

## Message from Bill

**March 2017**

***You don't have a will or trust?***

***A TOD Account may be the answer for you!***

When a loved one passes away, of course it's never easy. In addition to coping with the personal loss, families are often left with the huge and often time-consuming responsibility of liquidating the deceased's estate. Most often there are financial obligations from a funeral, medical bills, basic living costs, funding a child's education and most probably the distribution of assets to beneficiaries.

A Raymond James TOD (Transfer On Death) account can offer a solution with several benefits. This TOD account is a legal agreement between an individual account holder and Raymond James & Associates that enables the individual's investment assets to bypass time consuming and potentially expensive probate, is not bound by a Trust, and transfers directly to specified heir(s) under the TOD provisions. Upon transfer, only the beneficiary(s) receiving the funds are aware of the transfer, and Raymond James does not charge for this feature on your accounts.

Today, you are in charge of your accounts and how they will transfer to your beneficiaries.

Please contact us to discuss the use of this important account type, before you cannot.

***Bill***



**William L. Waters, WMS**

**Branch Director**

**First Vice President, Investments**

**Wealth Management Specialist**

## Message From Bill II

*When should I start taking income from my  
IRA/Roth, Pension, Annuities, Social Security?  
What income strategy helps me the most?*



**Bill Waters II CIMA®**

Financial Advisor

These are just a few of the many questions that we get almost daily from clients. Some folks are just starting to envision a path to retirement, and many others are already enjoying it! Deciding on the timing of taking income from these sources of income is critical and can be a real problem.

If you have followed my section in the newsletter before, you might already know where I am going with this! Here at the branch, we have one of our favorite financial planning tools called Goal Planning and Monitoring (GPM). This is one of the most sophisticated planning tools available, and is incredibly client friendly by summarizing findings into a colorful “gas-gauge-like” meter. GPM allows us to run multiple test scenarios at the same time, and incorporates taxes, inflation, and even tests your plan for “What If ” scenarios such as an unexpected health care expense in the future. As with all aspects of life, things do not always happen as expected, and GPM allows for quick, easy, and immediate modifications and updates in the future. You can always go to [WatersWealthmanagement.com](http://WatersWealthmanagement.com) and see your plan online in your Investor Access at any time.

The quickest and easiest way to set up YOUR PERSONAL Financial Goal Plan is to complete the Financial Inventory form below and return to us at your earliest convenience. Once we get the plan started we will schedule a meeting with you to review and finalize. The meeting can take place in our office for those that are local or we can provide a secure virtual meeting online. Remember, there is no cost to create a Financial Plan. This is just one of the many services we offer to better help you plan for YOUR future!

**START YOUR FINANCIAL PLAN—Today!**

**SEE ATTACHED PDF or [Click Here](#)**

*Find the “Your Financial Inventory” attached, it is best way to provide us with the details we need to start your Financial Plan. Please fill out and return to us at your earliest convince!*

## Message From Kosta

Hi everyone,

I've heard this a few times:

"I don't want to take my RMD this year!"

I'll respond, "Ok, there may be a way we can put off taking your RMD (Required Minimum Distribution) in your IRA (Individual Retirement Account)."

Using this strategy might greatly reduce a retiree's taxable income.

I'm referring to a "Q.L.A.C." (Qualified Longevity Annuity Contract), for those of you on the edge of their seats.

In a general sense, QLAC regulations allow a deferred income annuity to delay RMD withdrawals up until age 85 and receive a lifetime income.

This can offer advantageous timing in a retirement income plan and help fill potential income needs that can occur later in a client's life.



**Kosta Mattis**

Registered Client Service Associate

## Message From Lars

### *Have you received the necessary forms to file 2016 taxes?*

Most clients should have received their 2016 tax forms by now. But, depending on the investments in your account, there could be a delay in creating your 1099. Raymond James's last mailing date will be March 15th, which are usually accounts holding Ginnie Mae Bonds, as they are given more time to report to us. If you would like me to look up any of your tax paperwork, please call me at: 727-343-3108



**Lars Doeblar**

Registered Client Service Associate

### *Do you have old paperwork that needs shredding?*

You are always welcome to stop by our office and drop off paperwork in our secure lockbox for when our shredding truck processes the shredding.

### *What does the 2017 Tax Landscape look like?*

On the last page of this newsletter, I've attached a chart of the 2017 Tax & Retirement information for your convenience. We are not allowed to offer tax advice, but it may be a good resource for planning, and we can help tailor your portfolio to meet your tax goals.

If the chart is too hard to read, please click on the following link: [\*\*2017 Tax Plan\*\*](#)



## U.S. Stocks Mark New Highs in February

After a quiet January, all three of the major U.S. stock indices zeroed in on new highs in February, as market investors seem to be relatively optimistic about proposed infrastructure spending, strong earnings and positive economic data. The Dow Jones Industrial Average, for example, closed its longest rally in 30 years by month's end.

Of course, observers are also looking toward the next meeting of the Federal Open Market Committee in March for news on a potential hike in short-term interest rates. Here's a look at what else is going on in the economy and capital markets, as well as key factors we are keeping an eye on.

### Economy

- Federal Reserve Chair Janet Yellen noted in a recent speech that the Fed is nearing its goals (full employment and 2% PCE price inflation) and expects to gradually raise short-term interest rates.
- Job growth has remained relatively strong in recent months and claims for unemployment benefits have been trending at a 43-year low. How much slack remains in the job market is the key question for Fed policymakers, according to Raymond James Chief Economist Scott Brown.
- Monthly data suggest a relatively good start to 2017, with a pickup in capital investment, but some slowing in consumer spending growth.
- In Washington, the size, timing and composition of potential tax cuts remains very uncertain.

### Equities

- The S&P 500 did not fall more than -0.76% from a previous high at any point during the month of February, a clear confirmation of the market's strength. The index has still not dropped 2% at any point since the election.

## Market Update Continued...

- Six of the S&P 500's sectors gained ground over the month. Its tech sector just took a breather after a record 15-day winning streak, and utilities notched gains for the past four weeks.
- Cyclical sectors broke out to new 52-week highs, according to Raymond James Chief Investment Strategist Jeff Saut. Energy, financials, industrials and technology showed promise, while real estate and consumer staples lagged.
- The NASDAQ Composite Index closed lower only five times in February and the average loss during those five sessions was only -0.15%.
- The Dow Jones Industrial Average's 12-session winning streak is the longest in 30 years and only the second time since 1897 that it has gone at least that long without closing lower.
- Participation in the rally across the broad market has been relatively promising, as well, with 76% of stocks trading on the New York Stock Exchange considered to be trending upward as measured by being above the 200-day moving average.

### International

- The last few weeks have seen further evidence of a tentative economic recovery in Europe despite the still very uncertain political backdrop, according to Chris Bailey, European Strategist, Raymond James, Euro Equities\*.
- This was particularly apparent in France where purchasing managers index data showed a faster expansion than in Germany. This occurred for the first time in a number of years along with rising bond market concern about the outcome of the French presidential election in a few months' time.
- This mixed backdrop has seen the first sustained inflows into European equity markets by global investors for well over a year, which could prove to be a positive influence throughout 2017.
- Higher commodity prices and relatively benign capital market conditions have helped both emerging market equity and currency markets to generally rise.

\*An affiliate of Raymond James & Associates and Raymond James Financial Services

### Fixed income

- Yield on the 10-year Treasury declined slightly from the beginning of the month (2.36% compared to 2.47% on February 1).
- Short-term taxable bond rates have kept up with the short-term yield curve rate rise. In particular, the 12-month taxable rates have also seen a slight spread increase.



## Upcoming Events

### Bottom line

We're still in the early days of a new administration, and investors are watching for policy changes on infrastructure spending, healthcare and taxes. In the meantime, a well-diversified portfolio geared toward achieving your long-term goals should allow you to participate in upside potential as well as serve as ballast for any short-term volatility that may arise in the coming months.

*Investing involves risk, and investors may incur a profit or a loss. All expressions of opinion reflect the judgment of the Research Department of Raymond James & Associates, Inc., and are subject to change. Past performance is not an indication of future results and there is no assurance that any of the forecasts mentioned will occur. The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 is an unmanaged index of small cap securities. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. An investment cannot be made in these indexes. International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Small and mid-cap securities generally involve greater risks. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. The performance noted does not include fees or charges, which would reduce an investor's returns. Asset allocation and diversification do not guarantee a profit nor protect against a loss. Material prepared by Raymond James for use by its advisors.*

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## 2017 Tax and Retirement Information

2017 INCOME TAX BRACKETS	
Single	
\$0 - \$9,325	10%
\$9,325 - \$37,950	15%
\$37,950 - \$91,900	25%
\$91,900 - \$191,650	28%
\$191,650 - \$416,700	33%
\$416,700 - \$418,400	35%
over \$418,400	39.6%
Married Filing Jointly	
\$0 - \$18,650	10%
\$18,650 - \$75,900	15%
\$75,900 - \$153,100	25%
\$153,100 - \$233,350	28%
\$233,350 - \$416,700	33%
\$416,700 - \$470,700	35%
over \$470,700	39.6%
Married Filing Separately	
\$0 - \$9,325	10%
\$9,325 - \$37,950	15%
\$37,950 - \$76,550	25%
\$76,550 - \$116,675	28%
\$116,675 - \$208,350	33%
\$208,350 - \$235,350	35%
over \$235,350	39.6%
Head of Household	
\$0 - \$13,350	10%
\$13,350 - \$50,800	15%
\$50,800 - \$131,200	25%
\$131,200 - \$212,500	28%
\$212,500 - \$416,700	33%
\$416,700 - \$444,550	35%
over \$444,550	39.6%

KEY TAX RULES	
Kiddie Tax	Tax Rate
Unearned income < \$1,050	0%
Unearned Income > \$1,050 < \$2,100	Child's tax rate
Unearned Income > \$2,100	Generally, the parent's tax rate
The Kiddie Tax rules apply to unearned income of the following:	
<ul style="list-style-type: none"><li>• A child under age 18 at the end of each tax year</li><li>• An 18-year-old whose earned income does not exceed one-half of his or her support</li><li>• A 19-to-23-year-old full-time student whose earned income does not exceed one-half of his or her support</li></ul>	
<b>Child Tax Credit</b>	
\$1,000 per child; phased out \$50 for each \$1,000 of modified AGI (rounded up to the next \$1,000 increment) over \$110,000 (married/filing jointly) or \$75,000 (single).	

STANDARD DEDUCTIONS		
	Annual	Additional age 65+ or blind
Married/Filing Jointly	\$12,700	\$1,250
Single	\$6,350	\$1,550
Head of Household	\$9,350	\$1,550

PERSONAL EXEMPTIONS	
	Exemption
Per Person	\$4,050
Personal exemptions phase out beginning with AGI over \$261,500 (single) or \$313,800 (married/filing jointly)	

LIMITATIONS ON ITEMIZED DEDUCTIONS		
AGI Threshold	Reduction is lesser of:	
Single - \$261,500	3% of AGI minus Threshold	80% of Allowable Itemized Deductions
Married Filing Jointly - \$313,800		
Head of Household - \$287,650		
Married Filing Separately - \$156,900		

CAPITAL GAINS TAX		
Tax Bracket	Short-term (< 12 months)	Long-term (> 12 months)
10%, 15%	Ordinary rate	0%
25%, 28%, 33%, 35%	Ordinary rate	15%
39.6%	Ordinary rate	20%

ALTERNATIVE MINIMUM TAX (AMT)		
Filing Status	Exemption Amount	Threshold Phaseout
Single Filers and Head of Household	\$54,300	\$120,700

Married Filing Jointly and Surviving Spouses	\$84,500	\$160,900
Married Filing Separately	\$42,250	\$80,450

AMT tax rate: 26% rate applies to AMTI at or below amount; 28% applies to AMTI above amount;

- All taxpayers (except married filing separately): up to \$187,800
- Married filing separately: \$93,900

TAX ON QUALIFIED DIVIDENDS		
10%, 15% brackets	0%	
25%, 28%, 33%, 35% brackets	15%	
39.6% brackets	20%	

### 3.8% SURTAX ON UNEARNED INCOME

The 3.8% surtax on “unearned income” applies to individuals, trusts and estates. “Unearned income” is defined as investment income such as income from interest, dividends, annuities, royalties, capital gains and other passive income.

Two conditions must be met for the 3.8% surtax to apply. First, the taxpayer must have investment income, and second, the taxpayer’s modified adjusted gross income (MAGI) must exceed the limits below, which are not indexed for inflation:

- \$250,000 for taxpayers filing jointly
- \$125,000 for taxpayers filing married filing separately
- \$200,000 for other taxpayers

For purposes of the 3.8% surtax, the MAGI limitation is simply the taxpayer’s adjusted gross income (AGI) plus any excluded net foreign income. In general terms, AGI is the number at the bottom of the first page of a taxpayer’s 1040 (line 37).

### HEALTH ACCOUNTS

Health flexible spending account maximum	\$2,600
Health savings account maximum-self coverage only	\$3,400
Health savings account maximum - family coverage	\$6,750
Annual catch-up for age 55 and older	\$1,000

### FICA

OASDI (Social Security) Maximum	12.4%
HI (Medicare) Maximum	2.9%

- 12.4% OASDI and 2.9% HI (15.3% combined for self-employed)
- 6.2% and 1.45% for (7.65% combined for employees)
- An additional 0.9% HI tax applies on individuals with wages or self-employment income in excess of \$200,000 (single and qualifying widow(er)s), \$250,000 (married/filing jointly), or \$125,000 (married/filing separately).

### SOCIAL SECURITY

#### Annual Figures

Maximum earnings subject to FICA	\$127,200	Unlimited earnings subject to HI/Medicare
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2017 Cost-of-living adjustments	0.3%
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#### Taxation of Benefits

Provisional income (MAGI plus 1/2 of SS benefits plus tax free income) determines the amount of SS benefits that are taxable

Married Filing Jointly	\$32,000 - \$44,000
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Single and Head of Household	\$25,000 - \$34,000
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#### Benefits Withholding - The Earned Income Test

Full year prior to retirement age	\$1/\$2 of earnings above annual limit (\$16,920)
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Year you reach to retirement age	\$1/\$3 of earnings above annual limit (\$44,880)
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Month of retirement age and beyond	No limit on earnings. Future benefits increased base on amount of benefits withheld.
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### RETIREMENT

#### Traditional and Roth IRA Contribution Limits

Under age 50	\$5,500
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Age 50 and over	\$6,500
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Deductibility of IRA Contribution (Phaseouts)	MAGI
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#### Covered by Retirement Plan

Single	\$62,000 - \$72,000
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Married Filing Jointly	\$99,000 - \$119,000
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#### Not Covered by Retirement Plan

Single or Married Filing Jointly	Unlimited
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Spouse Covered	\$186,000 - \$196,000
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#### Roth IRA Contribution Eligibility

Single	\$118,000 - \$133,000
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Married Filing Jointly	\$186,000 - \$196,000
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Married Filing Separately	\$10,000
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#### SEP Contribution

Up to 25% of compensation	maximum \$54,000
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#### SIMPLE Elective Deferral

Under age 50	\$12,500
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Age 50 and over	\$15,500
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#### 401(k), 403(b), 457 and SARSEP

Under age 50	\$18,000
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Age 50 and over	\$24,000
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Defined Contribution §415 Limit	\$54,000
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Defined Benefit §415 Limit	\$215,000
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Highly Compensated Employee	\$120,000
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Compensation Limit	\$270,000
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Perhaps you know someone who would benefit from our services. If so, we would very much appreciate your referral, which would be a great compliment to us. If you have a friend or relative who might benefit from our knowledge of and experience in the financial markets, please pass along this newsletter and urge them to give us a call.

2017 ESTATE, GIFT AND GENERATION SKIPPING TAX	
Annual Gift Tax Exclusion	\$14,000
Non-Citizen Spouse Annual Exclusion	\$149,000
Gift and Estate Tax Applicable Exclusion Amount	\$5,490,000
Generation Skipping Tax Exemption Amount	\$5,490,000

ESTATE AND GIFT TAX RATES				
Taxable Gift/Estate		Percentage		Of Amount
Over	Not Over	Pay	Plus	Above
\$0	\$10,000	\$0	18%	\$0
10,000	20,000	1,800	20%	10,000
20,000	40,000	3,800	22%	20,000
40,000	60,000	8,200	24%	40,000
60,000	80,000	13,000	26%	60,000
80,000	100,000	18,200	28%	80,000
100,000	150,000	23,800	30%	100,000
150,000	250,000	38,800	32%	150,000
250,000	500,000	70,800	34%	250,000
500,000	750,000	155,800	37%	500,000
750,000	1,000,000	248,300	39%	750,000
\$1,000,000		\$345,800	40%	\$1,000,000

EDUCATION	
Coverdell Contributions	\$2,000
Phaseout for Contribution	
Single	\$95,000 - \$110,000
Married Filing Jointly	\$190,000 - \$220,000
529 Plan Contributions	\$14,000/year before gift tax
Accelerates 5 years of gifting into 1 year for individual gift.	\$70,000
Accelerates 5 years of gifting into 1 year for joint gift.	\$140,000

TRUST AND ESTATE PLANNING	
Trust and Estate Income Tax Rates	
If Taxable Income is:	Your Tax is:
\$0 - \$2,550	15% of taxable income
\$2,550 - \$6,000	\$382.50 + 25% of the excess over \$2,550
\$6,000 - \$9,150	\$1,245 + 28% of the excess over \$6,000
\$9,150 - \$12,500	\$2,127 + 33% of the excess over \$9,150
Over \$12,500	\$3,232.50 + 39.6% of the excess over \$12,500

## RAYMOND JAMES®

Please note, changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional.

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