adapt to it. Over the past few years, awareness has been growing regarding the variety of different ways that investors and consumers interact with professionals widely referred to as Financial Advisors or Wealth Planners. Some of this awareness has been driven by the marketplace as consumers become more educated and savvy which is most likely attributed to the wealth of information available through internet search.

It is time, however, to Ask your Advisor if he is a Fiduciary to you. Ask them if there is a difference in the way they are compensated and Ask them to be transparent with it. Ask them if they have or are working towards earning an industry designation that identifies them as a Fiduciary such as an AIF® which is an Accredited Investment Fiduciary or a CFP® which is a Certified Financial Planner. Ask them, because it matters. Ask them, because being a Fiduciary helps align the interests of the Advisors with those of the people they are trying to help, you the client.

THE PART-TIME RETIREE

By Joe Starkey

RETIREMENT. The word projects a certain ***permanence***. One might imagine handing in their keys, blowing out the candles on a retirement cake, and moving on to the next stage of their life. They might be choosing to leave the workforce for good and live off the money they've accumulated over a lifetime at a profession. The reason this decision becomes so difficult and so scary is because of its ***permanence.***

Most people have difficulty making this decision for a number of factors. If you're like most, you've been working in your profession for a number of years, you're earning more than you've ever earned, saving more than you've ever saved, and are better at your job than you've ever been…. Why leave? Many recent retirees tell me the reason they struggle with the decision is that they have "more to give." People that have dedicated a large portion of their lives to work understandably have a difficult time letting go; but at the same moment don't want work to hold them back from doing the things they've always wanted to do in retirement – travel, spend time with the family, golf, fish, etc.
If this sounds like you, I give you the idea of: "the part-time retiree." With more and more retirees leaving their trade at a time when our economy finds itself near full-employment they may be surprised and encouraged to find out how valuable they can still be to the workforce – but on their terms. There are many companies and organizations that would love to hire a recent retiree as part of their staff. Namely because they can count on their dependability, work ethic, and knowledge and experience. Many would be happy to work around your schedule and can work on "your terms." Additionally, if you have worries about your financial situation in retirement, this will ease the stresses of living off your retirement assets. With your retirement being supplemented by a part-time job, it will only serve to alleviate any worries you may have had regarding retiring without enough money. Knowing your options when getting ready to retire is empowering. Think about what makes you happy. Think about what you can do with your free time and build a plan. Maybe starting out as a "part-time retiree" is a good bridge to get you there.

The Changing Landscape of Long Term Care Solutions

by Mark VandeVelde

As Americans, we are living longer and longer each year and it is becoming more and more likely that we will require some sort of long term health care, at some point in our lives. Depending on the length of care needed, that can be devastating to your financial situation.

Traditionally, people have purchased Long Term Care insurance to help protect against this devastation. They pay annual premiums and if they ever required long term care, they access the benefits of the policy. However, if they pass away without ever needing long term care, or a short duration of it, they would lose all of the premiums paid. It was a "use it or lose it" scenario. This, along with significant increases in premiums, have turned many people away from buying these traditional policies.

The insurance industry has evolved and there are many other solutions available. These solutions are called hybrid policies and they provide additional benefits that traditional long term care policies do not. For example, some of them are on a life insurance chassis. If you require long term care, there is a benefit provided like any other policy. However, if you pass away with out using the long term care benefit, there is a death benefit that passes to your family. Many of these policies also have access to the cash value should you need it at some point. It's no longer "use it or lose it."

If you haven't discussed a long term care solution with your advisor recently, I recommend you do so. And go in with an open mind. There are a lot of great solutions out there these days and there might just be one that fits your situation perfectly.

BROKER DEALER CHANGE

By Marc Ruiz

Based upon some recent high-profile mailings from both SII Investments and Oak Partners, most of our clients are well aware the assets of SII Investments were recently acquired by LPL Financial.

When working with an independent investment firm like Oak Partners it is sometimes hard to understand the full scope of your financial advisor's association with a Broker Dealer and Registered Investment Advisor (BD/RIA) firm such as SII Investments. One way to explain our relationship with a BD/RIA firm is that they operate "behind the curtain" to assist us in providing clients the best service that we can, and to maintain access to broad-based investment and financial tools so we can provide locally determined, customized solutions to clients with unique needs.

As a client of a firm like Oak Partners, you are also a client of our BD/RIA firm. In this client relationship the BD/RIA firm has a heavy regulatory and disclosure burden which is why we've often heard that they "blow up your mailbox" with paper. Just as your relationship with your advisor and Oak Partners is important to you, the Oak team's connection with our BD/RIA firm is extremely important as well. In this regard we have enjoyed a very positive association and relationship with SII Investments for nearly 20 years.

We have many good friends at SII's Home office as well as in other SII associated peer firms similar to Oak Partners around the country. SII's management and personnel have served our needs with distinction over the years, which has helped us serve you, our clients, and helped us enjoy the growth and success Oak Partners has experienced as well. They will be missed.

As we all know however, "change is the only constant" in life. While we may not have directed the events leading to this change, we are still charged with making the most of it on your behalf. While saying goodbye to our friends at SII Investments will be hard, we also look forward to developing new relationships, tools, technology and resources to utilize for your benefit at LPL Financial.

During this time of transition, we truly appreciate the support and patience of all of our wonderful clients as Oak Partners moves forward into this new BD/RIA relationship.

B Plan

By Cindy Stewart

As a Client Relationship Manager, I love getting to know our clients so that I can better anticipate their needs. While your Advisors focus on investment recommendations and retirement planning, I help with the rest! I stand at the ready to assist with the expected and the unexpected events that life throws at you. I've been with Oak Partners and the Capital Management Group for over 5 years now, and not a week goes by that I don't receive a call from clients to discuss a life-changing event. Sometimes people call with the good news of a new grandchild, marriage, a new home or car, and other times people call to share the news of someone close that has passed on. Our lives are always changing and I'm happy to be a part of your lives and share these moments with you. By taking the time to really know and care about you, your family, and your situation we can help during these very emotional times and give guidance and recommendations. We possess the knowledge and experience to assist you and hope you think of us as a resource. I am constantly reminding my husband that "life is all about how you handle Plan B", so I want to remind you the same! It's great when our plans work out, but we stand by ready to help you develop and execute your personal "Plan B".