Regent Financial Services

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Mid-Year Planning: Tax Changes to Factor In

The Tax Cuts and Jobs Act, passed in December of last year, fundamentally changes the federal tax landscape for both individuals and businesses. Many of the provisions in the legislation are permanent, others (including most of the tax cuts that apply to individuals) expire at the end of 2025. Here are some of the significant changes you should factor in to any mid-year tax planning. You should also consider reviewing your situation with a tax professional.

New lower marginal income tax rates

In 2018, there remain seven marginal income tax brackets, but most of the rates have dropped from last year. The new rates are 10%, 12%, 22%, 24%, 32%, 35%, and 37%. Most, but not all, will benefit to some degree from the lower rates. For example, all other things being equal, those filing as single with taxable incomes between approximately $157,000 and $400,000 may actually end up paying tax at a higher top marginal rate than they would have last year. Consider how the new rates will affect you based on your filing status and estimated taxable income.

Higher standard deduction amounts

Standard deduction amounts are nearly double what they were last year, but personal exemptions (the amount, $4,050 in 2017, that you could deduct for yourself, and potentially your spouse and your dependents) are no longer available. Additional standard deduction amounts allowed for the elderly and the blind remain available for those who qualify. If you're single or married without children, the increase in the standard deduction more than makes up for the loss of personal exemption deductions. If you're a family of four or more, though, the math doesn't work out in your favor.

Itemized deductions — good and bad

The overall limit on itemized deductions that applied to higher-income taxpayers is repealed, the income threshold for deducting medical expenses is reduced for 2018, and the income limitations on charitable deductions are eased. That's the good news. The bad news is that the deduction for personal casualty and theft losses is eliminated, except for casualty losses suffered in a federal disaster area, and miscellaneous itemized deductions that would be subject to the 2% AGI threshold, including tax-preparation expenses and unreimbursed employee business expenses, are no longer deductible. Other deductions affected include:

- **State and local taxes** — Individuals are only able to claim an itemized deduction of up to $10,000 ($5,000 if married filing a separate return) for state and local property taxes and state and local income taxes (or sales taxes in lieu of income).
- **Home mortgage interest deduction** — Individuals can deduct mortgage interest on no more than $750,000 ($375,000 for married individuals filing separately) of qualifying mortgage debt. For mortgage debt incurred prior to December 16, 2017, the prior $1 million limit will continue to apply. No deduction is allowed for interest on home equity loans or lines of credit unless the debt is used to buy, build or substantially improve a principal residence or a second home.

Other important changes

- **Child tax credit** — The credit has been doubled to $2,000 per qualifying child, refundability has been expanded, and the credit will now be available to many who didn't qualify in the past based on income; there's also a new nonrefundable $500 credit for dependents who aren't qualified children for purposes of the credit.
- **Alternative minimum tax (AMT)** — The Tax Cuts and Jobs Act significantly narrowed the reach of the AMT by increasing AMT exemption amounts and dramatically increasing the income threshold at which the exemptions begin to phase out.
- **Roth conversion recharacterizations** — In a permanent change that starts this year, Roth conversions can't be "undone" by recharacterizing the conversion as a traditional IRA contribution by the return due date.

Here's How Much Money You Lose By Not Investing by Eric Rosenberg

Investing is an essential part of any financial plan. Unfortunately, many people don't invest their savings, offering a wide range of excuses for keeping their money out of the market. This can be crippling to your long-term financial health. To better understand why, let's take a look at some numbers so you can see exactly what you lose by not investing.

You Will Need Funds in Retirement

Before we get into the details of what you lose by not investing, it is important to understand your needs in the future. For most people, the biggest financial milestone is the day you walk out of work and don't return. But from that day forward, you are still responsible to pay your expenses, even as your paychecks have ceased.

Pensions are fading into memory, and most Millennials have never had one. Social Security is great, but hardly covers the basic needs of many retirees, particularly if you want to maintain the same standard of living in retirement. When you retire, you will still have to pay for food, clothing, and any other living expenses, but likely on a smaller budget. To make up the difference in income, you will need a retirement fund. And without investing, that retirement fund almost certainly won't grow enough to support your retirement income needs.

The Cost of Not Investing $20 Per Month

Many people say they don't have enough money to invest, but you don't need to save hundreds or thousands of dollars per month to make it worthwhile. Just saving a little bit adds up.

Let's look at what $20 becomes over time if you were to invest it. Before interest, $20 per month adds up to $240 per year. Over 25 years, that is $6,000. That alone is a nice little bit of cash, but thanks to the power of the stock market it can be worth quite a bit more.

If you were to invest the $240 at the end of every year for 25 years and earn 10 percent—roughly the annual return of the S&P 500 over time—you would have $23,603 at the end. If you were to invest the $20 automatically every month instead of at the end of the year, you would have $26,537 at the end of 25 years. The cost of not investing $20 per month over the course of your career is over $20,000! This isn't chump change. Imagine how far $20,000 goes in retirement. For many people, that is half a year's income.

Even if you put your money in a savings account, you are losing out compared to investing in the markets. The best savings account interest rates today are around 1 percent; at the end of 25 years saving $20 per month at the beginning of every month, you would have $6,819.08. That is more than $800 more than just stuffing it under the mattress, but still five figures short of what you'd get by investing in the markets. Still, even that $26,000 will only go so far in retirement. So let's see what happens when you're investing more than $20 a month.

The Cost of Not Investing Grows With Your Ability to Save

Odds are you spend at least $70 per month on something you don't really need. I used to get cable TV, for example, but then decided it wasn't worth $70 per month to zone out in front of the boob tube. If you were to cancel cable and invest $70 per month, you would end 25 years of investing with $92,878—again, assuming an average annual return of 10 percent per year, compounded monthly. Of course, inflation means that that $92,878 won't go nearly as far in 25 years as it does today.

So let's take it even further. If you were to invest $211 per month in an IRA or Roth IRA, you would hit the maximum $5,500 [6,500 if over 50 years old] annual limit imposed by the IRS. Invest that $5,500 per year for 25 years at the average return of the S&P 500, you would have $608,131.98. Now we're talking! This is still below what many people need to retire, but it puts you well on the way.

Don't Lose Out by Ignoring the Power of Investing

Even Warren Buffet started with his first investment.

You can come up with a laundry list of reasons not to invest, but I can give you 20,000 reasons you should start investing at least $20 per month—and even more reasons to invest even more.

Every day you wait to invest, you are losing out. Stop losing and start making. Your money won't earn you anything unless you put it to work.

Source: www.thebalance.com

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Fresh Corn and Zucchini Frittata

The frittata's flavor gets more intense as it cools, and it's delicious served cold the next day for lunch.

Prep time: **10** minutes
Total time: **1** hour
Yields: **4-6** servings

Cooking directions:

1. Preheat the oven to 375 degrees Fahrenheit.

2. In a 10-inch oven-proof skillet, heat up the olive oil on medium-low heat and add the diced onions with a dash of salt. Cover and cook for about 5 minutes or until the onions are translucent, stirring occasionally. Uncover and turn the heat up to medium, continuing to cook the onions for a few more minutes until they turn golden.

3.Turn the heat up to medium-high and add the zucchini and corn kernels with an additional pinch of salt. Stirring occasionally, allow to cook until the zucchini just begins to turn translucent, and the corn kernels begin to shrink slightly, about 4-5 minutes. Remove from heat and set aside

4. In a large bowl, whisk together the eggs, milk, and a dash of salt and pepper. Add the cheeses and chopped herbs and whisk again until combined.

5. Return the skillet to a medium heat and pour the egg mixture over the top. Stir just slightly to ensure the egg is evenly distributed among the vegetables. Cook for 1-2 minutes, until the egg mixture begins to set around the edges of the skillet, then transfer the skillet to the center rack of the preheated oven.

Ingredients:

3 tablespoons extra virgin olive oil 1
yellow onion, diced
1 medium zucchini, diced
2 cups fresh corn kernels
7 large free-range eggs
2/3 cup 1% milk
1/2 cup coarsely grated Parmigiano
1/2 cup grated mozzarella
3 tablespoons fresh basil, chopped 2
tablespoons fresh cilantro, chopped
Salt and pepper

6. Cook the frittata for 20-25 minutes, or until it is fluffed up and just golden brown on the top. Remove from the oven and let it rest for about 15 minutes. The frittata will shrink just a bit and pull itself away from the edges of the skillet.

7. Slice into wedges, garnish with a bit of basil or cilantro, and for those who enjoy a bit of spice, homemade salsa is great as well. Bon Appetit!

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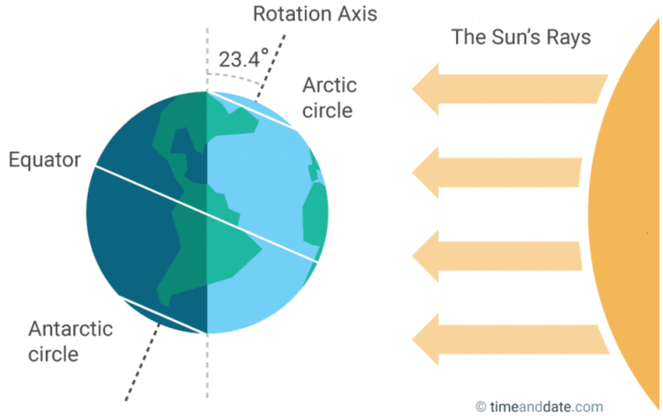
June Solstice: Longest and Shortest Day of the Year

The June solstice is the Summer Solstice in the Northern Hemisphere and the Winter Solstice the Southern Hemisphere. The date varies between June 20 and June 22, depending on the year, and the local time zone. Visit your local astronomy center or look on the internet to find out when the June solstice will be in your area.



Moving to Other Seasons

After the June solstice, the sun follows a lower and lower path through the sky each day in the Northern Hemisphere until it reaches the point where the length of daylight is about 12 hours and eight to nine minutes in areas that are about 30 degrees north or south of the equator. Areas 60 degrees north or south of the equator have daylight for about 12 hours and 16 minutes. This is the September Equinox, the Autumnal Equinox in the Northern Hemisphere.

Earth does not move at a constant speed in its elliptical orbit. Therefore the seasons are not of equal length: the times taken for the sun to move from the March Equinox to the June Solstice, to the September equinox, to the December solstice, and back to the March equinox are roughly 92.8, 93.6, 89.8 and 89.0 days respectively. The consolation in the Northern Hemisphere is that spring and summer last longer than autumn and winter.

Solstices in Culture

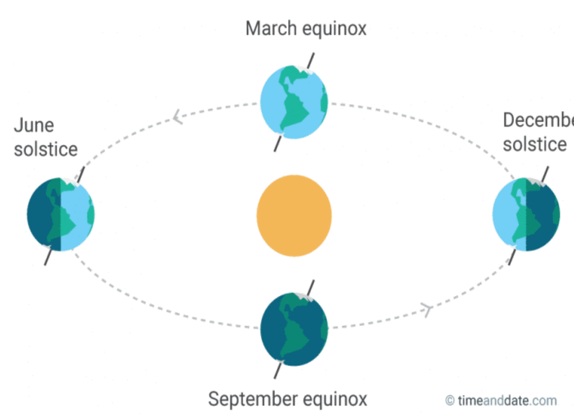
Over the centuries, the June solstice has inspired countless festivals, midsummer celebrations and religious holidays. One of the world's oldest evidence of the Summer Solstice's importance in culture is Stonehenge in England, a megalithic structure which clearly marks the moment of the June Solstice.

In the Southern Hemisphere, where the June solstice is known as the shortest day of the year, it marks the first day of astronomical winter, but the middle of winter in meteorological terms.

Midnight Sun or Polar Night?

On the June solstice, the midnight sun is visible (weather permitting) throughout the night, in all areas from just south of the Arctic Circle to the North Pole.

On the other side of the planet, south of the Antarctic Circle there's Polar Night, meaning no Sunlight at all, on the June Solstice.



Source: www.timeanddate.com

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