[VINTAGE] FINANCIAL SERVICES, LLC

On the [MONEY]

Registered Investment Advisor | www.VintageFS.com | Spring 2018 Vol. XXXIV No. I

From the Grapevine...

Congratulations to John Owens for earning the Enrolled Agent (EA) designation offered by the IRS. John passed three exams last year to achieve the highly respected, though little known, designation in taxes. John joins our tax team that includes Todd Perry, CIMA, CFP, Jim Burns, CFP, CPA, and Jack McCloskey, MS, CFP, RTRP (Registered Tax Return Preparer, another less rigorous designation from the IRS).

Please join us on March 15th for our third annual event at the Ann Arbor Art Center. Vintage is the sponsor of the 117 Gallery on the second floor of the center and we'll have drinks, appetizers and some great art. You can learn more and RSVP by contacting our office.

Vintage continues to grow and we're looking to hire another new associate advisor in the next few months. If you know someone with a bachelor's degree in a field related to financial planning that may be interested, have them contact us.

FRANK NAMED A TOP ADVISOR

Frank Moore, our founder and Chief Investment Officer, was recently named by another national publication as one of the top financial advisors in the country. *Forbes* did their first Best-in-State Wealth Advisors ranking of financial advisors and Frank was ranked #10 in Michigan, the only advisor on the list from Washtenaw County.

A few other publications have named Frank or Vintage on their "Top Advisor" or similar lists. Last March, Frank was named by *Barron's* magazine as one of the "Top 1,200 Advisors" in the country. There were just 30 from Michigan to make that prestigious annual list and Frank was again the only advisor from Washtenaw County. That list also ran in Barron's sister publication, the *Wall Street Journal*.

Vintage was recognized by *Financial Times*, a London based financial newspaper with a US publication, to the FT 300 last June. That annual list named the top 300 Registered Investment Advisory firms in the country from their criteria which included assets under management, growth rate, credentials and more.

Vintage has also received awards or been ranked nationally by other publications including *Investment News*, *Financial Advisor* magazine, and *Bloomberg Wealth Manager* magazine. Each publication has their own criteria which won't fit here, but you can find it on the disclosure page on our website at www.VintageFS.com/disclosure. We've never paid to be on any lists.

NEW TAX STRATEGIES

The new tax laws that took effect on January 1 are the most significant changes in over 30 years. While most Americans are beginning to enjoy the tax cuts with an increase in their net paychecks, there are opportunities to enhance your tax savings with some new strategies.

ITEMIZED DEDUCTIONS

One of the most significant changes to the tax law was the dramatic increase in the standard deduction. For married taxpayers filing jointly, the standard deduction increased from $12,700 in 2017 to $24,000 for 2018. Concurrently, many items that were deductible are now limited or not deductible at all. The result is that most taxpayers that itemized their taxes for 2017 will not need to itemize beginning in 2018, thus reducing the documents and complexity of their tax return. But the new law also offers some new ways to save even more.

Let's look at a couple with joint income of $180,000 that itemized their taxes in 2017 with the following deductions:

$10,000 mortgage interest
$2,500 home equity line interest
$7,000 state income taxes
$6,500 property taxes
$2,500 charitable contributions
Total deductions: $28,500

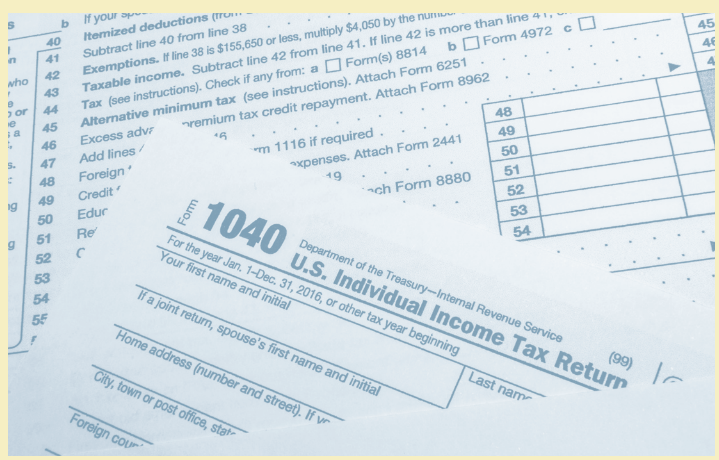
For 2018, assuming the same figures, this couple would not itemize. The home equity line interest would no longer be deductible and their state plus property taxes exceed the cap of $10,000 so those would not be fully deductible. The result is that their new deductions would come to $22,500, which is less than the new standard deduction of $24,000.

The tax savings opportunity comes in by shifting some deductions. Let's assume that their winter property tax bill is $3,000 and that $2,000 of their state income taxes is paid via quarterly estimates instead of through paycheck withholding. The $2,500 in charitable contributions, at least $500 of the state estimates and the winter tax bill could be paid in December, 2018 or in early 2019. For 2018, they might take the standard deduction, but push those deductible expenses into 2019 and then accelerate the same payments into December, 2019 thus doubling the $6,000 in shift-able deductions. Instead of $22,500 each year they would have $16,500 in 2018 and $28,500 in 2019. In 2018, they would take the higher $24,000 standard deduction and not itemize, but in 2019 could itemize with $28,500 in deductions.

By itemizing in 2019 they could have an additional $4,500 in deductions, which in their new 22% federal income tax bracket would save them an additional $990 in taxes.

Another way to shift deductions is to use a Donor Advised Fund for charitable contributions. See the article on the next page for how these can work in conjunction with shifting deductions.

This is just one of many strategies to take advantage of the new tax laws. If your tax preparer doesn't offer you this kind of proactive planning or you do your taxes yourself, you'll want to consult an advisor that can help you navigate the new law. At Vintage, we offer this kind of strategic tax advice to our clients throughout the year.



DONOR ADVISED FUNDS

The "New Tax Strategies" article on the opposite page outlines how taxpayers can bunch their deductions into a tax year in order to get enough deductions to itemize. Donor advised funds will become an important vehicle to implement these strategies for many people that are charitably inclined.

Most people opt to do their charitable giving on an ongoing basis while some set up large foundations that may pay out income to charities for decades to come. Foundations require legal set up costs, annual tax filings and other expenses that make them impractical for most donors.

A donor advised fund is an account set up for charitable giving, typically over a period of years. It allows you to take a deduction in one year for donations that may be made over several years. With the tax law changes, it can help ensure that your charitable donations are tax deductible.

In addition to cash, you can contribute appreciated securities like stock or mutual fund shares and avoid the capital gains tax, yet still deduct the full value of the contribution. The fund can be invested to generate gains that grow tax free and can provide additional support to your charities of choice.

Donor advised funds are offered by many investment firms including Fidelity, Schwab and Raymond James. At Vintage, we're happy to help our clients determine if these funds make sense from a tax standpoint and then recommend a provider that fits with their objectives. There's typically no fee for our help in this area. It offers us a way to give back to worthy charitable organizations and help our client's donations go further.

WHAT'S A CLEAN MUTUAL FUND SHARE CLASS?

One of the new developments in the past year or so is the introduction of "clean" shares of mutual funds. Mutual funds can have front end loads (sales commissions), back end loads, 12(b)1 fees, management fees, administrative fees and other costs. These are spelled out pretty clearly in the fund prospectuses but it can be pretty confusing as to where the money goes.

At Vintage, we use funds that have no front or back end loads (no load funds) and that also have no 12(b)1 fees, some that can be as high as 1% per year. Funds without these costs are typically referred to as institutional shares and they usually require that we have $1 million or more of our client funds invested. While many mutual fund companies have had institutional shares available for over a decade, a new lower cost share class referred to as "clean" shares have started to come out from some firms in recent months.

While institutional shares exclude any loads or 12(b)1 fees, their expenses do include some "sub-transfer agency fees" that are paid to custodians like Raymond James and Schwab. These sub-TA fees help cover the cost of the custodian splitting out one huge position in a mutual fund among thousands or more individual customer accounts and also providing the tax reporting.

One of the benefits of working with a large RIA firm like Vintage is that we don't share in the higher costs built into many funds so we can seek out the lowest cost options for our clients. At this point, most all of the funds that we recommend are available to our clients in these very low cost, clean share classes.

VINTAGE FINANCIAL SERVICES OFFERS

Fee only investment management, financial planning, and tax preparation.
Minimum portfolio $500,000 (401(k) balance may count toward minimum).

For a no charge, no obligation initial interview please call our office at (734) 668-4040 or (800) 666-9237 or e-mail:
Succeed@VintageFS.com
Or visit our website at www.VintageFS.com

- Retirement Planning
- Education Funding
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Plan to succeed.

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INSIDE THIS ISSUE: