

FUNDING YOUR FUTURE

A personal approach
to sound investment practices



Tax Reform Bill Creating Interesting Possibilities

Although the tax reform bill is just four months old, its story continues. Additional legislation will most likely be required—to correct and modify the rules. Subsequent bills will require 60 votes to get through the Senate, which would mean the support of a handful of Democrats would be nice. The Treasury and Internal Revenue Service will also be part of the saga still unfolding. These two entities will be playing major roles on the impact of the new rules, its regulations and general guidance. So it makes sense to follow this new info as it becomes available.

(Source: Bloomberg)

A Brief History of Estate Planning

While some say it would be better now to refer to this important tool as “Financial” rather than “Estate”, knowing its history would be a smart move. Federal estate taxes have been a source of funding going back to when the founders were just getting the show underway.

In 1797, Congress instituted a system of federal stamps. These units were required on all wills offered for probate when property (e.g., land; homes) was transferred from one generation to the next. Revenue from these little squares was used to build a navy to fight an undeclared war

VP in Charge of Looking at the Numbers

The news for March showed the number of unemployment claim benefits fell 12,000 to 215,000, lowest since 1973. The largest percentage decline came generally from big states—like California, New York, New Jersey and Virginia. The labor market remains strong, with unemployment down to 4.1%, lowest in 17 years.

With all this, consumer confidence still slipped in March, but remains near its 18-year high.

Some of this has to do with a small loss in confidence in the volatile stock market, with Americans a bit less optimistic overall. However, even with this

with France, which had broken out three years before. In 1802, when everything calmed down, the tax was repealed.

Estate taxes returned in the run-up to the American Civil War. This time, a revenue act had been established (in 1862), which included an inheritance tax, which was duly applied to transfers of personal assets. In 1864 the act was amended, adding a tax on transfers of real estate and an increased rate on inheritances. As before, when the war came to an end, the Act was repealed.

In 1898, a legacy tax was proposed, to raise revenue for the Spanish-American War. A precursor to modern estate taxes, it instituted tax rates graduated by estate size. Then, as before, in 1902, after the war concluded, the legacy tax was repealed—for awhile.

A few years down the road, in 1916, just before the United States entered what became known as World War I, Congress adopted, via ratification of the 16th Amendment, the right to “lay and collect taxes on incomes, from whatever source derived.” Included in this document was an estate tax, and without too much in the way of re-arranging, it has stuck around every year since.

In a final move, after the estate tax expired in 2010, Congress passed the Tax Relief Act, which retroactively imposed tax legislation on all estates settled in 2010.

In 2012, the American Tax Relief Act made the estate tax a permanent part in the scheme of things. However, as part of last year’s Act, estate tax rules were once again adjusted. The exemption was raised to \$11.2 million, allowing married couples to pass on as much as \$22.4 million to their heirs. This act is set to expire in

slight drawback, expectations remain favorable, as index levels stay high—suggesting further growth in the months ahead.

(Source: SITREP (Situation Report))

Open House Success

An open house and ribbon cutting, officially celebrating one year in business for Premier Investment Advisors was held on March 22 from 3-5 p.m. A crowd of 40-50, including Chamber representatives, clients, family and friends, filled our office space to near capacity. We appreciate everyone being there and look forward to good years ahead in serving the needs of our clients and customers.

Quote:

“Taxation is the price which civilized communities pay for the opportunity of remaining civilized.”

2025, so it's possible the law may be adjusted at least one more time in the next few years.

If you're uncertain about your estate strategy, it might be a good time to communicate with a professional you trust, to discuss the approach you currently have in place.

(Source: FMG Suite)

Albert Bushnell Hart

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