LJR Tax, Financial & Insurance Services
1445 E. Los Angeles Ave #114 Simi Valley CA 93065 • 805 583-8953 (P)

2018 LJR TAX NEWSLETTER

What's happening at LJR

We have been on the move here. James Lee has completed his first year as both an Enrolled Agent and also as a Certified Financial Planner continuing the legacy started by Lawanda Reed to provide access to good financial advice to low and middle income families. In addition both James and Suzette participated in the National Senior Games and brought home Gold, Silver and Bronze from several different meets including the World Nationals in Utah. We are certainly blazing a path to win and we want you to enjoy winning too. So come in and talk with us. Let's make a plan.

Our Services

Here is a list of some of the Services we provide that you may not be aware of.

1. Medicare Supplement plans
2. Business Group Medical Plans
3. Bill Pay Service
4. Bookkeeping Service
5. Life Insurance
6. Audit Assistance
7. Budget Counseling
8. Business Formation/Plans
9. Process Service

We value each and every one of our clients and we require the same for any business we work with. When we ask for your referral we want you to be confident that they will be treated with the best of care.

Check out our web site at www.ljrfinancial.com. There you will find links to our Facebook and Linkedin pages as well as our Secure Portal and client access to their HD Vest accounts. Also on the web site, you can get no cost Medical Insurance quotes for Medicare and Individual Medical plans from Anthem Blue Cross. Just click on the Heath Ins tab.

Like us on Facebook   LinkedIn   CFP CERTIFIED FINANCIAL PLANNER™   NATP National Association of Tax Professionals

1040 Analyst helps you take advantage of Financial Opportunities

Through HD Vest we updated and improved the 1040 Analyst to uncover even more opportunities for you. By analyzing your tax information it can identify financial opportunities you might overlook. This is a great tool to help you maximize your opportunities. We are offering this service to our clients at no cost and no obligation. It does require that you sign disclose and use of tax information forms, located in your organizer, so that we can complete the analysis. We encourage everyone to take advantage of this service. Your information will only be used to complete the analysis. You will get no other contact and your data will be shared with no one outside of our affiliates.

Message from the IRS

"The IRS is continuing to closely monitor the pending legislation in Congress, and we are taking the initial steps to prepare guidance on withholding for 2018. We anticipate issuing the initial withholding guidance (Notice 1036) in January reflecting the new legislation, which would allow taxpayers to begin seeing the benefits of the change as early as February. The IRS will be working closely with the nation's payroll and tax professional community during this process."

New Tax Law Changes

- There are seven new tax rates:

2018	10%	12%	22%	24%	32%	35%	37%
2017	10%	15%	25%	28%	33%	35%	39.6%

- The estate and gift tax exemption is doubled for estates of decedents dying and gifts made after December 31, 2017. The generation skipping transfer tax exemption is also doubled.
- Personal exemptions are repealed after December 31, 2017.
- The standard deduction increases :

Married Filing Jointly	$24,000	Head of Household	$18,000
Single	$12,000	MFS	$12,000
Additional for over 65, blind or disabled		$1,600 single, $1,300 spouse	

- Child Tax Credit increases to $2,000 per qualifying child and refundable to $1,400
- Itemized deductions for disaster losses and miscellaneous deductions subject to the 2% floor are repealed.
- State and local income tax, sales taxes and property taxes will have an aggregate max of $10,000.
- Mortgage interest on home loans, prior to December 15, 2017, is grandfathered to include $1 million of acquisition debt. After this date the interest is only deductible on up to $750,000 of acquisition debt.
- The Individual Mandate is repealed beginning in 2019
- Pass-through businesses can deduct from taxable income 20% of business related income. This does not reduce self-employment income.
- Entertainment Expenses for business
  - No deduction allowed with respect to
    - An activity generally considered to be entertainment, amusement or recreation
    - Membership dues with respect to any club organized for business, pleasure, recreation or other social purposes
    - A facility or portion thereof used in connection with any of the above items

This is just an overview of some of the changes. There are many others as well as much more detail to each. If you have questions about how this will impact your return, call us or make an appointment. We will be happy to sit down with you personally and review your tax and/or financial situation.

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Secure Portal & InsureSign

Many of our clients used the secure portal last year and found it to be easy and much quicker. This year we will again be teaming up with InsureSign to allow our tax clients to securely electronically sign their forms. Thus removing the need to print out and scan back to the portal. Each signer will receive an email requesting you to sign. Follow the instructions to open it in your browser, no new app or software is needed.

The tax organizer will be uploaded for all our clients to take advantage of the portal. We will still send out the paper organizers for all clients who have opted out for this service. We want to be flexible and make it as easy for you to get your information to us. Our portal is open all year long for you to take advantage of this line of communication for any financial issue we can help you with.

Here is how you log in to the LJR Secure Portal the first time:
When we upload your organizer to the portal, you will receive an email with instructions, including your login name and password, showing you how and where to login.

Logging into LJR Secure Portal after the first time:
Go to https://ljrfinancial.securefilepro.com. You will see the login screen. Put in your login name and password to access your portal. If you need your password reset, just give us a call. We will reset it and you will receive an email with instructions to change your password.

ROTH IRA Contributions

This table shows whether your contribution to a Roth IRA is affected by the amount of your modified AGI as computed for Roth IRA purpose.

If your filing status is...	And your modified AGI is...	Then you can contribute...
married filing jointly or **qualifying widow(er)**	< $189,000	up to the limit
	≥ $189,000 but < $199,000	a reduced amount
	≥ $199,000	zero
married filing separately and you lived with your spouse at any time during the year	< $10,000	a reduced amount
	≥ $10,000	zero
single, **head of household**, or **married filing separately** and you did not live with your spouse at any time during the year	< $120,000	up to the limit
	≥ $120,000 but < $135,000	a reduced amount
	≥ $135,000	zero

IRA Contributions

If you're covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
single or **head of household**	$63,000 or less	A full deduction up to the amount of your contribution limit.
	more than $63,000 but less than $73,000	A partial deduction.
	$73,000 or more	No deduction.
married filing jointly or **qualifying widow(er)**	$101,000 or less	A full deduction up to the amount of your contribution limit.
	more than $101,000 but less than $121,000	A partial deduction.
	$121,000 or more	No deduction.
married filing separately	less than $10,000	A partial deduction.
	$10,000 or more	No deduction.
If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.		

If you're not covered by a retirement plan at work, use this table to determine if your modified AGI affects the amount of your deduction.

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
single, **head of household**, **or qualifying widow(er)**	any amount	A full deduction up to the amount of your contribution limit.
married filing jointly or **separately** with a spouse who **is not** covered by a plan at work	any amount	A full deduction up to the amount of your contribution limit.
married filing jointly with a spouse who **is** covered by a plan at work	$189,000 or less	A full deduction up to the amount of your contribution limit.
	more than $189,000 but less than $199,000	A partial deduction.
	$199,000 or more	no deduction.
married filing separately with a spouse who **is** covered by a plan at work	less than $10,000	A partial deduction.
	$10,000 or more	No deduction.
If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.		

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Refunds Held for Those Claiming EITC or ACTC Until Mid-Feb

By law, the IRS cannot issue refunds for people claiming the Earned Income Tax Credit (EITC) or Additional Child Tax Credit (ACTC) before mid-February. The law requires the IRS to hold the entire refund — even the portion not associated with EITC or ACTC. The IRS expects the earliest EITC/ACTC related refunds to be available in taxpayer bank accounts or debit cards starting on Feb. 27, 2018, if direct deposit was used and there are no other issues with the tax return. This additional period is due to several factors, including the Presidents Day holiday and banking and financial systems needing time to process deposits. This law change, which took effect at the beginning of 2017, helps ensure that taxpayers receive the refund they're due by giving the IRS more time to detect and prevent fraud.

Earned Income and AGI Limits

The tax year 2018 Earned income and adjusted gross income (AGI) must each be less than:

If filing...	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	$15,310	$40,402	$45,898	$49,298
Married Filing Jointly	$21,000	$46,102	$51,598	$54,998

Investment Income Limit

- Investment income must be $3,500 or less for the year.

Maximum Credit Amounts

The maximum amount of credit for Tax Year 2018 is:

- $6,444 with three or more qualifying children
- $5,728 with two qualifying children
- $3,468 with one qualifying child
- $520 with no qualifying children

THIS HAS BEEN A SUMMATION NEWSLETTER. ALL TAX CHANGES HAVE NOT BEEN COVERED. IF YOU FEEL THAT YOU NEED MORE INDEPTH CONSULTATION, DO NOT HESITATE TO CONTACT OUR OFFICE FOR A FACE-TO-FACE APPOINTMENT.