

THE FINANCIAL EDGE

November 2018



BEING THANKFUL

Personal comments by Mary

As Thanksgiving approaches, I focus on the things that I am thankful for –

- As for my career, I am in the right place for me. I love the challenge!
- I cherish the clients I serve, for the problems they bring to me to solve.
- I value the team that works with me to serve our clients
- I cherish a good night's sleep and my health
- I am thankful for the 20 plus wonderful years that I have been married to Steve.

I have made being thankful an all year round task. Every morning I write down three things I am grateful for and three more things that I appreciate. It starts my day focusing on the good things in my life. I find that when life is going great it's very easy to take things for granted and when I see trouble it is way too easy to whine and complain about what I don't have.

Recently James moved to Texas. He invited us down for Christmas. I don't expect snow. However now that both of my boys moved south – I cherish the crazy weather in Wisconsin. When the boys moved to Arizona, my first visit was in June. The temperature was 115 degrees outside. It felt like I was baking in an oven. I missed the cooler temperatures of Wisconsin. I also missed the color green - the green grass, lush farm fields and evergreen trees. Both I have taken for granted many, many years. It seems to truly appreciate what I have - I need to lose it for a little while.

Thank you for reading my newsletter. I appreciate the comments I received for the years.

Appreciate what you have.

Happy Thanksgiving!

Mary Guldán-Lindström



"I am a real estate broker of 21 years - I have had my share of CPAs during this time NONE of which even come close to Mary! The entire team at Focus CPA does an incredible job of keeping me on track. Excellent service. Highly recommend."

Malinda Trimberger,
Executive Realty

YOUR REFERRALS ARE APPRECIATED AND WILL BE TREATED WITH UTMOST CARE!

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Sign up on our website at www.focus-cpa.com

Email Mary@focus-cpa.com

Call us at 920.351.4842

THE BOOK REVIEW

TITLE: The E-Myth Chief Financial Officer

AUTHOR: Michael Gerber & Fred Parrish

TOPIC: Business Finances

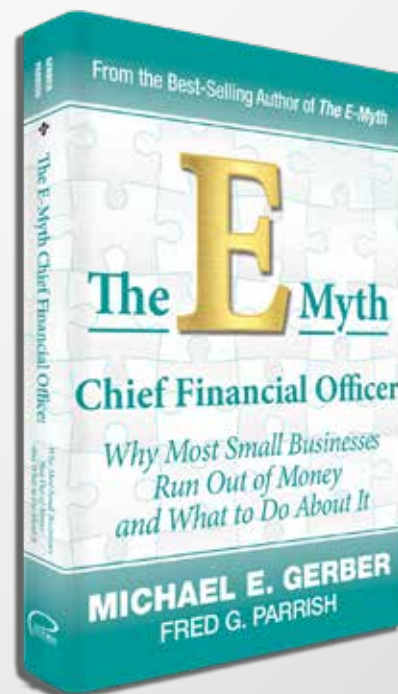
EASY TO READ: \$\$\$\$\$ (5 out of 5 dollars)

APPLICABLE TO SMALL BUSINESS: \$\$\$\$\$ (5 out of 5 dollars)

Summary: The founder of the Profit Center, Fred Parrish and the Small Business Guru, Michael Gerber, combine their talents to provide a guideline on the role of chief financial officer (CFO). They clarify the role of a CFO is to maximize financial returns by optimize all functions of the company.

My recommendation: Great book that brings to light the critical role a CFO can have within a business. The book takes an owner or accountant beyond the financial records to systems to improve cash flow, growth, change and to work strategically.

Pages: 206 | Published: 2018



A PIECE OF PUMPKIN PIE?

Jolene was only 8 years old and lived with family in the country with her parents and brother. Consequently, they did not often have visitors from the city. One day Jolene's mother said that father was bringing two guests home for Thanksgiving supper.

After they had enjoyed the turkey, Jolene went to the kitchen to help her mother, and proudly brought in the first piece of pumpkin pie and gave it to her father.

He then passed the plate to a guest. When Jolene came in with the second piece and gave it to his father, he again gave it to a guest.

This was too much for Little Jolene, who blurted out, 'It's no use, Daddy. The pieces are all the same size.'

Taken from www.funny-jokes.com



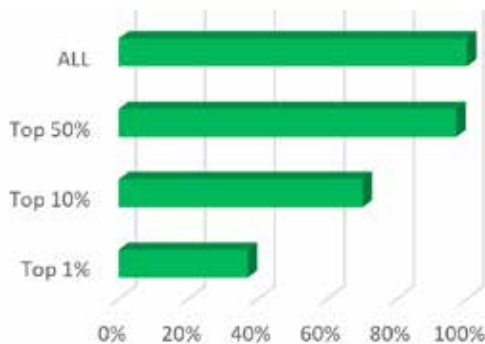
5 STEPS TO GAIN FULL BENEFIT FROM THE NEW TAX LAW

By Mary Guldán-Lindstrom CPA

Tax filing is just around the corner. The impact of the biggest overhaul of the U.S. tax code in three decades has arrived and it will spread far and wide. The Tax Cuts and Jobs Act became law in December 2017.

WHAT'S AT STAKE? Individual income taxes are the federal government's single biggest revenue source. In fiscal year 2017, which ended Sept. 30, the individual income tax is expected to bring in roughly \$1.7 trillion, or 50% of all federal revenues, according to the Congressional Budget Office. The Federal government needs you!

WHO PAYS TAXES? The US individual income tax system is progressive — thus those with higher incomes pay at higher rates.



- In 2016, the top 1%, having an adjusted annual gross income of \$480,800 or higher, paid about 37% of federal income taxes. That means 892,000 Americans pick up 37% of the tab.
- The top 10 %, having an adjusted gross income over \$139,700, paid about 70% of federal income taxes. Thus 1.7 million Americans, less than 1% of our population, paid 70% of that bill.
- The top 50% paid 97% of total Federal individual income taxes.
- That means that the bottom 50%, those having an adjusted gross income of less than \$38,700, paid only 3%.

So who pays taxes to the Federal government – chances are you do!

NOW HOW TO TAKE ADVANTAGE OF THE NEW TAX LAW.

The income tax game has changed. Here's 5 ways to maximize your tax benefits –

1 Calculate your 2018 tax liability based on your 2017 income. By doing this you will determine the impact of the following changes:

- Individual Income Tax rates have dropped. We still have 7 different tax brackets. Some stayed the same; some decreased 1% to 4%. The highest tax rate dropped from 39.6% to 37%.
- Alternative Minimum tax limits increased – fewer will be affected
- Increased the standard deduction from \$12,700 to \$24,000 for married and \$6,350 to \$12,000 for single, but dropped the personal exemptions
- For those who benefit from itemizing there are changes...
 1. Now there is a cap of \$10,000 on state & local taxes.
 2. Interest on home equity lines is limited to money actually used to purchase or improve your home.
 3. No miscellaneous itemized deductions such as employee job expenses, investment fees or tax prep fees. No limitations based on high incomes
- The Child tax credit has changed, expanding from \$1000 to \$2000 for those under 17. \$500 for other dependents and higher income limitations.
- Penalty for the Health insurance mandate is gone as of 1/1/2019 –still here for 2018.

2 Will it benefit you to itemize this year? The rules changed. The old standby of paying your real estate taxes and 4th quarter State estimate by December 31 – will benefit fewer taxpayers this year. If you are a construction worker paying for your tools and travel expenses – these are no longer deductible. Be sure to take into account Wisconsin tax credits.

continued...

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SMALL BUSINESS OWNERS

DO YOU WANT TO AVOID TAX SURPRISES, ESPECIALLY COSTLY ONES?

MAXIMIZE NEW OPPORTUNITIES?

THEN SCHEDULE A TAX STRATEGY/PLANNING CONSULTATION

The 2017 Tax Reform Act is the biggest tax law change since the 1980's. Some tax benefits expire and a few complicated provisions take effect. Review 2018 tax planning ideas, assess your current tax strategy and see how the new tax rules impact you and your business.

We are taking appointments now for November and December. Due to end of year vacations - times are limited.

To reserve a time for you - Call our office **920-351-4842** or e-mail **Mary@focus-cpa.com**.

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3 If you report business income on your personal tax return, review your expected tax benefit of the new 20% pass-through deduction for qualified business income. There is the opportunity to avoid paying income taxes on 1/5th of your business income. However, the calculation is complex. There are limits on service business income and different calculations for those over \$315,000 and \$157,500 of taxable income. Review your current tax structure to provide the lowest tax liability. To take full advantage - you may need to take steps to bring your adjusted gross income below the limits.

4 If you have a business, review the impact of new tax law changes to determine if you need to change your sales approaches or adjust other business decisions. Consider items such as:

- Loss of entertainment deductions (sporting tickets, golfing fees, charity events, etc.)

- Meals provided to employees are now 50% deductible
- Passenger vehicles have a higher depreciation deduction this year. It went from \$17,300 over 5 years to \$50,000.
- Business dues are not deductible
- Increase bonus depreciation and Sec 179 expensing is increase to \$1 million.

5 Get a tax projection done your estimated 2018 taxable income. Determine if you can take any actions to minimize your tax liability. The more taxes you pay the more opportunity this step will provide.

Take control of your tax situation by taking one or all of the above steps to improve your tax situation. This information is for discussion only. This is a brief recap and do not rely upon as tax advice. Majority of the items mentioned have very specific requirements. The IRS is providing clarification on many of the new changes and it will be 18 months before we have final regulations.

HAPPY TAXES

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