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Wealth Matters Newsletter

January 2018

Define and Reach Your 2018 Financial Resolutions

The New Year is upon us, bringing a fresh opportunity to consider your goals. For 2018, we are taking a different approach to resolutions. Instead of giving you a laundry list of tasks to accomplish, we want to encourage you to make this the year you really own your financial life.

Imagine fast forwarding your life to December 31, 2018, and looking back on the year. What do you think you will have accomplished? How did your financial life change? What roadblocks did you remove? Answering these questions can help you identify your true goals for 2018.

If your vision for this year differs from where you are today, then you need a clear strategy for making changes—and a plan to follow along the way. It all begins with knowing how to define and reach your goals.
According to a study on the science of achieving goals, 3 key steps make you more likely to achieve what you set out to accomplish:

- Written goals
- Accountability
- Commitment

Using these findings, we have created 3 steps to help you set—and keep—your financial resolutions for 2018.

1. Written Goals: Define and record what you want.
Financial worries keep 65% of Americans up at night. From paying for health care to saving for retirement, people's concerns span an array of life events. Fortunately, writing down goals can improve your chance of reaching them and moving past these stressors.

When defining your financial resolutions, ask yourself which priorities matter most to you and would help create the greatest comfort in your life. Your financial needs are unique to you, and they should guide the goals you set for the coming year.

2. Commitment: Outline specific action items for each day.
Once you have defined your goals for 2018, you can outline the actions you will take to help make your dreams a reality. Create and maintain your commitment to the goal by building a clear strategy for bringing it life. For

example, rather than saying, "I want to pay down debt," define the exact amount of money you will pay toward your liabilities each month. Determine which steps you need to take to achieve your goal, and then build a schedule for accomplishing the necessary tasks each day.

3. Accountability: Share your goals and progress with someone else.
When studying goal-setting, individuals who shared their objectives and actions with another person had better results than those who did not. To help increase your chances of achieving your 2018 financial resolutions, share your plan with someone else, such as a spouse, family member, or friend. Make sure you give them a detailed account of exactly what you want to achieve—and the steps you will take to do so.

Once you've selected someone to share your goals with, keep them in the loop on your progress. In fact, sending weekly updates to your chosen accountability partner can make you significantly more likely to achieve your goals.

As you look to 2018 and what you hope to accomplish, we encourage you to follow these steps to start out on the right path. We are always here to guide your financial goals and help you create the future you desire. Here's to a happy, healthy, and fulfilling 2018!

Sources Available Upon Request

What Does the New Tax Plan Mean for Investing?

While much of the political fire and fury from Congress' tax plan debate has settled, some of the economic smoke still lingers as financial analysts and private investors plot their way through the new $1.4 trillion law's long-range ramifications.

President Donald Trump signed the historic tax bill into law December 22 following a firestorm of partisan exchanges in the last few weeks that painted near apocalyptic visions if the bill either passed or failed. Republican pundits hail the sweeping tax bill as Trump's first major legislative victory in office.

American taxpayers are "going to start seeing the results in February. This bill means more take-home pay. It will be an incredible Christmas gift for hard-working Americans. I said I wanted to have it done before Christmas. We got it done," Trump said.

The U.S. House of Representatives voted 224-201 December 20 in what was labeled by USA Today as an "unusual do-over vote" to approve the bill following the U.S. Senate's 51-48 vote the same day, which included several minor changes from an earlier House version. The House voted 24 hours earlier to approve the tax plan's first version.

One of the 3 provisions Senators removed from the House version allowed families to use tax-advantaged 529 accounts for home-schooling expenses.

The other 2 provisions involved the law's title and excise-tax conditions colleges and universities can use for their endowments.

The law slashes the corporate tax rate from 35% to 21% and gives business owners a 20% deduction on business income.

For taxpayers, the law nearly doubles the standard deductions to $12,000 for individuals and $24,000 for couples, which means itemizing deductions may help lower the standard tax load.

The new tax brackets are 10%, 12%, 22%, 24%, 32%, 35% and 37%, which are slight decreases from previous categories. However, many workers will move into lower tax brackets under the new law. A couple making $76,000, for example, would pay 12% in income taxes as opposed to 25%.

2018 TAX BRACKETS:

RATE	SINGLE	JOINT
10%	Up to $9,525	Up to $19,050
12%	$9,526 to $38,700	$19,051 to $77,400
22%	$38,701 to $82,500	$77,401 to $165,000
24%	$82,501 to $157,500	$165,001 to $315,000
32%	$157,501 to $200,000	$315,001 to $400,000
35%	$200,001 to $500,000	$400,001 to $600,000
37%	Over $500,000	Over $600,000

2017 TAX BRACKETS:

RATE	SINGLE	JOINT
10%	Up to $9,325	Up to $18,650
15%	$9,326 to $37,950	$18,651 to $75,900
25%	$37,951 to $91,900	$75,901 to $153,100
28%	$91,901 to $191,650	$153,101 to $233,350
33%	$191,651 to $416,700	$233,351 to $416,700
35%	$416,701 to $418,400	$416,701 to $470,700
39.6%	Over $418,401	Over $470,70

What Does the New Plan Mean for Individual Investors?
The new tax law leaves the investment world mostly untouched and perhaps better positioned to take advantage of a rosier and potentially more robust marketplace.

Favorable rules for 401(k)s, IRAs, and other retirement accounts remain intact. The law, however, prohibits taxpayers from reversing Roth IRA conversions for a certain amount of time, which were used by account holders if investment values declined. Americans don't have to pay income taxes on Roth IRA withdrawals.

Although the estate tax wasn't eliminated, the plan raises the federal exemption from $5 million to $11 million per person and to $22 million per couple.

The plan also boosts the alternative minimum tax (AMT) from $50,600 to $70,300 for individuals and from $78,750 to $109,400 for married couples filing jointly. The AMT's aim was to prevent high earners from skirting full income tax payments by increasing the number of deductions. The AMT, a mandatory alternative to the standard income tax, takes effect when taxpayers' income reaches certain levels.

Sole-proprietorships, partnerships, and S-corporations would pay taxes at individual rates, but be allowed to use the 20% income deduction. This provision would not apply to high earners making more than $315,000 and filing jointly as couples.

What Should I Do Now?
Take a look at previous years' tax filings to determine the differences in your tax situation. If it appears your tax rate may drop or your ability to itemize changes, you may want to consider making changes to future contributions—such as charitable donations—or deductions, which may include medical expenses.

Retirees will benefit from the increase in the standard deductions for charity. To gain the most advantage, experts suggest doubling donation sizes but give less frequently. For example, by giving more in a single year and then skipping the next year, taxpayers would have a higher amount to write off on their taxes. Financial professionals also point to donor-advised funds rather than donating cash.

Retirees will also have to monitor their income (withdrawals from their retirement accounts, which are taxable) to avoid moving into a higher tax bracket.

Retirees approaching 70½ in 2018 may want to start taking early distributions if they have high balances in their retirement accounts to avoid landing in higher tax brackets.

We hope you found this report useful. We strive to keep you abreast of the most recent developments in the financial industry. If you have questions, call us anytime.

Sources Available Upon Request

Continually Improving
Please join us in congratulating Ryan Brooke for earning the Certified Financial Planner™ (CFP®) designation and Brenda Carrico for earning the Certified Professional Retirement Coach (CPRC) designation.

Best Financial Advisors in Kansas City
We are honored to be included in the "18 Best Kansas City Financial Advisors" from Expertise.com. Selection criteria included:

1) Reputation - A history of delighted customers and outstanding services. 2) Credibility - Building customer confidence with licensing, accreditation, and awards. 3) Experience - Masters of their craft, based on years of practical experience and education. 4) Availability - Consistently approachable and responsive, so customers never feel ignored. 5) Professionalism - Providing service with honesty, reliability and respect.

Community Involvement
Our team had the opportunity to volunteer with the Johnson County Christmas Bureau, an event we participate in annually. The JCCB is dedicated to providing holiday assistance to pre-qualified, low-income residents of Johnson County. Shoppers choose items for their family which include groceries, personal care items, an article of clothing and warm items (hat, scarf, gloves) for children, gifts, books, and a coat for each family member. To learn more, visit www.jccb.org.

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