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THE TAX BILL IS COMPLETE. Here's what is in it.

The Washington Post

Heather Long

Republicans were joyful Friday as they finalized their tax plan, bridging differences between the House and Senate bills and moving another step closer to getting legislation to President Trump by Christmas.

They also appear to have locked down the votes they need to pass the measure through the House and Senate after Sens. Marco Rubio (R-Fla.) and Bob Corker (R-Tenn.) pledged their support.

Overall, the Tax Cuts and Jobs Act represents the largest one-time reduction in the corporate tax rate in U.S. history, from 35 percent down to 21 percent. The bill also lowers taxes for the vast majority of Americans, as well as small-business owners — at least until the cuts expire after eight years.

Last-minute changes to the GOP's big plan give a larger tax break to the wealthy and preserves certain tax savings for the middle class, including the student-loan interest deduction, the deduction for excessive medical expenses and the tax break for graduate students. A change made Friday morning to win over Rubio expands the child tax credit even further to give more money to working-class families.

What is changing

A new tax cut for the rich: The final plan lowers the top tax rate for top earners. Under current law, the highest rate is 39.6 percent for married couples earning over $470,700. The GOP bill would drop that to 37 percent and raise the threshold at which that top rate kicks in, to $500,000 for individuals and $600,000 for married couples. This amounts to a significant tax break for the very wealthy, a departure from repeated claims by Trump and his top officials that the bill would not benefit the rich. The new tax break for millionaires goes beyond what was in the original House and Senate bills, with Republicans seeking to ensure wealthy earners in states such as New York, Connecticut and California don't end up paying

substantially higher taxes as a result of the bill.

A massive tax cut for corporations: Starting on Jan. 1, 2018, big businesses' tax rate would fall from 35 percent to just 21 percent, the largest one-time rate cut in U.S. history for the nation's largest companies. The House and Senate bills originally had the big-business tax rate falling to 20 percent, but Republicans were not able to make the math work to keep the rate that low and start it right away in the new year, so they compromised by moving the rate to 21 percent. It still amounts to roughly a $1 trillion tax cut for businesses over the next decade. Republicans argue this will make the economy surge in the coming years, but most independent economists and Wall Street banks predict only a modest and short-lived boost to growth.

You can deduct just $10,000 in state, local and property taxes: One of the most controversial parts of the GOP tax plan is the push to greatly scale back how much state and local taxes Americans can deduct on their federal income taxes. Under current law, the state and local deduction (SALT) is unlimited. In the final GOP plan, people can deduct up to $10,000 (married couples are also limited to just $10,000). The House initially restricted the $10,000 deduction to just property taxes, but the final bill allows any state and local taxes to be deducted, whether for property, income or sales taxes. The move is widely viewed as a hit to blue states such as New York, Connecticut and California, and there are concerns it could cause property values to fall in high-tax cities and leave less money for public schools and road repairs.

Most Americans will pay less in taxes until 2026. The final plan lowers the tax rates for each income level and nearly doubles the standard deduction (while also scrapping the personal exemption). The result is that the vast majority of Americans will see their tax bills drop next year. Trump is fond of saying the "typical" family will save $2,000, but the reality is the amount will vary greatly depending up the size, location and circumstances of each family. The bill will also increase the number of Americans who owe nothing in taxes from 44 percent today to 47.5 percent after the plan tax effect on January 1, 2018. But all of the individual tax cuts are scheduled to go away after 2025. Republicans opted to make tax cuts for families

temporary and reductions for businesses permanent.

Working-class families get a bigger child tax credit: Thanks to a late push by Rubio and Sen. Mike Lee (R-Utah), the child tax credit would be more generous for low-income families and the working class. The current child tax credit is $1,000 per child. The House and Senate bills expanded the child tax credit, with the Senate going up to a maximum of $2,000 per child. The final bill keeps the $2,000-per-child credit (families making up to about $400,000 get to take the credit), but it also makes more of the tax credit refundable, meaning families that work but don't earn enough to actually owe any federal income taxes will get a large check back from the government. Benefits for those families were initially limited to about $1,100, but through changes Rubio and Lee pushed for, it's now up to $1,400.

The individual health insurance mandate goes away in 2019: Beginning in 2019, Americans would no longer be required by law to buy health insurance (or pay a penalty if they don't). The individual mandate is part of the Affordable Care Act, and removing it was a top priority for Trump and congressional Republicans. The final bill does not start the repeal until 2019, though. The Congressional Budget Office projects the change will increase insurance premiums and lead to 13 million fewer Americans with insurance in a decade, while also cutting government spending by more than $300 billion over that period. Some Republicans hope to make other changes to health care to prevent insurance costs from rising dramatically by the time the repeal kicks in.

You can pass your heirs up to $22 million tax-free: In the end, the estate tax (often called the "death tax" by opponents) would remain part of the U.S. tax code, but far fewer families will pay it. Under current law, Americans can pass on up to $5.5 million tax-free (that threshold is $11 million for married couples). The House wanted to do away with the estate tax entirely, but some senators felt that was too much of a giveaway to the mega-rich. The final compromise was to double the threshold, so now the first $11 million that people pass on to their heirs in property, stocks and other assets won't be taxed (and yes, that means $22 million for married couples).

"Pass through" companies get a 20 percent reduction: Most American

businesses are organized as "pass through" companies in which the income from the business is "passed through" to the business owner's individual tax return. S corporations, LLCs, partnerships and sole proprietorships are all examples of pass-through businesses. In the final GOP bill, the majority of these companies get to deduct 20 percent of their income tax-free, a large reduction that mirrors what was in the Senate bill. The changes, however, expire after 2025. The National Federation of Independent Business initially opposed the House version, arguing that it didn't do enough for small businesses. But the NFIB later endorsed the House and Senate plans. Service businesses such as law firms, doctor's offices and investment offices can take only the 20 percent deduction if they make up to $315,000 (for married couples).

No corporate "AMT" tax: The final GOP bill gets rid of the corporate alternative minimum tax, a big relief to the business community. The Senate included the corporate AMT in its version of the bill, but the House did not. The corporate AMT makes it difficult for businesses to reduce their tax bill much lower than 21 percent. CEOs complained that this was a backdoor tax that would make them less likely to build new plants, buy more equipment and invest in more research, since the corporate AMT made the tax credits for those investments essentially null and void.

Fewer families will have to pay the individual AMT: The AMT for individuals started in 1969 as a way to prevent rich families from using so many credits and loopholes to lower their tax bill to almost nothing. But what started out as a way to prevent the wealthiest Americans from tax dodging started to hit more and more families over time. Currently, the AMT kicks in fully for individuals earning over $120,700 and married couples earning over $160,900. Under the final Senate bill, that threshold is lifted to $500,000 for individuals and $1 million for married couples. (Some families in the $200,000 to $500,000 range will still have to pay AMT, but they will pay far less than they were before).

The mortgage interest deduction gets smaller: Under the current tax code, taxpayers can deduct any interest they pay on up to $1 million worth of mortgage loans. House Republicans tried to cap that

at $500,000 for new loans (existing mortgages are unaffected by the plan) but in the final version of their, Republicans have settled on a $750,000 cap.

The final bill costs $1.46 trillion: Republicans decided it would be all right to go into debt up to $1.5 trillion to fund the tax cut. In the end, they nearly hit that mark. The official estimate -- released Friday evening alongside the bill -- came in at $1.46 trillion.

What is NOT changing:

The bill keeps in place the **student loan deduction**, the **medical expense deduction** and the **graduate student tuition waivers.** The House bill got rid of these popular deductions, but the Senate bill kept them, and the final bill even makes the medical deduction a bit more generous for awhile (dropping the threshold to take the deduction from expenses over 10 percent of income to expenses over 7.5 percent of income for 2017 and 2018). After that, the medical deduction threshold reverts to 10 percent). In the end, Republicans decided it was better to allow millions of middle-class families to continue using these breaks if they qualify for them.

Retirement accounts such as 401(k) plans stay the same. No changes to the tax-free amounts people are allowed to put into 401(k)s, IRAs and Roth IRAs.

Churches, synagogues, mosques and other nonprofits (the **Johnson Amendment stays in place**) can't get political and endorse candidates in elections. Trump and conservative Republicans wanted to "totally destroy" (Trump's words) the Johnson Amendment, which has been in place since 1954 and prevents religious institutions and nonprofits from getting involved in elections via fundraising or endorsements. The House bill included a repeal of the Johnson Amendment, but Democrats were able to get the Senate parliamentarian to determine that including the repeal in the bill didn't comply with the rules of the Senate.

Heather Long is an economics correspondent. Prior to joining Wonkblog, she was a senior economics reporter at CNN and a columnist and deputy editor at The Patriot-News in Harrisburg, Pennsylvania

THE COST OF CAREGIVING: A sacrifice for the entire family

Millions of American's provide care for an aging or disabled parent. About 17 percent of adult children take care of their parents at some point in their lives, according to a report from the Center for Retirement Research at Boston College.

Once they become caregivers, adult children are likely to commit a substantial amount of time — about 77 hours on average each month — to looking after their relatives, the researchers found. For people who provide round-the-clock care, the commitment is even greater. In most states — with the exception of North Dakota — caregivers can be paid if the person they are looking after qualifies for Medicaid, said Kathleen Kelly, executive director of the Family Caregiver Alliance, a nonprofit that advocates for caregivers. The rules vary by state in terms of the health needs of the patient and who can provide care (most states do not allow spouses to participate). Although the programs can provide some

programs can provide families with some

financial relief, caregivers may still struggle financially without the other benefits they would earn at a traditional job — including health care, disability insurance and retirement plan contributions, Kelly said. Caregivers being paid through Medicaid programs typically earn the minimum wage, which may be just a fraction of what they earned in the past.

With advances in health care, many boomers are expected to live longer than their parents did. But living longer can also mean spending more years with chronic long-term ailments, such as dementia and other conditions requiring expensive care, researchers say. "People don't realize that maybe Mom and Dad planned for or had money to live 20 years, but now they're living to 95, and they've run out of money," said Gail Gibson Hunt, chief executive of the National Alliance for Caregiving, another nonprofit that advocates for caregivers. Financial experts say it may be easier to have conversations about how to cover living expenses and other bills before health conversations about how to cover living expenses and other bills before issues arise. But few families get around to it. More than one-third of parents said they haven't talked to their families about how they plan to cover living expenses and other bills once they retire, according to a 2016 survey of parents with adult children by Fidelity Investments.

Some people who anticipate that they may need to care for their aging parents should boost their savings, which may provide a cushion if they reach a point where they need to quit their jobs or work fewer hours, said Gal Wettstein, an economist for the Center for Retirement Research. Some adult children may also help their parents buy long-term care insurance https://www.washingtonpost.com/business/the-cost-of-caregiving-a-sacrifice-for-our-entire-family/2017/12/01/7d8c157e-d55d-11e7-a986-d0a9770d9a3e_story.html?utm_term=.8eda9969a1a2 for the complete story

A 12-POINT CHECKLIST FOR YEAR END PLANNING

12 smart planning moves to consider as tax reform looms

It's hard to believe, but another year is almost behind us. With January just around the corner, now is a great time to review various items you may want to consider as you get set to enter 2018. Many of the IRS publications referenced below are for tax year 2016. Changes are not anticipated when 2017 guides are published.

Before we get started, let me stress that it is my job to assist and help you! I can't overemphasize this, and I would be happy to review the options that are best suited to your situation. When it comes to tax matters, I recommend you check with your tax advisor.

Right off the bat, let's talk about what's on everyone's mind–tax reform.

Sweeping changes in the tax code were supposed to be enacted much earlier in the year, but Congress has been preoccupied with health care. Instead, changes appear to be in the pipeline for 2018.

Both the House and Senate have passed their respective versions of tax reform. The House and Senate will now convene a conference–a give-and-take session that is designed to craft a single bill that must then be approved by each chamber. Only then can the President sign the legislation, which will usher in a new tax code.

That said, how we file for tax year 2018 may differ from how we file for tax year 2017.

For example, will the alternative minimum tax (the AMT) be wiped from the tax code? Will Congress kill the estate tax?

Both the Senate and House proposals make few, if any, changes to retirement accounts, but we could see tweaks in a final bill.

Personally, I'm encouraged that the House and Senate have yet to materially alter the tax treatment for retirement accounts and the favorable treatment dividends and capital gains receive.

However, I should point out that the Senate bill changes the way we would account for capital gains, i.e., a first-in, first-out method to calculate gains when a stock is sold. That said, I'm reluctant to speculate how these key categories may emerge if tax reform is signed into law.

Investment and financial planning

Is it time to rebalance your portfolio? Changes in the market can cause your asset allocation to shift. As we head into the homestretch, we've witnessed strong gains in stocks this year, both domestic and international. Year-end is a great time to review your portfolio and make any necessary adjustments.

Typically, I would counsel that profits should be taken next year, pushing the tax burden into tax year 2018.

But I must caution that there is an outside possibility the final version that may land on the President's desk could produce changes in how capital gains are treated.

Review your income or portfolio strategy. Are you reaching a milestone in your life such as retirement or a change in your circumstances? Has your tolerance for taking risk changed? If so, this may be

just the right time to evaluate your approach.

However, let me caution about making changes based simply on market performance.

One of my goals has always been to remove the emotional component from the investment plan. You know, the one that encourages investors to load up on stocks when the market is soaring and to sell when stocks have taken a beating.

We know that markets rise and fall. I get that declines can be unnerving, I really do. Yet over the long term, markets rise much more than they fall.

While stocks have been on a record run, it's a good time for me to once again remind you that a disciplined approach that avoids emotional decisions has historically been the shortest path to reaching one's financial goals.
I know I've said this before, but it is a key principle for successful investing.

Take stock of changes in your life and review insurance and beneficiaries. Let's be sure you are adequately covered. At the same time, it's a good idea to update beneficiaries if the need has arisen.

Tax planning in the context of possible changes in the tax code

Tax loss deadline. You have until December 31, 2017 to harvest any tax losses and/or offset any capital gains. But be careful. There are distinctions between short- and long-term capital gains, and you must be aware of wash-sale rules (IRS Publication 550) that could disallow a capital loss.

This brings us to mutual funds and taxable distributions. This is a topic best discussed by using an example: If you buy a mutual fund on December 18 and it pays a dividend and capital gain December 20, you will be responsible for paying taxes on the entire distribution, even if the capital gains and dividends collected by the fund occurred throughout the entire year. Yet, following the distribution, the net asset value of the fund will fall by the amount of the payout. Put another way, your investment in the fund remains the same. It's a tax sting that's best avoided. Therefore, it is usually a good idea to wait until after the annual distribution to make the purchase.

Required minimum distributions (RMDs) generally are minimum amounts that a retirement plan account owner must withdraw annually starting with the year that he or she reaches 70½ years of age or, if later, the year in which he or she retires. However, if the retirement plan account is an IRA or the account owner is a 5% owner of the business sponsoring the retirement plan, the RMDs must begin once the account holder is age 70½, regardless of whether he or she is retired (IRS Retirement Plan and IRA Required Minimum Distributions FAQs).

The first payment can be delayed until April 1 of the year following the year in which you turn 70½. For all subsequent years, including the year in which you were paid the first RMD by April 1, you must take the RMD by December 31 of that year.

The RMD rules also apply to 401(k), profit-sharing, 403(b), 457(b) or other defined contribution plans as well as SEP IRAs and Simple IRAs.

Don't miss the deadline or you could be subject to steep penalties!

Contribute to a Roth IRA. A Roth gives you the potential to earn tax-free growth (not

just deferred tax-free growth) and allows for federal tax-free withdrawals if certain requirements are met. There are income limits, but if you qualify, you may contribute $5,500, or $6,500 if you are 50 or older (IRS Retirement Topics–IRA Contribution Limits).

If you satisfy the requirements, qualified distributions are tax-free. You can make contributions to your Roth IRA after you reach age 70½ and there are no requirements to take mandatory distributions. You may also be eligible to contribute to a traditional IRA, and contributions may be fully or partially deductible, depending on your circumstances. The same contribution limit that applies to a Roth IRA also applies to traditional IRAs. Total contributions for both accounts cannot exceed the prescribed limit.

You can make 2017 IRA contributions until April 17, 2018 (Note: statewide holidays can impact final date).

Consider converting a traditional IRA to a Roth IRA. There are a number of items you may want to consider, including current and future tax rates as well as the potential for tax reform, but if the situation is right, it can be advantageous to convert to a Roth IRA.

College savings. Tax reform looms large over college savings accounts. A limited option, called the Coverdell Savings account (IRS Publication 970) gets the ax in the House bill. The Senate bill maintains the status quo, according to the Senate Finance Committee document, "Tax Cut and Jobs Act and College Access."

Currently, total contributions for a beneficiary cannot exceed $2,000 in any year. Any individual (including the designated beneficiary) can contribute to a Coverdell ESA if the individual's modified adjusted gross income for the year is less than $110,000. For individuals filing joint returns, the amount is $220,000. Contribution limitsget phased out after hitting the respective limits.

If reform passes, the House proposes that Coverdell Savings Accounts be converted into 529 plans. A 529 plan allows for much higher contribution limits, and earnings are not subject to federal tax when used for the qualified education expenses of the designated beneficiary. Contributions, however, are not deductible.

Achieving a Better Life Experience (ABLE) account. This is a savings account for individuals with disabilities and their families. For 2017, you can contribute up to $14,000. Distributions are tax free if used to pay the beneficiary's qualified disability expenses, which may include some education expenses (IRS Publication 907, Fidelity—ABLE).

Charitable giving. Whether it is cash, stocks, or bonds, you can donate to your favorite charity by December 31, potentially offsetting any income. Did you know that you may qualify for what's called a "qualified charitable distribution (QCD)?" A QCD is an otherwise taxable distribution from an IRA (other than an ongoing SEP or SIMPLE IRA) owned by an individual who is age 70½ or over that is paid directly from the IRA to a qualified charity ("Rules to Do an IRA Qualified Charitable Distribution"–www.kitces.com). The IRA owner must be at least 70½ when the distribution is made.

You might also consider a **donor-advised fund**. Once the donation is made, you can realize immediate tax benefits, but it is up to the donor when the distribution

to a qualified charity may be made.

I hope you've found this review to be educational and helpful, but keep in mind that it is not all-encompassing. Once again, before making any decisions that may impact your taxes, please consult with your tax advisor.

Let me emphasize again that it is my job to assist you! If you have any questions or would like to discuss any matters, please feel free to give me or any of my team members a call.

MEET THE TWA INTERNS

Tucker Hytrek

Howdy, my name is Tucker Hytrek and I am a senior finance major here at Texas A&M. I will be graduating this spring and plan on going into a career in investments. Aside from school, I busy myself with maintaining my business, **Study and Save Tutoring**. I, along with other tutors that I have hired, teach and mentor college students in Business Math and Business Calculus courses here at A&M, as well as Blinn. I also am part of the finance team for a student-run magazine on campus (The Eckleburg Project) and was the Social Entrepreneurship officer for CEO (Collegiate Entrepreneurs Organization) the last two years. Sports have always played a huge role in my life as well. In high school I lettered in track, cross-country, tennis, and lacrosse. I've continued my love for sports in college by taking 6 Kinesiology classes, which have served as almost all of my general electives. I am originally from Cheyenne, Wyoming but moved to Austin, Texas as a child. Quite the difference in scenery and people, but I really enjoy going home on weekends and during break to hang out with my old friends and family. My support system is something I truly value, and in Austin it's pretty easy to find fun events and activities to enjoy with everyone. I plan to continue my finance career in Austin after graduation.

Char Lee

Howdy! I am currently a graduate student in the Professional Program of Accounting (PPA) at Texas A&M University. I will be graduating this May 2018 with a BBA in Accounting and a Masters in Management Information Systems (MIS). After graduation, I will be moving to New York City to pursue a career in auditing in Financial Services at PricewaterhouseCoopers. I decided to sign with PwC in New York after my winter 2017 internship because I felt like it was the perfect place for me to kick start my career in audit and learn more about the financial services industry. When I am not studying or crunching numbers, things I like to do in my free time are cooking, playing with my four dogs, going on trips to visit family and friends, and going to fun events on the weekends. I also love hiking and fishing! This past summer, I went down to Venice, LA and went deep sea fishing and caught two big red snappers on my very first try! Cannot wait to do it again. I hope that in the future, I will be able to maintain a healthy work/life balance and travel to different parts of the world to go fishing

Blake Mochilar

I was born in Palm Harbor, Florida and moved to Fort Worth, Texas in the 4th to 5th grade. I decided to attend Texas A&M my senior year of high school due to the Aggie network and high quality education that it provides. I am currently majoring in Finance and have accepted an offer to join the Financial Leadership Development

Program with Raytheon. I plan to stay with Raytheon as long as possible and hope to live somewhere near the mountains or ocean later on in my life. Currently, I am involved in CARPOOL, Brotherhood of Aggie Mentors along with Aggie Investment Club and Financial Management Association in school. Outside of school I love to hike, fish, kayak, read, watch movies, and play pick-up games of football, basketball, and soccer

Christian Roberts

I am a senior Economics major from Dallas. After graduation I will be doing Volume Accounting with Enterprise Products in Houston. I was involved in a freshman leadership organization in the MSC for three years, and I was a three-year Fish Camp counselor as well.

I am an extremely passionate birdwatcher and I also enjoy kayaking and canoeing and reading about history, especially World War II and American History in my spare time. Aggie football and basketball also occupy a significant portion of my time.

I also consider myself the traveler of the office. So far in 2017 I have traveled over 9,100 miles on road trips and flights for birding, Texas A&M athletics, and a few job interviews. In addition, in the next two months I am looking to add another 4,000 miles to that total. My travels have allowed me to see football games at the Rose Bowl and The Swamp, ride a donkey across the Rio Grande in Big Bend, and take a stroll through Central Park.

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would like to thank you for putting your trust in us.

Merry Christmas and a Happy New Year!

Brien, Lois, Cam, Michael,

Char, Blake, Christian and Tucker