The ALLIED Perspective

allied financial partners

YOUR PARTNER FOR CPA, FINANCIAL AND PAYROLL SERVICES

Thomas M. Tette, CPA, & Kenneth Ingersoll, CPA

FROM THE PARTNERS: Have a joyful season

Happy Holidays! During this time of the year, we often take the opportunity to reflect on all that is important to us: family, friends, health and hobbies. And during this time of reflection, the partners and staff here at Allied would like to thank those clients, family and friends, who support us each and every day in making what we do possible.

Through your trust, loyalty and care, we have been able to further develop a positive, team-based culture within our firm that gives back to the community and helps to create financial solutions and opportunities for our clients. So thank you for letting us serve you for another year!

Annual Privacy Notice. 'Tis the season to share with you our Annual Privacy Notice, which you will find enclosed with this newsletter. Like all providers of corporate and personal financial services, we are required by law to inform clients of our policies regarding the privacy of client information on an annual basis.

New website coming 2017. Please keep your eye out for our new and improved website debuting early 2017. We look forward to releasing a fresh, new look with updated information to help improve communication with our valued clients.

From all of us to all of you, have a happy, healthy and safe holiday season.

VICTOR	ROCHESTER	HONEOYE	
6536 Anthony Drive	Southview Commons	5 Honeoye Commons	PHONE: 585.410.6733
Suite B	100 White Spruce Blvd.	P.O. Box 470	EMAIL: tax@alliedfp.com
Victor, NY 14564	Rochester, NY 14623	Honeoye, NY 14471	WEB: www.alliedfp.com

TAX TALK: *NEW YEAR, NEW TAX LAWS*
What It Could Mean to You

There could be some big changes impacting your pocketbook in 2017. Tax planning is a year-round activity and it's important to fully understand some of the proposed tax implications so that you can plan properly to minimize your tax risks and maximize your return.

New proposals suggest compressing individual tax brackets to three rates. These rates would be 12, 25 and 33%. What that would mean is those with a taxable income between $0 and $37,500 ($0 to $75,000 for married filers) would be subject to a 12% tax rate and those with a taxable income between $37,500-$112,500 (or $75,000-$225,000 for married filers) would be subject to a 25% rate. Those with taxable income above $112,500 ($225,000+ for married filers) would be subject to a 33% federal tax rate.

Furthermore, individual standard deductions would increase to $15,000 for single filers and $30,000 for married filing jointly. Itemized deductions could be capped at $100,000 for single filers and $200,000 for married filers filing jointly.

Additionally, we may likely see the elimination of personal exemptions and the head-of-household status. Proposed legislation also calls for cutting net investment income for people with a modified adjusted gross income of over $200,000 for single filers and $250,000 for married couples filing jointly.

The proposed changes may create a new above-the-line deduction for child and dependent care expenses for children under age 13 capped at state-specific average cost for children of that age, as well as for eldercare expenses for a parent. Proposals also call for expanding the earned income tax credit to include more working parents.

We may likely see major tax reform in the business and estate tax areas. Some of the proposed reform includes slashing the tax rate for businesses from 35% to 15% and eliminating most business deductions. Businesses may also be permitted to deduct the cost of asset acquisitions. The proposed plan also outlines a full repeal of the federal estate tax, alternative minimum tax (AMT) and Obamacare.

There will certainly be much debate and discussion on tax reform over the course of the next year. However, if you would like to discuss how these potential changes could affect you or the decisions you need to make regarding your tax planning, please feel free to contact us.

MARK YOUR CALENDAR
2017 Seminar Series

February

- **Estate Planning Workshop | Feb. 16, 2017**

Presented by Marcus W. Kroll, of Harter, Secrest & Emery, LLP

May

- **Preparing for Social Security | Date TBD**
- **Employment Traps for Unwary Employers | Date TBD**

Presented by Lorisa LoRocca of Woods Oviatt Gilman, Labor and Employment Department

July

- **Making the Most of Medicare | Date TBD**

November

- **Long Term Care Planning | Date TBD**

Exact dates and times are still being confirmed for these seminars. The schedule of events will be posted on our website and be announced via email. For more details, information or to schedule a training session, workshop or seminar for your business, please contact Andrea True at **atrue@alliedfp.com** or **585.410.6733 x103**

THUMBS UP: The Client Corner

Recognizing the awards and accomplishments of our clients is important to us. If you or your business would like to be featured in our next newsletter, please contact Andrea True at atrue@alliedfp.com or 585.410.6733 x 103.

- **Eric Mezzoprete** was inducted into the Gates Chili Hall of Fame.
- **Rob Reimer** won the 2016 Realtor® of the Year award from the Greater Rochester Association of Realtors®.
- **Donna Besler**, Executive Director, Care Net Pregnancy Center, was nominated for the Cannadaigua Chamber of Commerce ATHENA Award.
- **Doodle Bugs!/LMG Childcare** was nominated for the Greece Chamber of Commerce 2016 Small Business of the Year.
- **ReHouse Architectural Savage** was nominated for the Greece Chamber of Commerce 2016 Microenterprise of the Year Award.

EMPLOYEE SPOTLIGHT: Meet Our New Employees

A graduate of Houghton College, **Jennifer Acker** recently joined Allied Financial Partners as a Staff Accountant. Jen received a Bachelor of Science in Accounting and Business Administration. She was formally affiliated with Cunningham Stauring and Associates, a small firm based out of Hornell, NY. Previously, Jen volunteered for the Allegany County United Way prepping income tax returns for low income clients.

Jen has recently moved to Mendon from her hometown of Alfred, NY. She enjoys spending time outdoors kayaking, running, or biking. Jen also enjoys playing competitive team sports and played lacrosse at Houghton College, part of the Empire 8 Conference in NCAA Division III.

Ryan Kesel has joined Allied Financial Partners as Staff Accountant. Ryan is a graduate of Rochester Institute of Technology where he earned a Bachelor of Science in Accounting, Magna Cum Laude and he is currently working towards a Master of Business Administration and CPA licensure. Ryan also has several years' experience working in financial aid for higher education. As Staff Accountant, Ryan will provide key operational support to the Accounting Department in processing returns and completing business accounting work.

Originally from Cohocton, Ryan is a new resident of Pittsford. He enjoys running and playing music.

Colleen Davis joins the Allied Payroll Services team with over 18 years of experience at companies, including Expidata Corp and ADP. Colleen has recently returned home to Bloomfield after living in Avoca and Honeoye. She is mother to three daughters, two of whom are twins, as well as a grandmother of two.

Family is very important to Colleen, she enjoys spending time with her grandchildren and family, as well as camping and making crafts.

Meckenzie Davis has recently joined the Allied team as a Payroll Specialist after completing her Bachelor of Arts in Financial Economics from the University of Rochester. Before joining Allied she was an accounts receivable assistant at Sleeman Designs in Stanley, NY, and a bank teller at the Five Star Bank in Victor.

Meckenzie spends a lot of time with her niece and nephew, dabbles in photography and is looking forward to an upcoming trip to Atlantic City this Spring.

Allied Financial Partners would like to welcome **Anne Sampson** to our payroll team. Anne holds an Associates degree in Liberal Arts from Monroe Community College and she is currently working to complete her CPP (Certified Payroll Professional) certification. Anne has over five years of payroll and accounting experience at a local computer forensic company and she is looking forward to applying what she has learned and continuing to develop her skills.

Anne resides in Bloomfield, NY with her two boys and two dogs. They enjoy hiking, camping, and fishing. Over the winter Anne will be helping her sons sharpen their indoor baseball skills.

The Trump Trade: Implications for the Financial Markets

by David A. Younis, CFP®, Director of Financial Services

Prior to the election, financial markets perceived a Clinton Presidency as a near certainty. As polls tightened within the three weeks leading up to the election, markets declined. The mere specter of a Trump presidency was throwing markets into a tizzy. During election night, Dow futures were trading down in excess of 800 points, much of this decline spurred on by international trading. By the next morning futures had recovered and the day brought significant gains for all indexes. What should be taken from this is simply that markets crave certainty above all else. Unfortunately; regardless of your politics, one aspect of the outcome is likely to garner agreement–uncertainty is going to persist for the foreseeable future.

Here are some observations that may have implications for your portfolio in the near to intermediate term and all are predicated on the assumption that President-elect Trump is able to move his policy agenda through congress:

- There will be changes to tax law: Mr. Trump has proposed reducing the number of tax brackets to three with the top bracket being reduced to 33% from its current 39.6%. He will seek to reduce the corporate tax rate from 35% to 15% in the belief that this will spur economic investment by business. We would anticipate reductions in capital gains taxes as well. Our advice, if possible, defer liquidations causing gains or distributions from IRAs until 2017 if feasible.

- Mr. Trump has indicated that a priority of his administration would be the renewal of focus on infrastructure (bridge repair, road construction, etc). This is likely driving much of the gain being seen in the Dow Jones "Industrial" Average; a hope that the renewed focus on building and manufacturing will drive profits for corporate America while improving the slow pace of job creation in the U.S.

- Mr. Trump has been committed to making significant changes to "Obamacare." This will likely be a political challenge; particularly related to the fact that most agree there are provisions within the Affordable Care Act that are beneficial, i.e. removal of pre-existing condition exclusions. Regardless, the perceived reduction in regulation around health care as a result of his intended policy will likely renew interest in health care stocks.

- General reductions in regulation in many areas of corporate America are likely to drive profit while simplifying the level of red tape that currently exists. The long term impact of these changes are hard to predict, but if profits rise, we would expect markets to continue their current momentum in the near term.

- Renegotiated trade agreements would almost certainly create a level of uncertainty for corporate America that is not likely to be welcomed. Our multinational firms crave stability in their overseas access, the potential for "trade wars" to emerge as part of Mr. Trump's foreign policy is currently viewed as being disruptive and may cause significant headwinds for these firms to overcome.

- In the weeks following the election, we have seen significant moves in the interest rate environment as exhibited by the 10-year Treasury bond floating above 2.39% at the time of this writing. Just prior to the election the rate was at 1.5% roughly. This represents a movement of nearly 50%. While the figure seems small, the implications are potentially substantial. In short, the election did what the Federal Reserve had been attempting to accomplish over the last few years. It also means that the Fed should have less of a challenge in continuing to raise rates, since the market essentially did what the Fed could not. We expect to see continued rate increases whether caused by Fed action or the market. This is bad for bond funds generally as we've discussed in prior newsletters.

Whether justified or not, Donald Trump is currently perceived as having an ability to prop up business and drive job growth. The question that remains is whether his policy agenda is likely to be implemented. Our concern as advisors is that if he falls short of his intentions or if uncertainty is exacerbated, the market rally that has emerged may lose wind rapidly, stall or retreat. As such, we remain cautiously optimistic with regard to current market performance persisting in the near term. If you would like to discuss your portfolio in light of the new administration we would welcome the opportunity.