December 5, 2017

INTRUST ADVISORS

TAX PLANNING ALERT

I spent some time over the weekend reading through Congress' two versions (House and Senate) of the recently passed tax Bills trying to make heads or tails out of it for our clients.

Both Bills are similar in that they lower tax rates for most taxpayers and they simplify some filing provisions. **However, they also take away some deductions in the name of simplification and in the Senate version the individual provisions sunset in 2025.**

Being the geek I am I applied the Senate version of the bill (see more on its specific provisions for both Bills on our Facebook page) and it looks like I personally could save a whopping $300 based on my expected 2017 income. **My estimated tax savings is well below the $2,200 that is being touted by the media.**

I do not tell you this to cry sour grapes, but to give you some frame of reference for what you could save when both bills are reconciled and it is signed by the President. **The final bill is also likely to be slightly different.**

However, what I did see were two planning opportunities, one requires your immediate attention assuming it fits your circumstances.

PLANNING OPPORTUNITY #1

Both versions of the tax bill introduce a Standard Deduction of $24,000 (up from $12,700 in 2017) for persons filing as married filing jointly. This seems like quite an increase until you realize they are taking away your Personal Exemptions of $4,050 per person (2017 exemption).

For a family of four, like mine, that means they cut my combined Standard Deduction and Personal Exemption by $4,900 (a nice sleight of hand)!

Not only that, but more importantly, they raised the bar significantly for me to claim any itemized deductions. I must now clear a $24,000 bar vs. $12,700 Standard Deduction for my 2017 return.

I won't even go into how they limited some itemized deductions in one version or the other!

The point is here being that if you are a typical

middle-class family and itemized in past years, you may not be able to in future years.

Well thankfully I do have a solution for at least the charitable piece of this puzzle!

My solution is simple!

Give it way this year what you plan to give next year to a donor advised fund or charitable gift fund, take the deduction in 2017 (double up essentially) and then give it out in 2018 when you aren't going to be able to use the deduction anyways.

When I did the math, I figured in my case I would be able to save $1,500 to $2,000 in taxes by doing this charitable strategy in 2017 versus waiting to gift in 2018.

Rather than waste a bunch of time on what are charitable gift or donor advised funds, if you have historically been very charitable call me to discuss this further.

PLANNING OPPORTUNITY #2

The second potential planning opportunity is also charitable related and only applies to those over the age of 70 1/2 years of age who own a tax deferred IRA.

Here the opportunity is to give starting in 2018 directly from your IRA to a qualified charity. By doing so, you forgo taxation on the distribution and it counts towards your annual Required Minimum Distribution.

Since most of us will not have enough itemized deductions to get over the new $24,000 Standard Deduction outlined in both versions of the tax Bill, you might as well not be taxed on required distributions from your IRA in accomplishing your charitable goals!

Of course, in each case, you should consult your tax professional to make sure these planning opportunities are right for you and fit your specific goals and circumstances.

<u>Important Disclosures:</u>

Please consult your tax advisor before implementing any of the suggestions outlined in this Alert. This Alert is just for educational purposes only and is not meant to be relied upon nor is it meant to fit your specific facts and circumstances.