

Change Creates Opportunity



Ch-ch-ch-changes

If change creates opportunity, then this year should be one for the record books. Three days before Christmas 2017, the Tax Cuts and Jobs Act became the law of the land. Good news for business owners: The corporate tax rate was literally sliced from 35 percent to 21 percent beginning in 2018. The top individual tax rate dropped to 37 percent. The standard deduction was increased to \$24,000 for married couples filing jointly and to \$12,000 for singles. The child tax credit was increased to \$2,000 per qualifying child. However, personal exemptions were eliminated.

Remaining Itemized Deductions Are Scarce

- Divorces after December 31, 2018, will have one notable change in the alimony rules: ***The payor loses the alimony deduction, and alimony payments are not includible in income of the recipient!***
- Not military? Forget deductions for moving expenses.
- Home equity line of credit? Interest Deductions allowed for home improvements only.
- Limited deductions for home mortgage interest and state and local taxes.

What's Left:

- Retirement savings placed in a recognized IRS-sanctioned entity, charitable deductions, student loan interest, and medical expenses that are over 7.5 percent of income are holding on as permitted itemized deductions.

The Alternative Minimum Tax is eliminated for corporations. It remains for individuals, but applies at a higher threshold than previously. The estate tax exemption doubles to \$22.4 million per couple.

For singles, the exemption is \$11.2 million. The corporate cuts are permanent, while the individual changes expire at the end of 2025.

Decisions must be made. Business owners need to determine if they should change their business's tax structure. It's time to consider if they should accelerate their depreciation schedules, and they should certainly take a look at how their interest expense deductions fit into the new rules.

This tax act helps businesses more than individuals, and higher income families more than others; however, there are extensive changes. It does not matter what your current financial plan is—you should be scheduling an appointment with your financial advisors today.

A well-thought-out, organized plan can create your best chance to take advantage of the opportunities that come with this change.

Big objectives are met by accomplishing the small goals. ***Contact your local Security Mutual life insurance advisory today to coordinate your financial plans and help achieve your goals and objectives.***

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