

# Ten Ways to Take Advantage of the 2018 Tax Law: An Executive Briefing

## Key Tax Reform Takeaways

### Tax

1. Prepare a 2018 tax projection NOW and continue to update during the year to help determine the appropriate amount of 2018 income tax withholding and/or quarterly estimated tax payments.
2. Many of the provisions in the Tax Cuts and Job Act are scheduled to sunset (terminate) for tax years beginning after December 31, 2025.
3. The reduction of the tax rate applicable to C Corporations is permanent (unless changed by future tax legislation).
4. Proactive tax planning, both income tax and estate/gift tax, is not dead.

### Legal

1. The US Estate, Gift and Generation Skipping Exemption has doubled this year, to \$11.18 million. This is temporary so there is an opportunity to accomplish wealth transfers like never before. If done carefully, you can still control and receive benefits from assets you have given away to next generations of your family.
2. Washington still only has a \$2,193,000 estate tax exemption, so it is vital to not overlook this and get stung by it down the road for lack of planning.
3. IRA Trusts are vital if you have retirement plan assets in excess of \$250,000, as you do not want the retirement account to be taxed in a lump sum upon your death.
4. If you are NOT yet a US citizen, but have green card or resident status, or have foreign family members who want to live in the US and are acquiring assets here, SPECIAL PLANNING is required, as the above exemptions may not otherwise be applicable to you.

### Finance

1. Diversification of assets from a tax standpoint can reduce your federal income tax liability.
2. 529 plan gifting can create an education legacy, max gift contribution \$150,000 in 2018 for joint gifts spread over five years for gift tax purposes.
3. There are significant tax considerations associated with inherited IRAs. It is important to work with your financial advisor and tax professional or estate attorney.
4. Federal income tax can be the single biggest expense for many households.

<sup>1</sup>There may be gift tax consequences if your contributions, plus any other gifts, to a particular beneficiary exceed \$15,000 in 2018 during the year. Consult your tax advisor regarding your specific situation.

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Diversification helps you spread risk throughout your portfolio, so investments that do poorly may be balanced by others that do relatively better.

Diversification does not assure a profit and does not protect against loss in declining markets.

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**Marc Kaufman, CPA, JD**

CPA

[marc@holmancpa.com](mailto:marc@holmancpa.com)

(425) 827-5622

**Tom Lofton, JD**

Attorney

[tlofton@ohswlaw.com](mailto:tlofton@ohswlaw.com)

(425) 455-3900

**Alan Blinn, CFP**

Financial Advisor

[alan.d.blinn@ampf.com](mailto:alan.d.blinn@ampf.com)

(425) 228-1000