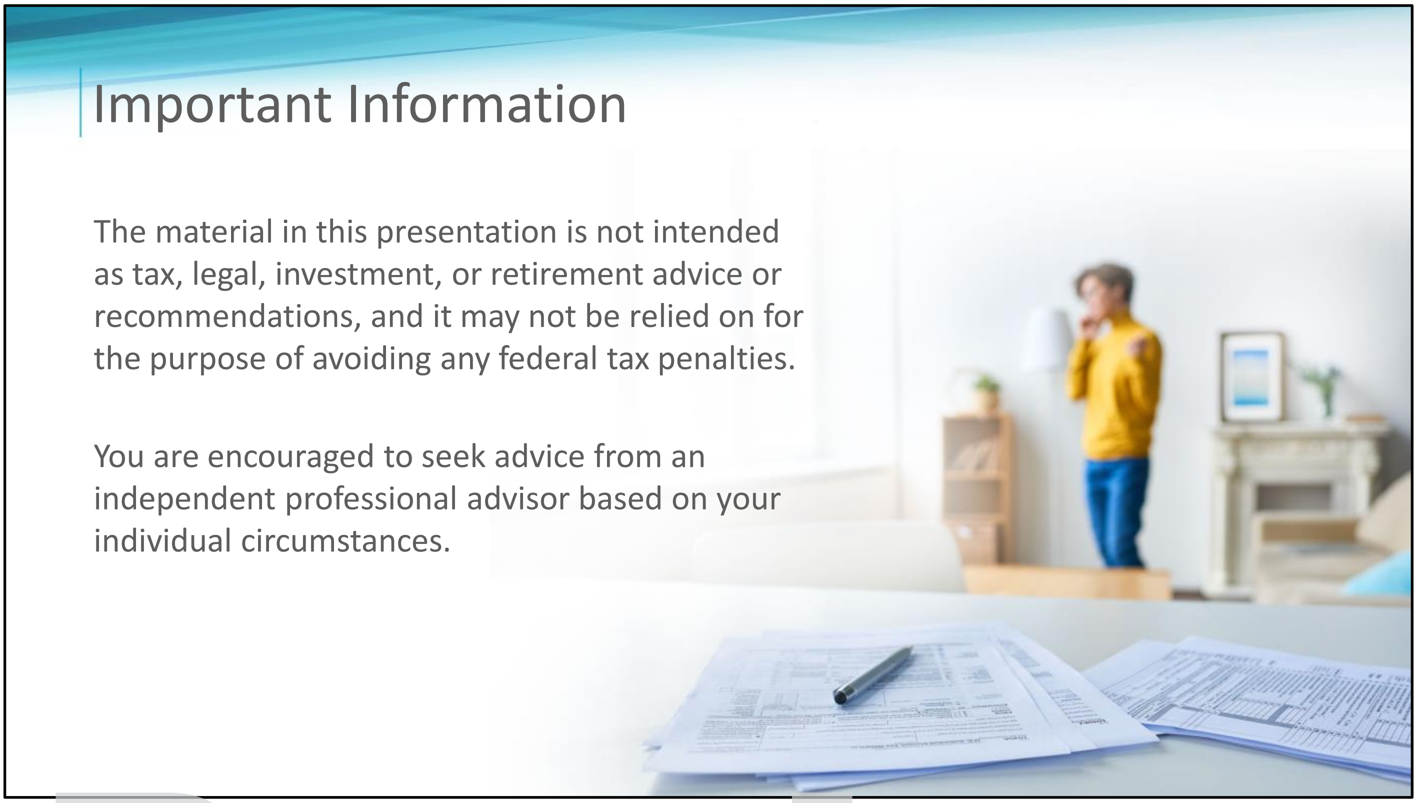
(Note to presenter: Before beginning, you should make sure that each participant has a copy of the tax workbook and a response card.)

Good [morning / afternoon / evening], and thank you for joining us.

During the next 30 minutes or so, we're going to take a look at some of the provisions in the recently passed Tax Cuts and Jobs Act that are likely to affect you.



First I need to explain what this presentation is, and what it is not.

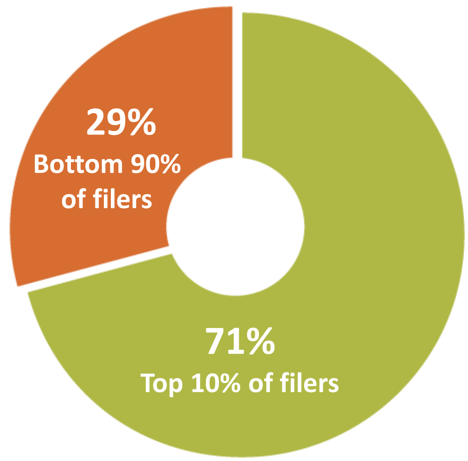
We're going to talk about some of the provisions in the recent tax legislation that are likely to affect you, your family, and your friends. We will discuss the changes in general terms. Our goal is to provide you with a valuable overview so that you leave here thinking about what they might mean for you.

As you know, tax rules can be incredibly complicated. It is not our intention to provide individual tax advice. Your situation is unique — and for that reason, you should always seek advice from a qualified professional advisor who can tailor recommendations to your individual circumstances.

Our Federal Income Tax System — The Basics

- Progressive: marginal tax rates increase as taxable income increases
- Voluntary (not optional) reporting
- Top 50% of federal income tax filers paid 97.2% of total federal income tax for the year
- Top 10% paid 70.6%
- Adjusted gross income (AGI) threshold for top 10% = $138,031

Percent of Total Federal Income Tax Paid for the Year



Source: IRS Statistics of Income Bulletin, Winter 2018 (2015 data, most recent available)

Let’s start with some general observations about our federal income tax system.

First, the United States has a progressive tax system. Generally, this means that the higher your overall taxable income, the higher the tax rate that applies to your next dollar of income.

Second, we have a voluntary tax system. That *doesn’t* mean you have a choice in whether to pay federal income tax; you *don’t* get to opt out. It just means you are responsible for calculating your own taxes, reporting your calculations to the government, and paying any taxes due.

And while virtually everyone complains about paying too much in tax, the truth is that not everyone actually pays federal income tax equally. In fact, for the 2015 tax year, the most recent year for which data is available, the top 50% of filers (as measured by reported adjusted gross income) were responsible for paying just over 97% of total federal income taxes.

For that tax year, over 70% of total federal income tax was paid by the top 10% of filers. And what did it take to make that top 10%? Not as much as you might think — the top 10% includes all those with adjusted gross incomes of $138,031 or more.

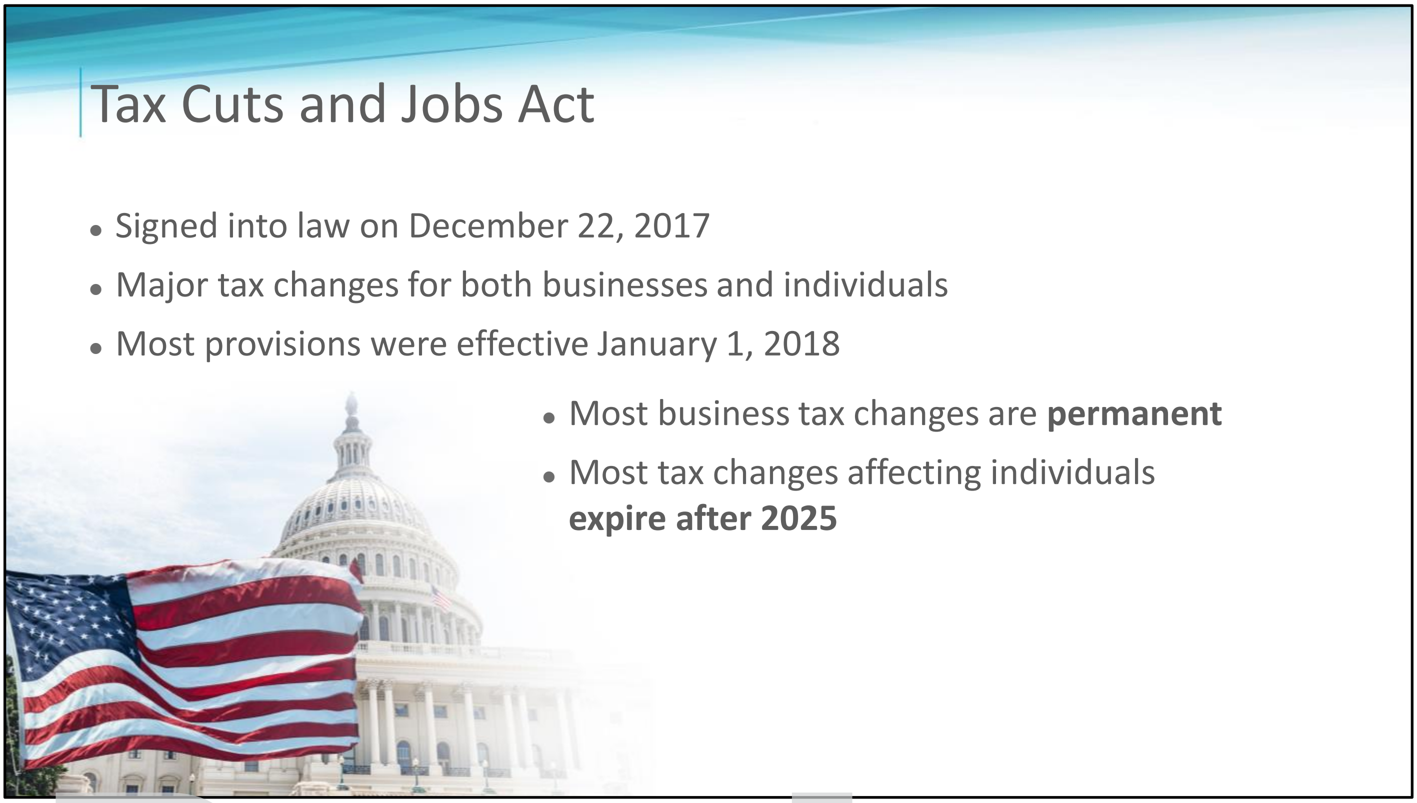
Source: IRS Statistics of Income Bulletin, Winter 2018 (2015 data is most recent available)

Major Tax Legislation (Last 11 Years)

- Economic Stimulus Act of 2008
- Emergency Economic Stabilization Act of 2008
- American Recovery and Reinvestment Act of 2009
- Small Business Jobs Act of 2010
- Patient Protection and Affordable Care Act of 2010
- Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010
- American Taxpayer Relief Act of 2012
- Tax Increase Prevention Act of 2014
- Protecting Americans from Tax Hikes (PATH) Act of 2015
- Tax Cuts and Jobs Act of 2017

Tax laws change with relative frequency. Listed here are just some of the major pieces of tax legislation that have passed in the last 11 years.

We're all here because of the tax legislation that recently passed — the Tax Cuts and Jobs Act, a sweeping $1.5 trillion tax-cut package that has again reshaped the tax landscape.



You may recall some of the drama and rhetoric surrounding the passage of the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017.

The legislation made significant changes to the tax rules that govern businesses and those that relate to individuals. Although we'll mention some of the business tax changes, we're going to focus primarily on the changes affecting individual taxpayers.

Most of the tax changes were effective as of January 1, 2018.

It's important to note that most of the business tax changes are permanent, whereas most of the changes affecting individuals will expire at the end of 2025. Of course, future legislation could extend the reach of these provisions, or even make them permanent. However, if that doesn't happen, the individual taxpayer changes will revert back to 2017 rules starting in 2026.

Let's take a look at some of the major changes.

Tax Rates — What Changed?

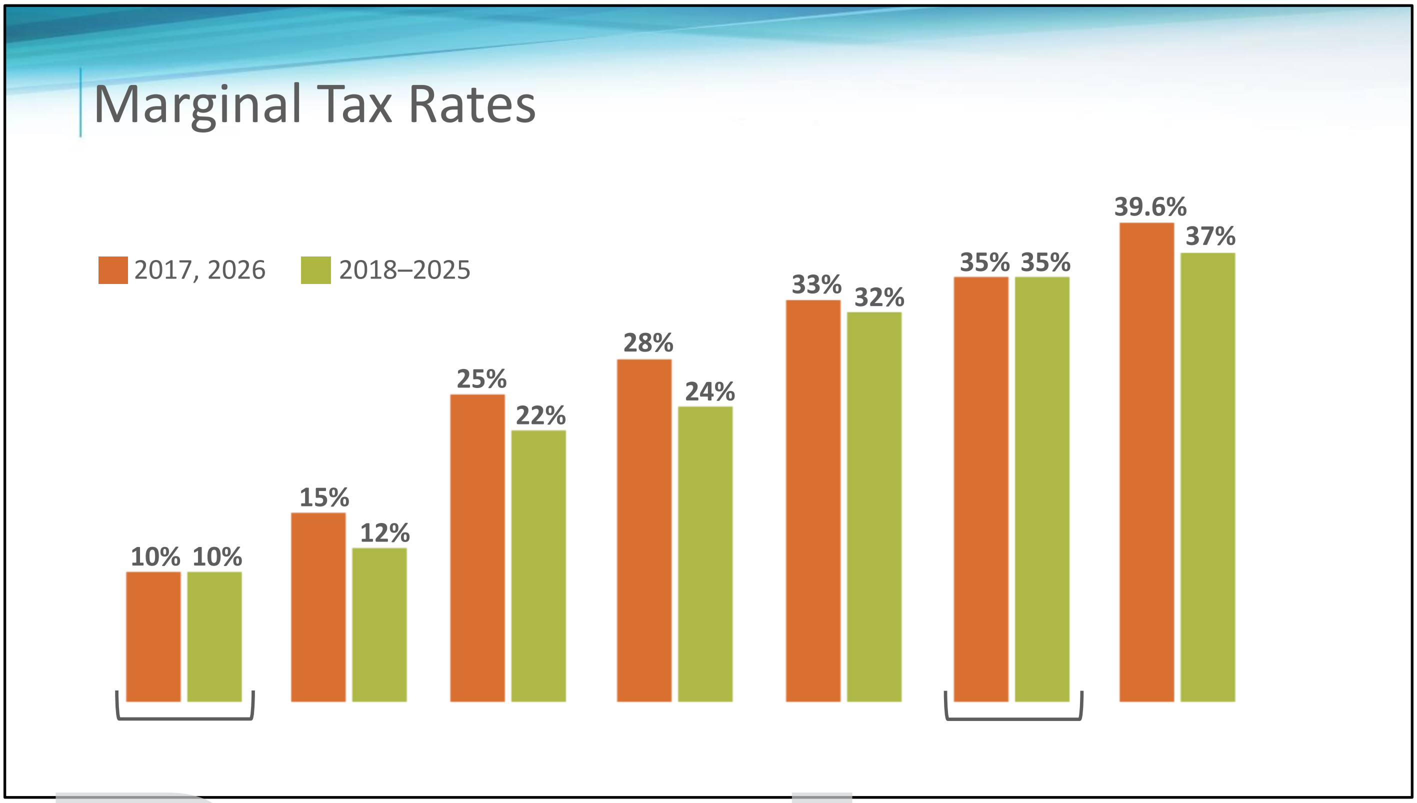
- Marginal tax rates
- Long-term capital gains and qualified dividends
- Alternative minimum tax (AMT)
- “Kiddie tax”

Let’s look at what changed — and what didn’t — when it comes to tax rates.

We’ll look at the new marginal income tax rates.

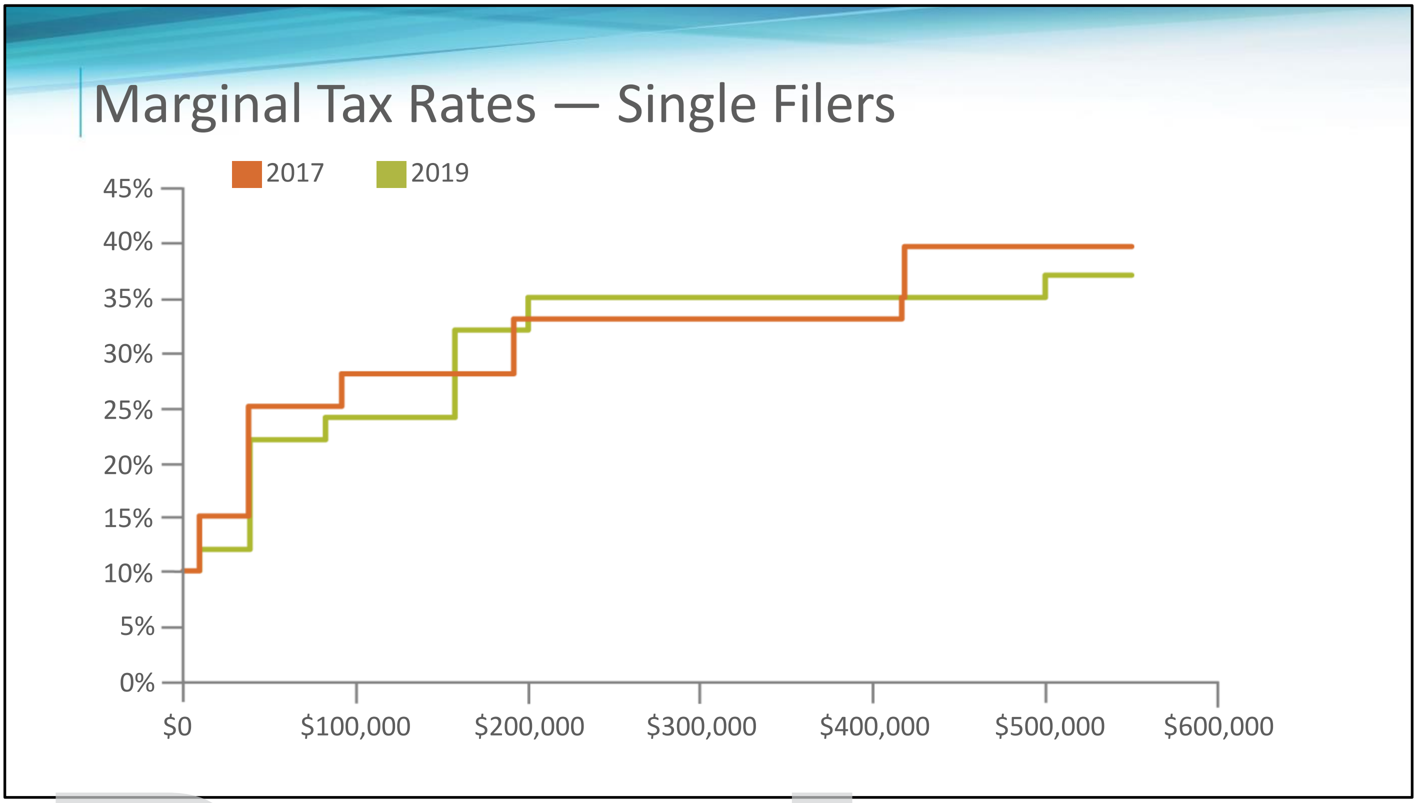
We’ll also look at changes to the special rates that apply to long-term capital gains and qualified dividends, and to the alternative minimum tax.

And we’ll touch on the so called “kiddie tax” rules.



First, the legislation lowered all but two (10% and 35%) of the seven previous marginal income tax brackets.

It also made some significant changes to the ranges of taxable income covered by the different rates. You can see these income ranges on pages 7 and 8 in your workbook.



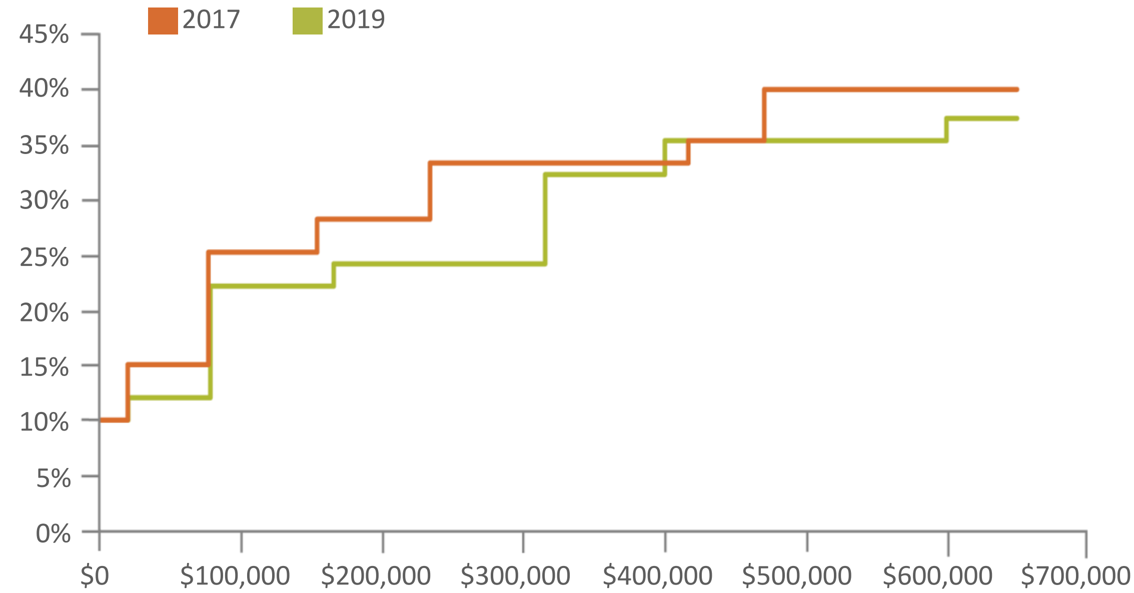
Here's an interesting look at how the marginal rates apply to different ranges of taxable income for single filers.

The green line represents the applicable rates for 2019, while the orange line represents the rates that applied in 2017.

For single individuals with taxable incomes ranging from about $160,000 to roughly $416,000, the applicable tax rate is for the most part actually higher under the new law.

Now let's take a similar look at the results for married couples filing jointly.

Marginal Tax Rates — Married Filing Jointly



If you're married and file a joint return, the new marginal tax rates are more favorable at almost all levels of taxable income.

Rates for Long-Term Capital Gains and Qualified Dividends

- Same tax rates apply: 0%, 15%, 20%
- Rates now based on taxable income rather than marginal tax bracket

Taxable Income Thresholds, 2019

Single	Married Filing Jointly	Married Filing Separately	Head of Household	Tax Rate
Up to $39,375	Up to $78,750	Up to $39,375	Up to $52,750	0%
$39,376 up to $434,550	$78,751 up to $488,850	$39,376 up to $244,425	$52,751 up to $461,700	15%
More than $434,550	More than $488,850	More than $244,425	More than $461,700	20%

If you sell stock, bonds, or other capital assets for more than you paid for them, you have a capital gain. If you've held the asset for one year or less, the gain is treated as a short-term capital gain and taxed as ordinary income. However, if you've held the asset for more than one year, the capital gain is considered long term and is subject to more favorable tax rates to encourage investment. Qualified dividends are treated the same as long-term capital gains.

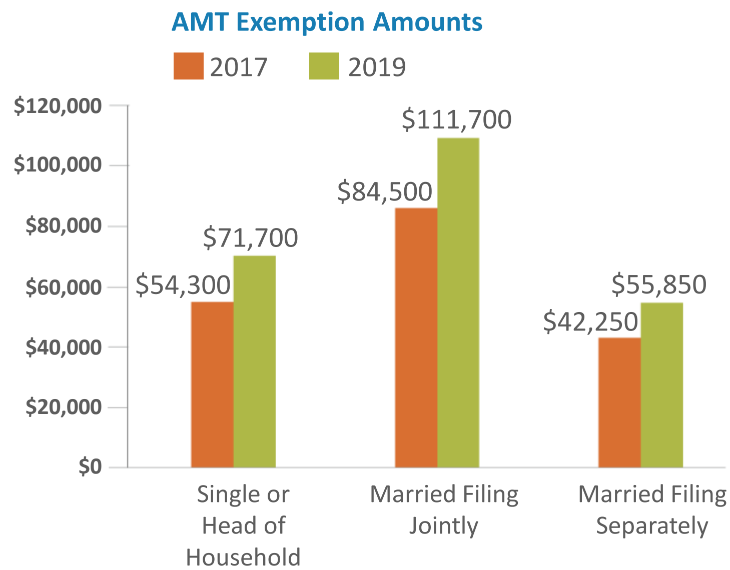
The Tax Cuts and Jobs Act didn't change the actual rates that apply to long-term capital gains and qualified dividends — a 0%, 15%, or 20% maximum rate still applies — but the legislation did change the *benchmark* for knowing which rate applies.

Previously, the rates were tied to your marginal income tax bracket: Individuals in the lowest two tax brackets (10% and 15% tax brackets) benefited from a 0% tax rate, those in the highest (39.6% tax bracket) were subject to a 20% tax rate, and those in-between paid tax on long-term capital gains and qualified dividends at the 15% rate.

Because the tax law changed five of the seven federal income tax brackets, the rate that applies to long-term capital gains and qualified dividends is now tied to your taxable income instead of your tax bracket.

Alternative Minimum Tax (AMT)

- AMT has its own rates and rules
- Tax Cuts and Jobs Act increased AMT exemption amounts and phaseout thresholds
- Will affect far fewer individuals



You've probably heard of the alternative minimum tax (AMT). In fact, if you've been caught in the AMT net in the past, you're probably all too familiar with it. The AMT is essentially a separate, parallel federal income tax system with its own tax rates and rules. It's pretty complicated and can turn some common planning techniques, like "bunching" or timing deductions, on their heads.

Many people were surprised that the Tax Cuts and Jobs Act did not completely repeal the AMT for individuals, since it did repeal the corporate AMT.

However, the reach of the AMT has been significantly curtailed. That's because the new legislation increased AMT exemption amounts — the amount a taxpayer can deduct from taxable income before calculating AMT liability. It also *dramatically* increased the income threshold at which the exemption amounts begin to phase out. For example, the phaseout threshold for married couples filing jointly increased from about $161,000 to just over $1 million for 2019. Other changes made by the legislation bring the regular tax system and the AMT system closer into alignment.

Two More Factors to Consider

3.8% Net Investment Income Tax

- Continues to apply to high earners — modified AGIs exceeding:
  - $200,000 Single
  - $250,000 Married filing jointly
  - $125,000 Married filing separately
  - $200,000 Head of household

"Kiddie Tax"

- Children under age 18 (and children age 18 or full-time students ages 19-23, if earned income doesn't exceed one-half support)
- Unearned income over $2,200 (2019)
- Now taxed using **trust and estate** income tax brackets

There are two more factors relating to tax rates worth mentioning before we move on.

The first is the 3.8% net investment income tax, sometimes referred to as the unearned income Medicare contribution tax. This tax was NOT changed by the new legislation. It continues to apply as an additional tax on investment income for those with modified adjusted gross incomes (AGIs) exceeding the amounts shown here.

The second is the so-called "kiddie tax." The kiddie tax is in place to prevent parents from shifting investments to children who might otherwise pay tax on the earnings at lower tax rates. The kiddie tax rules remain in effect under the new legislation, but whereas children were previously taxed on unearned income at their parents' rates, now they will be taxed at the income tax brackets that apply to trusts and estates.

The exemption from the kiddie tax is $2,200 for 2019, up from $2,100 for 2018.

Tax Rates: Three Takeaways

1 Marginal tax rates are generally lower across the board

2 Essentially status quo for special taxes that apply to investments
- Long-term capital gains rates
- 3.8% net investment income tax

3 Alternative minimum tax is still a factor, but with dramatically narrowed reach

Let's pause here for a moment and recap what we've covered so far.

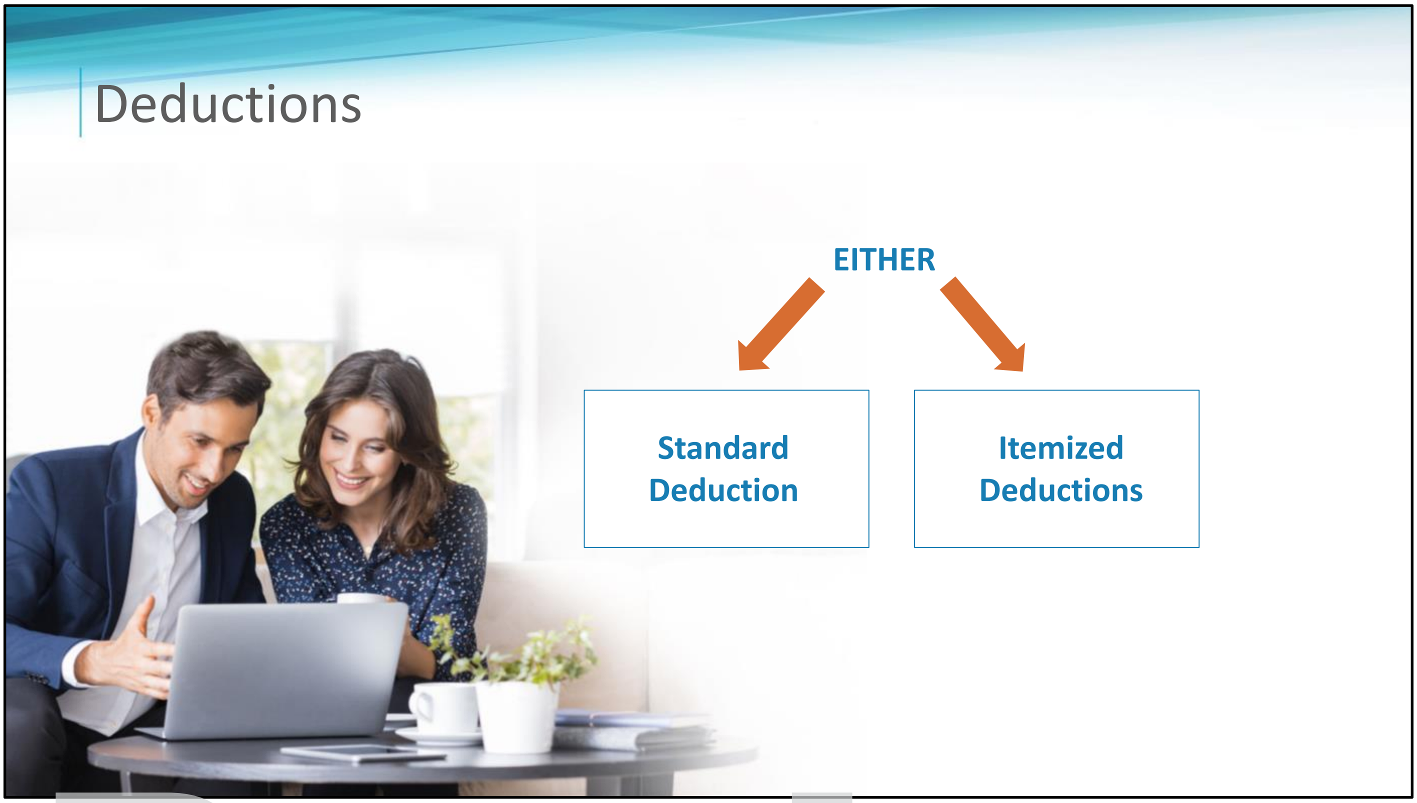
The lower marginal tax rates could lower the tax burden for a vast majority of households. The Tax Policy Center projected that about two-thirds of households would receive a tax cut for 2018, and about 6 percent would pay more. Even so, because many people did not adjust their employer withholding in 2018 to reflect changes in the tax law, they might have received a smaller refund than expected, or could conceivably have owed taxes.

The special tax rates that apply to long-term capital gains and the 3.8% net investment income tax were largely unchanged.

And finally, the alternative minimum tax is still a factor, but its reach has been significantly narrowed.

Now let's spend a little time talking about changes to deductions.

Source: *The Wall Street Journal*, February 8, 2019

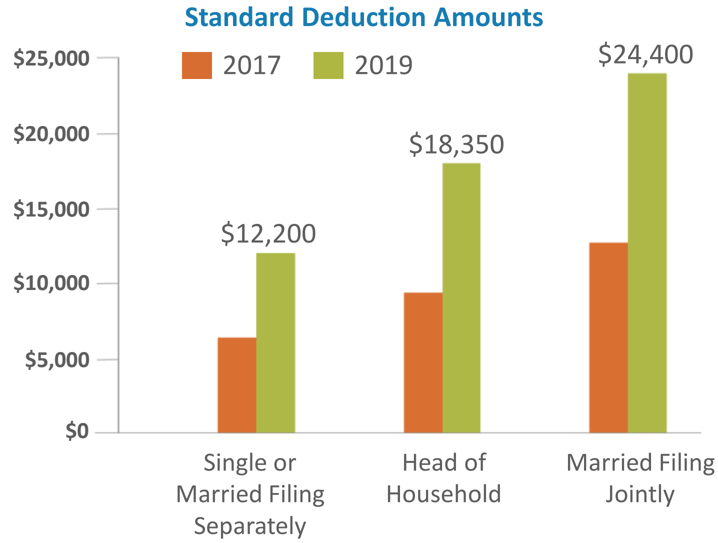


When you calculate your federal income tax, you generally have a choice between taking the standard deduction — a fixed dollar amount that's based primarily on your filing status — or actually itemizing allowable deductions on Schedule A of Form 1040.

Let's take a look at how the new legislation is likely to result in fewer households itemizing their deductions.

Standard Deduction and Personal Exemptions

- Standard deduction amounts nearly doubled
- Additional standard deduction amounts for those age 65+ and/or blind remain
- Deductions for personal exemptions ($4,050 in 2017) were eliminated



The legislation roughly doubled the 2017 standard deduction amounts and continues to allow additional standard deduction amounts for those who are blind and/or age 65 and older.

Significantly, though, the new tax law eliminated the deduction for personal exemptions — the amount you could previously deduct for yourself and potentially your spouse and your dependents. In 2017, the personal exemption amount was $4,050. Now it is zero.

Standard Deduction and Personal Exemptions

Married Couple

Married Couple in 2017

Standard deduction (married filing jointly)	$12,700
Personal exemptions ($4,050 x 2)	$ 8,100
TOTAL	**$20,800**

Married Couple in 2019

Standard deduction (married filing jointly)	$24,400
Personal exemptions	$0
TOTAL	**$24,400**

If you're single or married without children, the increase in the standard deduction more than makes up for the loss of personal exemption deductions. For example, in 2017, a married couple without children filing a joint return would have received a $12,700 standard deduction and two $4,050 personal exemption deductions, for a combined total of $20,800.

For 2019, that same couple will not be entitled to any deduction for personal exemptions, but the $24,400 standard deduction amount they are entitled to receive more than makes up for the lost exemption amounts.

Now let's look at an example of another couple with three children.

Standard Deduction and Personal Exemptions

Family of Five

Family of Five in 2017

Standard deduction (married filing jointly)	$12,700
Personal exemptions ($4,050 x 5)	$20,250
TOTAL	**$32,950**

Family of Five in 2019

Standard deduction (married filing jointly)	$24,400
Personal exemptions	$0
TOTAL	**$24,400**

In 2017, a married couple filing jointly with three children were entitled to a $12,700 standard deduction and five personal exemptions, for a combined total of $32,950.

This same family will receive a higher standard deduction ($24,400) in 2019, but they have lost five personal exemptions. The 2019 total comes out to $8,550 *less* than the combined 2017 amount.

However, for many households, an expanded child tax credit is going to offset dollars lost to the elimination of the personal exemption. We'll discuss this in a few minutes.

Itemized Deductions — The Good News

- Repealed limit on itemized deductions for higher-income filers
- AGI threshold for qualified medical and dental expenses
  - Lowered to 7.5% for 2017 and 2018 only
  - Returned to 10% in 2019
- Higher deductibility cap for charitable contributions

The alternative to taking the standard deduction is to itemize your deductions on Schedule A of IRS Form 1040.

First, the good news: The overall limit on itemized deductions that applied to higher-income filers (commonly known as the "Pease limitation") has been repealed.

Also, the legislation temporarily made it easier to claim qualifying medical expenses. That's because qualifying medical and dental expenses are generally deductible only to the extent that they exceed a percentage of adjusted gross income (AGI).

The AGI threshold for deducting unreimbursed medical expenses was retroactively reduced from 10% to 7.5% for tax years 2017 and 2018, but it returned to 10% for 2019 and thereafter.

Additionally, limitations on the deductibility of charitable gifts were relaxed, with the top deductibility percentage going from 50% to 60% of adjusted gross income for certain cash gifts.

Itemized Deductions — The Not-So-Good News

Elimination of:

- Miscellaneous itemized deductions
- Casualty and theft loss deduction

Unfortunately, when it comes to itemized deductions, there's more bad news than good news for many taxpayers.

Miscellaneous itemized deductions that would be subject to a 2% AGI floor are no longer allowed. This includes unreimbursed employee business expenses, tax preparation expenses, and investment expenses.

And the casualty and theft loss deduction was eliminated, except for casualty losses suffered in a federally declared disaster area.

Itemized Deductions

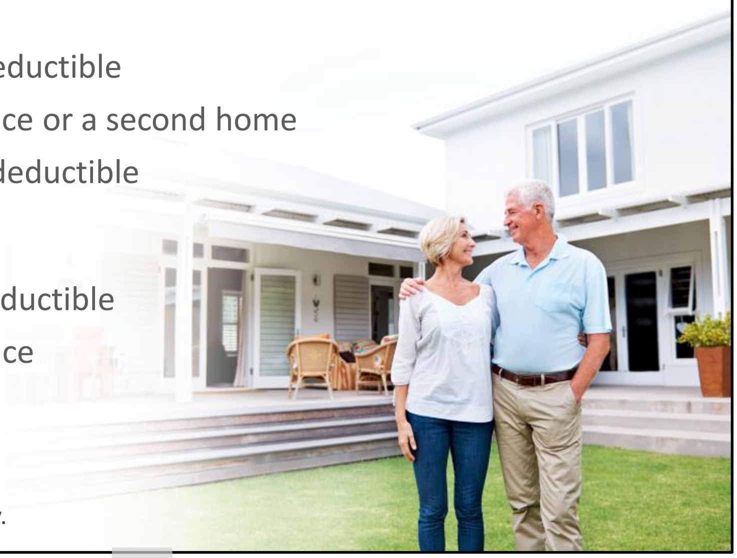
Home Mortgage Interest

Before Tax Cuts and Jobs Act

- Up to $1 million* in **acquisition debt** deductible
- Qualifying residence = principal residence or a second home
- Up to $100,000* in **home equity debt** deductible

After Tax Cuts and Jobs Act

- Up to $750,000* in **acquisition debt** deductible
- Qualifying residence = principal residence or a second home
- **Home equity debt** NOT deductible



* Half the amount for married couples filing separately.

Homeowners have long benefited from the ability to deduct home mortgage interest. This deduction has allowed households to deduct up to $1 million (half that for married couples filing separately) in **acquisition indebtedness** — debt used to buy, build, or substantially improve a principal residence or a second home.

Homeowners have also been able to deduct the interest on up to $100,000 ($50,000 if married filing separately) of home equity debt, regardless of how the loan proceeds were used.

The Tax Cuts and Jobs Act lowered the cap on deductible mortgage interest from $1 million to $750,000, although mortgages taken out on or before December 15, 2017, are grandfathered under the $1 million limit.

The new legislation also disallows the deduction for home equity debt, but it's worth spending a moment clarifying exactly what that means.

Itemized Deductions

Home Mortgage Interest

- **Home equity debt** is debt secured by qualifying residence that is not acquisition debt
- **Acquisition debt** is debt used to buy, build, or substantially improve a qualifying residence
- HELOC proceeds used to buy, build, or substantially improve a qualifying residence = *acquisition debt*

The new rules relating to the home mortgage interest deduction have generated some confusion, even among tax experts.

It's not uncommon to see summaries of the legislation that say "interest on home equity loans is no longer tax deductible." But that's not really correct.

Interest on home equity loans, or home equity lines of credit, is not automatically disallowed — only *home equity debt* is. That's an important distinction.

Let's use an example: You take out a home equity loan and use the proceeds to substantially improve your principal residence (for example, you finish your basement). Because you used the proceeds to substantially improve your residence, the debt should be considered *acquisition debt*, and the interest should be deductible, subject to the new $750,000 total cap on acquisition debt. If you use the home equity loan proceeds for something other than buying, building, or substantially improving a qualifying residence, the debt should be considered *home equity debt* and would not be deductible under the new rules.

Itemized Deductions

State and Local Taxes (SALT)

Before Tax Cuts and Jobs Act

- Individuals could claim an itemized deduction for state, local, and certain foreign taxes paid or accrued
- Individuals could elect to deduct state and local general sales tax in lieu of state and local income tax

After Tax Cuts and Jobs Act

- Individuals can claim **no more than $10,000*** for state, local, and certain foreign taxes paid or accrued
- Individuals can elect to deduct state and local general sales tax in lieu of state and local income tax (still subject to $10,000* total limit)
- Foreign real property tax may not be deducted

*$5,000 if married filing separately

If you live in a high-tax state, this provision could really hurt.

The Tax Cuts and Jobs Act set a new $10,000 annual cap on itemized deductions for state and local taxes paid (including property taxes).

Itemized Deductions

State and Local Taxes (SALT)

- High-tax states have promised litigation
- Proposed creative solutions
  - Charitable contributions in exchange for property tax credits
  - Payroll tax on employers in lieu of state income tax

Sources: "California Advances Tax Workaround," *The Wall Street Journal,* January 31, 2018; "N.Y. Governor's Protest of Federal Tax Law Faces Some Resistance," *The Wall Street Journal*, January 28, 2018

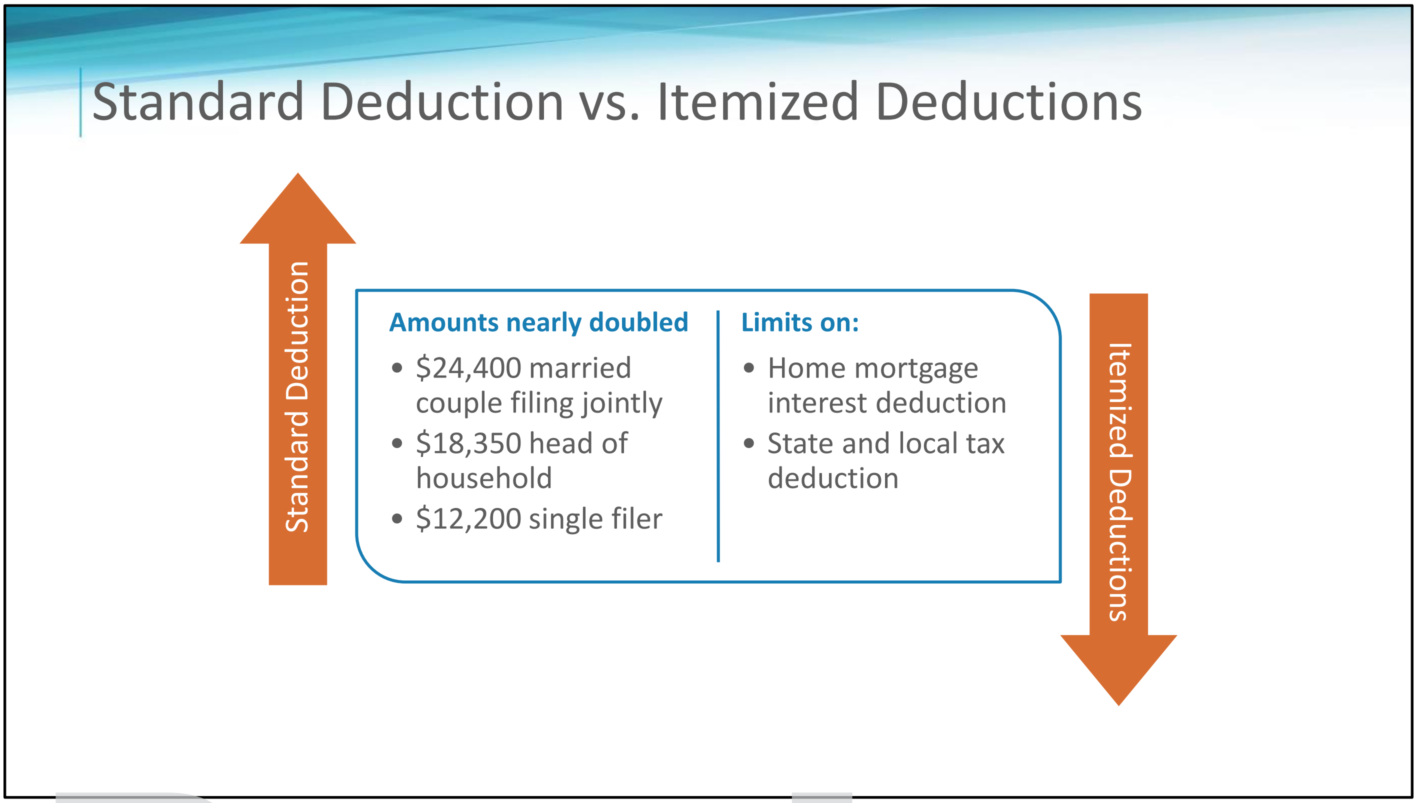
High-tax states like California and New York haven't accepted this quietly, however.

You might think these states wouldn't have much to say about federal tax law, and generally you would be right. But states are promising litigation, and several states have proposed some creative workarounds.

Some proposed solutions include allowing individuals to make charitable contributions to organizations formed by municipalities in return for property tax credits, and implementing new payroll taxes on employers in lieu of state income tax.

In response to the workaround efforts, the U.S. Treasury Department and the IRS issued proposed regulations in August 2018 with the purpose of challenging or eliminating the state efforts. They propose that all contributions claimed for purposes of the charitable deduction must be reduced by the amount of any corresponding credits received, which results in a workaround to be essentially worthless.

Sources: "California Advances Tax Workaround," *The Wall Street Journal,* January 31, 2018; "N.Y. Governor's Protest of Federal Tax Law Faces Some Resistance," *The Wall Street Journal*, January 28, 2018; Tax Foundation, August 23, 2018



Let's pause here again to consider the big picture.

With the standard deduction amounts nearly doubling for all filing statuses, and some key itemized deductions facing significant limitations, far fewer households are going to be itemizing deductions on Schedule A going forward.

Now let's highlight a few of the other significant changes made by the tax act.

Child Tax Credit

- Doubled from $1,000 to $2,000
- Maximum refundable credit is $1,400
- Lower earned income threshold for refundable portion of credit
- Income phaseout level significantly increased
- Social Security number must be provided for each qualifying child
- **New $500 nonrefundable credit** available for dependents who aren't qualifying children under age 17

Child tax credit begins to phase out when modified adjusted gross income exceeds these levels:		
Filing Status	**Before Act**	**After Act**
Single or Head of Household	$75,000	$200,000
Married Filing Jointly	$110,000	$400,000
Married Filing Separately	$55,000	$200,000

The child tax credit is available for each qualifying child under the age of 17. A portion of the credit may be refundable, which means if the credit exceeds tax liability, some or all of the excess can be refunded. The amount of the credit that is refundable depends in part on the amount of your earned income, and the credit phases out at higher income levels.

The Tax Cuts and Jobs Act expanded the credit by doubling the per-child amount from $1,000 to $2,000, and dramatically increased the income level at which the credit phases out.

It also eased up on refundability requirements. Now the credit is refundable up to 15% of earned income in excess of $2,500, up to a maximum of $1,400 per child.

Further, a Social Security number must be provided for each qualifying child.

The legislation also added a new $500 nonrefundable credit for dependents who aren't qualifying children under age 17. This could include a dependent child over age 17, a child under age 17 who otherwise qualifies but does not have a Social Security number, or an adult dependent.

Child Tax Credit Example: Family of Five

Family of Five in 2017

Standard deduction (married filing jointly)	$12,700
Personal exemptions ($4,050 x 5)	$20,250
TOTAL	**$32,950**

Family of Five in 2019

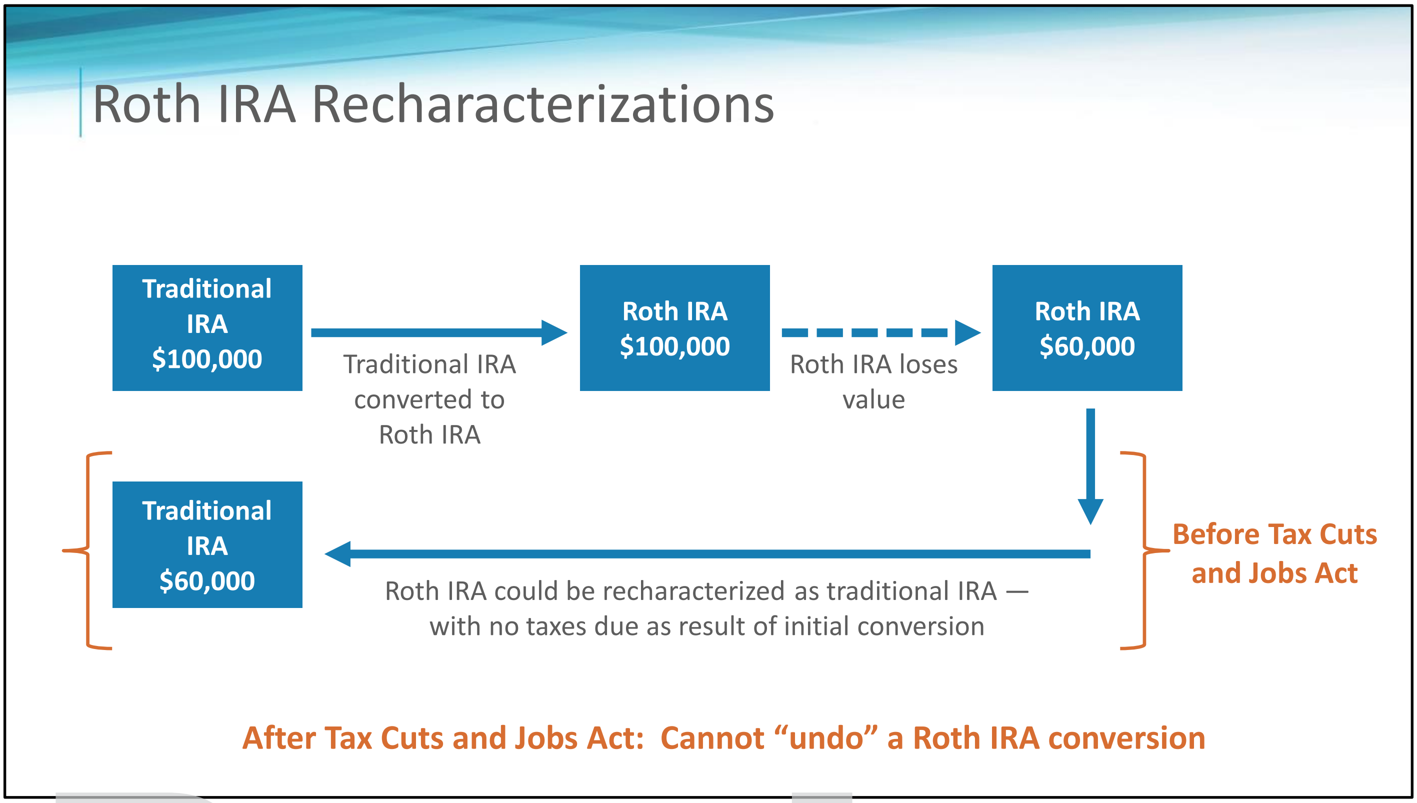
Standard deduction (married filing jointly)	$24,400
Personal exemptions	$0
TOTAL	**$24,400**

$1,000 increase in child tax credit	x 3 children = $3,000	
at 22% tax rate	$3,000 credit equivalent to $13,636 deduction	$13,636
		$38,036

Do you remember that family of five who were out about $8,550 in deductions because of the elimination of personal exemptions? Well, this is where things balance out somewhat.

If the family qualifies for the child tax credit for all three children in 2019, they'll receive an *additional* $1,000 child tax credit per child. That's because the maximum child tax credit was $1,000 in 2017 and now it's $2,000. And remember, a tax credit is a dollar-for-dollar reduction against tax, so it's more valuable than an equivalent deduction amount.

Assuming this family is in the new 22% marginal tax bracket, that $3,000 could actually be as valuable as a $13,636 deduction. So for this family of five, the increased child tax credit more than makes up for the loss of personal exemptions.



The tax legislation also closed a very popular planning option — the ability to recharacterize a Roth IRA conversion.

Let’s say you have a $100,000 traditional IRA and convert it to a Roth IRA. You’re going to have to pay tax on the conversion. Now let’s say that six months later, your Roth IRA is worth only $60,000, having lost 40% of its value. You’re faced with paying income tax based on the conversion date value of $100,000 even though the Roth IRA is now worth only $60,000.

Before the Tax Cuts and Jobs Act, you could “undo” or recharacterize the conversion. It was as if the conversion never took place. Using this example, you’d end up with a traditional IRA worth $60,000 and no income tax obligation. You couldn’t regain the value that was lost, but you could avoid paying the conversion tax.

The Tax Cuts and Jobs Act permanently eliminated this option. Now a recharacterization cannot be used to “undo” a Roth conversion.

However, you’re still able to recharacterize a regular Roth IRA *contribution* that you make during the year. And you can still *convert* a traditional IRA to a Roth IRA. You just can’t recharacterize a conversion from a traditional IRA to a Roth IRA.

As you may know, 529 plans are tax-advantaged state- or college-sponsored savings programs intended to help pay for college. Withdrawals from 529 savings plans are free of federal income tax when used to pay qualified higher-education expenses, including tuition, fees, room, and board. Nonqualified withdrawals may be subject to federal and state income taxes and a 10% federal income tax penalty.

The Tax Cuts and Jobs Act expanded the definition of a 529 plan “qualified education expense” to include tuition expenses associated with grades K–12. The new legislation allows annual withdrawals of up to $10,000 per student to pay tuition expenses in connection with enrollment at an elementary or secondary public, private, or religious school (excluding home schooling).

The new tax legislation also allows 529 account owners to roll over (transfer) funds from a 529 plan to an ABLE plan without federal tax consequences. ABLE plans are tax-advantaged accounts that can be used to save for disability-related expenses for individuals who become blind or disabled before age 26. This ability to transfer funds will expire at the end of 2025 unless a future Congress acts to extend the law’s provisions.

Before investing in a 529 plan or an ABLE plan, investors should carefully consider the investment objectives, risks, charges, and expenses. Specific information is available in each plan's official disclosure statement. Participating in a 529 plan or ABLE plan may involve investment risk, and there is no guarantee that any investing strategy will be successful. There is also the risk that plan investments may lose money or not perform well enough to cover college or disability-related costs as anticipated. As with other investments, there are generally fees and expenses associated with participation in a 529 plan. Before investing, consider whether your state offers residents favorable state tax benefits for participation in a 529 plan or ABLE plan, and whether those benefits are contingent on joining the in-state plan. Other state benefits for 529 plans may include financial aid, scholarship funds, and protection from creditors.

Other Changes Worth Noting

- The Affordable Care Act individual responsibility payment is repealed starting in 2019
- Federal estate and gift tax exclusion amount increased to $11.4 million in 2019*
- Alimony is not deductible by paying spouse (and not included in recipient's income) for divorces implemented after December 31, 2018
- Moving expense deduction for a job-related move has been suspended through 2025, except for members of the Armed Services on active duty

*The estate and gift tax exclusion amount is indexed annually for inflation. In 2026, it is scheduled to revert to its 2017 inflation-adjusted level.

There are a few other high-profile changes included in the new legislation that you may have already heard about.

The Affordable Care Act individual responsibility payment — the penalty for failing to have adequate health insurance coverage — has been permanently repealed starting in 2019.

Because the federal estate and gift tax lifetime exclusion amount was doubled for tax years 2018 through 2025, the number of individuals potentially subject to federal estate taxes has significantly narrowed. In 2019, the exclusion amount is $11.4 million ($22.8 million for some married couples), with inflation adjustments in the following years. After 2025, the individual exclusion is scheduled to return to its 2017 inflation-adjusted level.

Additionally, for divorce or separation agreements implemented after December 31, 2018, alimony and separate maintenance payments are no longer deductible by the paying spouse and are not included in the income of the recipient. This is a permanent change.

Through 2025, the moving expense deduction for a job-related move has been suspended, except for members of the Armed Services on active duty. Prior to enactment of the tax law, a taxpayer could claim a deduction for moving expenses incurred when starting a new job if the location was at least 50 miles farther from the taxpayer's residence than the former place of work.

Provisions Affecting Business Owners

- 21% flat corporate tax rate
- Elimination of the corporate alternative minimum tax
- Pass-through business income deduction
  - 20% of qualified business income
  - Full deduction for single filers with taxable incomes up to $160,700 in 2019
  - Full deduction for joint filers with taxable incomes up to $321,400 in 2019

Although this presentation focuses on individual tax changes, I'd like to mention some of the major business-related provisions contained in the legislation.

The centerpiece of the Tax Cuts and Jobs Act is a single, flat 21% corporate tax rate instead of a graduated corporate tax structure with four rate brackets (15%, 25%, 34%, and 35%), and the elimination of the corporate alternative minimum tax.

For tax years 2018 through 2025, a new deduction is available for individuals who receive business income from "pass-through" entities, such as partnerships, S corporations, and sole proprietorships. The new deduction is generally equal to 20% of qualified business income.

For 2019, individuals with taxable incomes up to $160,700, and married couples filing jointly with taxable incomes up to $321,400, should get the full benefit of the deduction. Those with higher taxable incomes may receive a partial deduction or no deduction at all depending on taxable income, the amount of W-2 wages paid by the company, and whether the business involves the performance of services in certain fields.

Provisions Affecting Business Owners

- First-year "bonus" depreciation
  - 100% through 2022
  - 80% in 2023
  - 60% in 2024
  - 40% in 2025
  - 20% in 2026
  - 0% in 2027
- Internal Revenue Code (IRC) Section 179 expensing
- Foreign income

The legislation also extended and expanded rules relating to additional first-year "bonus" depreciation. For qualified property acquired and placed in service after September 27, 2017, 100% of the property's adjusted basis can be deducted in the first year the property is placed in service. This first-year bonus depreciation amount for most qualified property falls to 80% in 2023, then 60% in 2024, 40% in 2025, and 20% in 2026, until it is eliminated altogether beginning in 2027.

Small businesses may elect under IRC Section 179 to expense the cost of qualified property, rather than recover such costs through depreciation deductions. The Tax Cuts and Jobs Act increased the maximum amount that can be expensed from $520,000 (prior to enactment of tax law) to $1.02 million for 2019, and increased the threshold at which the maximum deduction begins to phase out to $2.55 million.

And the legislation completely revamped the way foreign profits are taxed. Under the new system, qualifying dividends from foreign subsidiaries are exempt from U.S. tax (starting in 2018), but companies must pay a one-time U.S. tax on prior-year foreign earnings that have accumulated in foreign subsidiaries since 1986. After the one-time deemed repatriation payment is made, foreign earnings can be brought back to the United States with no additional tax liability.

Where Do You Go from Here?

- Talk to a qualified tax professional about your individual tax situation
- Work with us on your overall financial situation
- Schedule a complimentary consultation

We've covered a lot of information, and I'm sure you have a lot to think about.

So, where do you go from here?

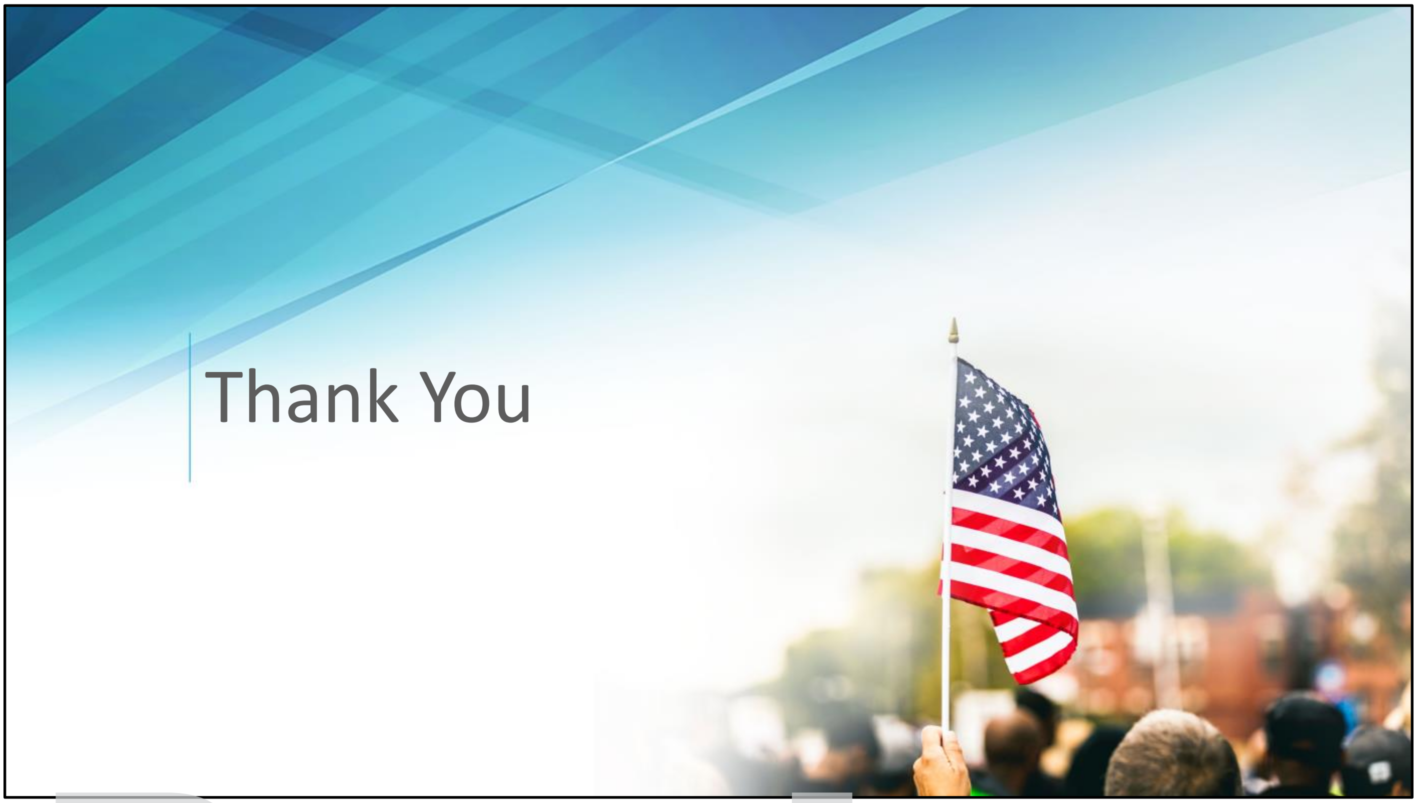
I want to emphasize again that you should talk to a qualified tax professional about your own specific tax situation. He or she can explain how all the changes we've discussed will affect you and offer planning suggestions. I can recommend a tax professional if you would like.

I'd also be more than happy to talk to you about your overall financial situation, and to work together with your tax professional to make sure your financial plan is aligned with your goals.

That's why we're offering a complimentary consultation to everyone here. This is a no-cost, no-obligation, one-on-one meeting held in our office. We can use that time to answer any specific questions you may have regarding your personal financial situation.

(Note to presenter: If you want participants to use the response card to request a complimentary consultation, mention that they should fill it out before they leave.)

We're interested in developing a working relationships with many of you. We hope today is the first step in that ongoing relationship.



Thank you for coming to our special presentation.

(Note to presenter: Instruct attendees to shake your hand, meet with support staff at the back of the room, or call your office to set up a complimentary consultation.)

Thank you again.