



What do New Tax Law Changes Mean to You?

by Philip Herzberg, CFP®

Congress raced forward last December to deliver the most significant overhaul of the U.S. tax code in three decades with the passage of the Tax Cuts & Jobs Act (TCJA). While virtually all taxpayers are impacted by the changes in the tax reform legislation, the bill won't affect your taxes for 2017 (the one you file in 2018).

The big picture is that the new rules lower tax bills for most households but they do not simplify the tax code. Fear not, our LFG Advisors are here to help you make the best choices for you and your families. Here is what you need to know about these changes and what they mean for you:

- ◆ **Personal Tax Rates and Brackets:** The tax code beginning in 2018 maintains seven income tax brackets but adjusts the tax rates and income levels, including lowering the top rate from 39.6% to 37%. The law keeps the current preferential rates for long-term capital gains and qualified dividend income but redefines the income levels for those rates based on specific dollar amounts, rather than adjusting them to the new income tax brackets. Also, the law maintains the 3.8% Medicare tax on the net investment income of taxpayers with a modified adjusted gross income of over \$250,000 for married couples or \$200,000 for individuals.
- ◆ **Standard Deduction and Personal Exemption:** For most of you, the overhaul's most sweeping changes are the near-doubling of the standard deduction and the repeal of the personal exemption. The standard deduction is the amount filers can subtract from income if you don't break out deductions for mortgage interest, charitable contributions, state and local taxes, and other items on Schedule A. Listing these deductions is called "itemizing."
- ◆ **More Deductions:** Three changes to itemized deductions affect many of you that may increase the amount of itemized deductions, which *(continued on page 3)*

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- * What Does Creating a Wardrobe have in Common with Investing?
- * Financial Strategies – How do I Maximize what I'm Earning and Keep it for Retirement?
- * How to financially prepare your daughter/son for college

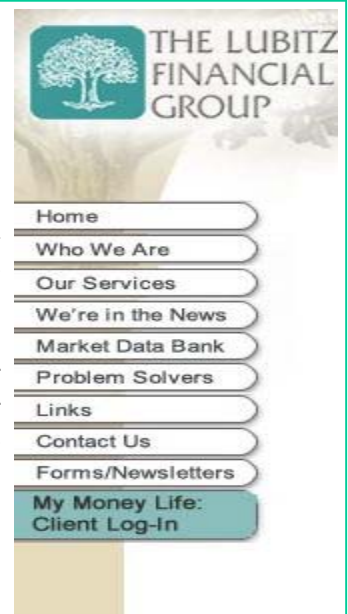
Our advisors and professionals are dedicated to financial education. Some presentations can also be delivered in Spanish. Let us know if you'd like to know more. Nancy Mele 305 670 4440 ** NancyM@LubitzFinancial.com

My Money Life

We told you an **Interactive "How-To" would be coming to our Client Portal** and it's here!

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AROUND THE OFFICE

In the News ... Phil authored February/March Jewish Community Foundation Chai Care Newsletter column, “Financial Planning for Your Aging Parents’ Needs.” You can read the article on our website (“In the News”) or by clicking [here](#). **Linda** was quoted in the Huffington Post on the topic of “How to Deal with Your Future Spouse’s Debt.”

Giving Back to the Community ... Linda continued her education for disaster survivors, first after Hurricane Andrew and now with a seminar for the survivors of the Napa fires. She was asked by United Policy Holders, a not-for-profit to aid the community. **Phil** chaired the Estate Planning Symposium (**Linda** and **Phil** attended), which is the largest one day estate planning program in Florida. **The Lubitz Financial Group** proudly donated their Estate Planning Symposium sponsorship to a charity, Miami Jewish Health Systems. **The Lubitz Financial Group** proudly sponsored The Cystic Fibrosis Gold Coast Guild at their Spring Luncheon and Fashion Show.



Furthering the Profession ... Phil served as a panelist in the following presentation –United Way of Miami-Dade Professional Advisors Seminar on "The Changing Landscape of Charitable Giving: How the New Tax Law Will Affect Your Clients and the Non-Profit Organizations They Support."



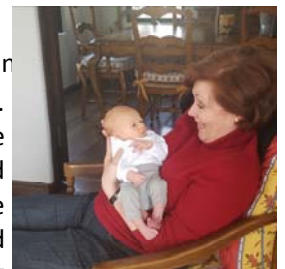
Education ... Both Jorge and Josh attended the T3 Tech Tools for Advisors Conference early February in Ft. Lauderdale. The conference hosts many exhibitors with the latest technology for advisor use. **Phil** attended both the January 18th and the February 15th Estate Planning Council of Greater Miami Dinner Events. January presentations included, “Highlights of the Tax Cuts and Jobs Act,” “Business Valuation,” and “Tales from The

Dark Side – How the Language Options in ‘Boilerplate’ Clauses Impact Taxation and Trust Administration”; February included “Legal Ethics & Technology for the Trust & Estate Lawyer: Digital Devices, Confidentiality Concerns & Trust Accounting” and “Who Watches the Watchman? Exploring the Role of Trust Protectors in Domestic Trusts.” **Phil** also attended the January 29th Financial Planning Association of Miami Dinner Event – “CyberSecurity Update” and “Asset Manager to Income Manager.” Both **Nancy** and **Phil** attended the February 27th Joint FPA Miami/CFA Society Miami Dinner Event , “What Advisors Should be Discussing with Clients Post Tax Reform” and “The Future of Investment Management Fees.” In January, **Josh** attended the “Inside ETFs” conference where he explored the new developments and thoughts for adding these investments to our portfolios. **Nancy** attended the National Compliance Services Re-gional Summit which focused on compliance within social media platforms.

Family & Personal Matters ... Jorge continues to help others get fit and healthy as a trainer of Kenzai, an online fitness program. Can you believe **Josh’s** daughter turned 1 year old in February? Neither can

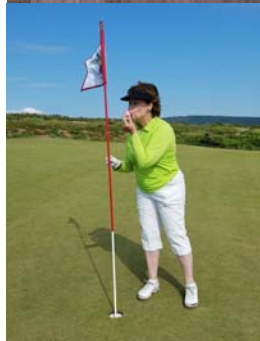


we! She had a wonderful party with family and close friends in Central Florida. We hear the cake was a big hit! **Linda’s** granddaughter, Brooklyn Boone, made her debut on December 20th, a healthy and beautiful baby girl. Parents and grandparents are all doing well, although grandparents are getting a lot more sleep! Norm’s daughter, Nani, is getting married over Memorial Day weekend in Palm Springs, CA and a weekend trip with the family for the wedding tasting was held. It’s going to be a very trendy event! **Linda** got a new set of golf clubs and broke 100 for the first time! Hasn’t happened since then, but hope springs eternal!



Exotic Travel ... Jorge and his wife, Ana, took a quick getaway to Vero Beach to celebrate their anniversary.

Office Happenings ... Our Annual Holiday Hap-pening ... a fabulous luncheon at the Biltmore Hotel in Coral Gables didn’t make our December newsletter. We always enjoy a delicious lunch together while we laugh till tears fall ... this year we showed our competitive spirit, “guessing” what was stuffed in a Christmas stocking!



New Tax Laws ... *(continued from page 1)*

may lower taxable income. First, taxpayers who claim medical expenses can deduct unreimbursed expenses to the extent that they exceed 7.5% of Adjusted Gross Income (AGI) instead of those expenses that exceeded 10% of AGI. This provision only applies up to tax year 2019, but it is also one of the few retroactive provisions in the new law. Second, those of you who are IRA owners over the age of 70 ½ will be better off donating directly from their IRA rather than writing a check from your brokerage account to make a charitable contribution. This direct donation always results in a 100% tax deduction from gross income. The third helpful change is the elimination of the “Pease Limitation,” which previously reduced the amount of itemized deductions for higher income earners who had an AGI above a certain threshold.

- ◆ **Fewer Deductions:** On the other hand, three changes affect many of you that may decrease the amount of itemized deductions, which may increase income. First, the amount of state and local income taxes (dubbed SALT) that can be itemized is capped at \$10,000. This SALT limit applies to the sum total of all these taxes and includes state income taxes, sales taxes, and property taxes. Second, some items that were deductible as miscellaneous itemized deductions are no longer deductible. These include tax preparation fees, unreimbursed employee business expenses, and our investment advisory fees. Third, interest paid on a mortgage is only deductible for the first \$750,000 of the mortgage. The limit used to be \$1,000,000. Existing mortgages larger than \$750,000 are grandfathered and not affected. Be mindful that the debt must exist for “acquisition debt” used to “acquire, build, or substantially improve” a primary residence. You cannot use a home equity loan to pay off credit cards or to buy a car and deduct the interest.
- ◆ **Withholding:** Have you noticed a bigger paycheck since February at work? The IRS has adjusted the new withholding tables to reflect the larger standard deduction, new tax rates, and repeal of personal exemption. But, these tables don’t factor in other important tax changes, such as the expanded child credit or the new limits on deductions for state and local taxes. To adjust for your individual circumstances and prevent an unwelcome surprise of under withholding, you should refigure paycheck withholding with the new IRS calculator online and fill out a new W-4 withholding form. **This is also a GREAT opportunity to increase your retirement or regular savings with this extra money you could be getting each month. It’s a painless way to save.**

Most of the provisions that apply to individuals and families lapse after year 2025. This includes all the notable changes above as well as the doubling of the estate tax and gift tax exemption to \$11.2 million per person.

Finally, the new tax law expands 529 College Savings Plans to include tax-free distributions of up to \$10,000 per year per student to pay for K-12 expenses. Previously, 529 Plans offered tax-free earnings growth and tax-free withdrawals only for college expenses.

5 Little Known Heart Attack Risks

So, you’re watching what you eat and monitoring your cholesterol to head off a potentially deadly heart attack or stroke. That’s important. But doctors say you should also be aware of these other, lesser-known risk factors for heart disease.

- ◆ CHIP (clonal hematopoiesis of indeterminate potential): a mutation of bone marrow stem cells that increase your chances of dying from a heart attack or stroke by 40-50%. This condition is normally found through genetic testing and although it isn’t directly treatable at this time, it is helping cardiologists understand why patients with no other known risk factors have heart attacks or strokes.
- ◆ The “other” LDL: You can be tested for high levels of a particle called lipoprotein(a) which attaches to your bad cholesterol and creates the plaque that clogs arteries.
- ◆ Sugar: Move over, saturated fat! Eating a lot of sugary foods or drinking a lot of soda increases the risk of diabetes and that’s an important risk factor for heart disease.
- ◆ Stopping aspirin therapy: Getting off the aspirin you were taking to help prevent cardiovascular problems can increase your risk for a heart attack (37% more likely than those who continued the regimen).
- ◆ The flu: The week after you’ve had the flu, you are 6 times more likely to have a heart attack. The connection between the virus and any cardiovascular event is likely increased inflammation.

Excerpts from AARP Feb newsletter

2018 - A Year of Organizing

Are you following the tips to organize your home featured in last quarter’s newsletter? There’s still time! January was “clean out your clothes closet.” Here’s how I did it ... 31 days/31 items. I pulled out 1 item each day! *You can do this!*

Nancy Mele

We welcome the opportunity to help you, your family and friends achieve peace of mind related to wealth and life transition planning.

305-670-4440
www.LubitzFinancial.com
Miami, Florida 33156
9350 S. Dixie Hwy., Suite 1500
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An Artist Among Us

TROPICAL BOTANIC ARTISTS PRESENT "TROPICAL MADNESS"
March 1-30 at The Wirtz Gallery in South Miami
Exhibition: Tropical Madness, March 1–30, 2018
Original works of botanical art at The Wirtz Gallery, South Miami
When: March 1– 30, 2018
Where: The Wirtz Gallery, First National Bank of South Miami
5750 Sunset Drive, South Miami, FL 33143
Hours: Monday-Thursday 9 a.m.–4 p.m., Friday 9 a.m.–6 p.m. * Free * Contact: 305-667-5511 (bank)



The 44 colorful, scientifically-accurate works in Tropical Madness are executed in watercolor or colored pencil, some with added gouache or pen and ink. Tropical Botanic Artists is a collective of local artists established in Miami in 2006 to pursue the beauty of tropical flora and fauna through art.
www.tropicalbotanicartists.com

Artists in the exhibition are: Margie Bauer, Kristi Bettendorf, Beverly Borland, Silvia Bota, Marie Chaney, Susan Cumins, Jeanie Daniel Duck, Julio J. Figueroa, Pauline Goldsmith, Leo Hernandez, Elsa Nadal, Carol Onstad, Laurie Richardson, Donna Torres, and Jedda Wong.

Photos: Susan Cumins (artist) and Phil Herzberg; Susan's Florida bitterbush, a native plant.