



# Tax Alerts

**Volume 10, Issue 3**

**March, 2018**

## **“Retire On Purpose”**

Please join us for an educational workshop designed to provide you practical steps to finding satisfaction and a sense of purpose in retirement. The material presented will help you assess your current situation, both personal and financial, to begin taking steps toward pursuing the life you envision.

**Guest Speaker:** Gary W. Nustad, CLF – Executive Director of Strategic Development, Michigan Financial Companies

**Date:** Wednesday, March 21, 2018

**Time:** 5:30pm: Registration & Light Hors d’oeuvres  
 6:00 - 7:00 pm: Educational Program

**Location:** Ike's Restaurant - 38550 Van Dyke Avenue,  
 Sterling Heights, MI 48312

Please contact Lynne Diederich to RSVP at (586)254-2010 or email [ldiederich@moceri-cpa.net](mailto:ldiederich@moceri-cpa.net) for reservations. ♦



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## **The Tax Cuts And Jobs Act**

*Over the next several months we will be informing you of the new tax law.*

### **BACKGROUND**

- Signed by the President on 12/22/2017.
- Effective Date - Most of the changes are effective for tax years beginning after 12/31/2017.
- Sunset Date - Most of the individual provisions expire after 2025.

### **OVERVIEW**

- *Changes affecting individuals:*
  - a) New tax rates and brackets, increase in standard deduction, repeal of personal exemption.
  - b) Increase in child tax credit and new family tax credit, other credits modified.
  - c) New limit on mortgage interest deduction.
  - d) Dollar limit on deduction for real estate taxes, state and local income and sales tax.
  - e) Other changes on Schedule A.
  - f) Alternative Minimum Tax improved.
  - g) Adjustments to income modified or eliminated.
- *Changes affecting businesses:*
  - a) Reduction in corporate tax rates.
  - b) Increase bonus depreciation to 100% and increase Section 179 to \$1,000,000.
  - c) New deduction for sole proprietors and pass through business income.
  - d) Liberalize the rules for allowing cash method of accounting.
  - e) Repeal the domestic production activities deduction.
- *Changes affecting foreign income:*
  - a) Allow repatriation of income at a lower tax rate.
- *Changes affecting estate tax:*
  - a) Double the exclusion amount to \$11.2 million.

## Getting (Mentally) Ready to Retire

**A successful retirement is not merely measured in financial terms.** Even those who retire with small fortunes can face boredom or depression and the fear of drawing down their savings too fast. How can new retirees try to calm these worries?

Two factors may help: a gradual retirement transition and some guidance from a financial professional.

**An abrupt break from the workplace may be unsettling.** As a hypothetical example, imagine a well-paid finance manager at an auto dealership whose personal identity is closely tied to his job. His best friends are all at the dealership. He retires, and suddenly his friends and sense of purpose are absent. He finds that he has no compelling reason to leave the house, nothing to look forward to when he gets up in the morning. Guess what? He hates being retired.

On the other hand, if he prepares for retirement years in advance of his farewell party by exploring an encore career, engaging in varieties of self-employment, or volunteering, he can retire with something promising ahead of him. If he broadens the scope of his social life, so that he can see friends and family regularly and interact with both older and younger people in different settings, his retirement may also become more enjoyable.

The interests and needs of a retiree can change with age or as he or she disengages from the working world. Retired households may need to adjust their lifestyles in response to this evolution.

**Practically all retirees have some financial anxiety.** It relates to the fact of no longer earning a conventional paycheck. You see it in couples who have \$60,000 saved for retirement; you see it in couples who have \$6 million saved for retirement. Their retirement strategies are about to be tested, in real time. All that careful planning is ready to come to fruition, but there are always unknowns.

**Some retirees are afraid to spend.** They fear spending too much too soon. With help from a financial professional, they can thoughtfully plan a withdrawal rate.

While no retiree wants to squander money, all retirees should realize that their retirement savings were accumulated to be spent. Being miserly with retirement money contradicts its purpose. The average 65-year-old who retires in 2017 will have a retirement lasting approximately 20 years, by the estimation of the Social Security Administration. So, why not spend some money now and enjoy retired life?<sup>1</sup>

**Broadly speaking, our spending declines as we age.** The average U.S. household headed by an 80-year-old spends 43% less money than one headed by a 50-year-old.<sup>1</sup>

**Retirement challenges people in two ways.** The obvious challenge is financial; the less obvious challenge is mental. Both tests may be met with sufficient foresight and dedication.

**To learn more about taking the steps toward pursuing the life you envision in retirement, join us on March 21<sup>st</sup> or, contact**

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### Citations.

1 - tinyurl.com/ydedsyl5 [4/24/17]

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## QuickBooks Corner- Tips & Tricks for QuickBooks

### Inputting Employee Details

If you'll be using this software to pay your employees, the software can help you manage payroll deductions, benefits and tax payments. To take advantage of the feature, visit the Employees Tab which will lead you to the Employees Center. From there, each employee can be quickly set up and it's possible to view reporting.

Please call our office with any QuickBooks issues you may have, we have a Certified Consultant on staff.♦