

# **FINANCIAL FORECASTS, INC.**

financial planning and tax preparation

January 2018

## **“THE BEST TAX LAW EVER?”**

Dear Clients,

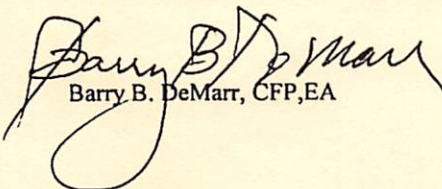
The new 2018 tax law change is now in the works. While the details are still being written, in our general opinion it is heavily slanted to the higher income brackets. The standard deduction is being doubled, but personal exemptions are gone, so this narrows the perceived benefit. Itemized deductions are being eaten away with the base floor (standard deduction) moving up. Housing may come under pressure as all state and local income taxes will be capped and mortgage interest deductibility will shrink with lower loan amounts. The major part of this law is the widening and reduction of tax brackets, with the upper income brackets seeing the larger percent changes. Generally, we will probably see little change for the middle income taxpayer's as they pay the bulk of taxes every year. Corporations will see a big drop in tax rates on the guise of building new businesses with hope and prayers. Pass thru entities, Sub S Corporations and partnerships, will see a like kind drop in taxable income to the individual returns of taxpayers. 2017 will be mainly a mirror of the 2016 filing. Change is in the wind!

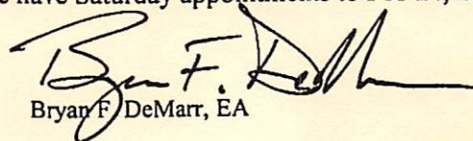
### Time value of Money versus the Real Value of Money

While it is disturbing to see constant spending in excess of revenue, the new tax law will add to the already extreme balances. DOES IT REALLY MATTER! I look back to my first job in 1968 where \$100 is now valued at \$703. Since year 2000, we have not been trying to control the currency, by pumping funds to ward off financial collapse. Interest rates are dead as a result of cheap credit. We are now entering a drive to become a cashless society and money will become even less valued. Money is an arbitrary store of value. As time marches on you will see that prices of everything are changing, but what part of the change is due to devaluation of the dollar or new innovations. Last year we focused on being responsible for your own safety and success, maximum contributions to deductible retirement accounts should be the rule. They should not be used for any current purpose, period!

We have enclosed your 2017 Tax Organizer (fill in format) and encourage close attention to personal data, contact information and especially the “checklist”. The checklist details all the items that were part of your 2016 tax filing, so you need to provide each again or mark out those that are no longer active. We will need forms: W-2, 1099's, 1098 mortgage, K-1, rental summary and business details if applicable. Electronic filing is the new normal, simplifying transmission and providing proof of IRS receipt. This does not reduce your need for good documentation. You must keep your supporting documents for 3 prior years (we recommend 5 years). Please provide direct deposit information for possible refunds. If you made estimated payments make specific notations of amounts paid and dates. Early filing is encouraged as it limits your exposure to identity theft with tax returns.

We appreciate your business and look forward to helping you achieve financial success. Any questions, call us. Get the facts on tax from the professionals. We have Saturday appointments to Feb 24, 2018.

  
Barry B. DeMarr, CFP,EA

  
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