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February 2019 Newsletter

On February 4th, Hallie Teves began her new position as receptionist at J. Marshall Associates. Hallie was born and raised in Fall River where she graduated from Durfee High School and Bristol Community College. She's married to Victor Teves, also of Fall River, and they have lived in North Dartmouth for 23 years. They have two children, daughter, Josie, who is 19 and son, Cameron, who is 16. Josie is a second year student at BCC and is transferring to Bridgewater State University in the fall. Cameron is a sophomore at Dartmouth High School where he is part of the DECA organization. Cameron placed 3rd place in Principles of Finance during his last DECA competition, qualifying him to go to States in Boston next month. Hallie is very familiar with the area and our office since she has been cleaning it for 16 years. She is also a client and has some knowledge in this field. Please welcome her to our office.

Ben Bassett enjoying winter activities

IRA & Roth IRA Contributions

For the 2018 and 2019 tax years, the maximum contribution you can make to a traditional or Roth IRA is $6,000. This applies if you're under the age of 50. If you're over the age of 50, you may contribute up to $7,000. You can no longer make regular contributions to a traditional IRA beginning with the year you turn 70-1/2. But you can continue to make regular contributions to a Roth IRA and rollover contributions to a traditional IRA (or a Roth IRA) for as long as you live and as long as you have earned income.

If you have not already filed your taxes, you have until tax day to make a contribution into your IRA for 2018 To ensure credit for the contribution, we need to have the check in our office no later than **Friday, April 12, 2019**; otherwise, we can't guarantee that even with overnight mail it will arrive in time.

Please call the office at 508.673.3300 with questions or concerns about making a contribution to your 2018 IRA or to make an appointment to open one for 2019.

SELECT CLUB

Contact the office at 508.673.3300 or speak with your advisor for details.

BECOME A SELECT CLUB MEMBER

Our success comes from referrals from our valued clients. Please consider sharing us with your family and friends.

Becoming a *Select Club Member* is as easy as providing a referral that results in a client meeting. The first referral initiates your membership and each additional referral in 2019 that results in a client meeting will be an entry into the *Select Club* quarterly drawing.

Tax Changes That May Be Overlooked

Some alterations to the Internal Revenue Code were less publicized than others

Late last year, federal tax laws underwent sweeping changes. Nearly a year later, you can be forgiven for not keeping up with them all. Here is a look at some important (yet underrecognized) adjustments that may affect the numbers on your 2018 federal return.[1]

First, most miscellaneous itemized deductions are gone. The Tax Cuts & Jobs Act of 2017 eliminated dozens of them through the year 2025. Tax preparation expenses? You can no longer deduct those. Expenses linked to a hobby that made you some income? In 2018, no deduction available. Legal fees you paid that were related to your work as an employee? No, you cannot deduct them. Chat with a tax professional; if your tax situation is complex, chances are some deduction, which you may have relied on, is history.[1]

Can you still claim a deduction for continuing education expenses? No. Some taxpayers used to present the cost of classes or training designed to expand or maintain their job skills as an unreimbursed employee business expense. Some would even claim a deduction for tuition paid toward their MBA. This is now disallowed.[1]

Employee vehicle use deductions are gone. You can no longer deduct unreimbursed travel expenses related to the performance of your job, and that includes mileage expenses stemming from the use of your car or truck. In response, some employees have asked their employers to set up "accountable" plans allowing them to receive tax-free reimbursements. (You will still find the deduction for certain types of business mileage on Schedule C, and you may still deduct miles you drive for medical purposes and in the service of qualified charitable organizations.)[1,3]

Speaking of mileage, the moving expense deduction has all but disappeared. Only active duty members of the military may take this deduction now, and only if the move is made in response to a military order.[3]

You can no longer claim personal casualty losses as itemized deductions. There is an exception to this. You can still deduct these losses in tax years 2018-25 if they occur due to an event that becomes a federally declared disaster (FDD). Unfortunately, most fires, floods, and storms are not defined as FDDs, and most theft has nothing to do with natural or manmade disasters.[3]

Fortunately, the standard deduction has almost doubled. It was slated to be $6,500 for single filers, $9,550 for heads of household, and $13,000 for joint filers; thanks to tax reform, those respective standard deduction amounts are now $12,000, $18,000, and $24,000. (The personal exemption no longer exists.)[4]

How have things changed regarding charitable donations? There is less of a tax incentive to make them, because many taxpayers may just take the higher standard deduction, rather than bothering to itemize. The non-partisan Tax Policy Center estimates total U.S. charitable gifting will fall to $20 billion this year, a 38% drop, due to the 2017 federal tax reforms. That said, there are still paths toward significant tax breaks for the charitably inclined.[5]

A traditional IRA owner aged 70½ or older can arrange a qualified charitable distribution (QCD) from that IRA to a qualified charity or non-profit. The QCD can be as large as $100,000. From a tax standpoint, this move may be very useful. The donated amount counts toward the IRA owner's annual mandatory withdrawal requirement and is not included in the IRA owner's adjusted gross income (AGI) for the year of the donation.[5]

Some wealthy retirees are now practicing charitable lumping. Instead of giving a college or charity say, $75,000 in increments of $15,000 over five years, they donate the entire $75,000 in one year. A single-year charitable contribution that large calls for itemizing.[5]

Turn to a tax professional for insight about these changes and others. The revisions to the Internal Revenue Code noted here represent just the tip of the proverbial iceberg. Additionally, you may find that the changes brought about by the Tax Cuts & Jobs Act have given you new opportunities for substantial tax savings.

Citations.

1 - marketwatch.com/story/the-little-noticed-tax-change-that-could-affect-your-return-2018-03-19 [9/19/18]
2 - cpajournal.com/2018/08/01/narrowing-the-casualty-loss-deduction/ [8/1/18]
3 - forbes.com/sites/kellyphillipserb/2018/03/26/taxes-from-a-to-z-2018-m-is-for-mileage/ [3/26/18]
4 - cnbc.com/2018/02/16/10-tax-changes-you-need-to-know-for-2018.html [2/16/18]
5 - kiplinger.com/article/taxes/T055-C032-S000-strategies-for-giving-to-charity-under-new-tax-law.html [10/1/18]