

## Message from Bill

March 2018

### *We're Back! . . . . .*

It sure looks like we are back to a more normalized investing experience which, of course, will include some volatility.

We have recently experienced over nine years of unprecedented and very steady market growth with very little volatility and limited market corrections. While most of us knew that volatility would eventually return, and while we're not especially comfortable during volatile periods, these are times when active management pays off and when the money is really made. Managers welcome these volatile days because opportunities surface which allow them to buy stocks that are depressed, and take profits from stocks that are overpriced.

In the meantime, the consensus is that there is little cause for concern in the market place. Remember that generally, we are investing in businesses and presently we are experiencing a positive business climate in both the US and around the world.

Be sure to read further in this newsletter regarding welcome changes to the popular Education Funding 529 Plans, and a comparison of the prior tax law with the new Tax Cuts and Jobs Act. On page 5 is information a seminar that Raymond James is hosting regarding Cyber Security at the Corporate Office. See the details and sign up to attend.

I recently received news that I thought you would like to know about.

I have been named to the 2018 edition of *Forbes* list of Best-in-State Wealth Advisors. The list recognizes top financial advisors at banks, brokerages, custodians, insurance companies, clearing companies and others from across the United States.

Unlike other advisor ranking companies, numbers such as business and assets don't tell the whole story. SHOOK Research, who did the research for *Forbes*, creates rankings of role models – advisors that are leading the way in offering best practices and providing a high-quality experience for clients. A focus on both quantitative and qualitative factors, including information supplied from Raymond James, telephone and in-person meetings is imperative and included.

This achievement would not have been possible without your continued trust and support, and I thank you! Milestones like this serve to reinforce my belief that putting my clients - you - first is still the best way to do business.

Finally and as always, please contact me if you have any questions or would just like to discuss your portfolio.

Thank you again.

*Bill*



**William L. Waters, WMS**

Branch Director

First Vice President, Investments

Wealth Management Specialist

The Forbes ranking of Best-In-State Wealth Advisors, developed by SHOOK Research is based on an algorithm of qualitative criteria and quantitative data. Those advisors that are considered have a minimum of 7 years of experience, and the algorithm weighs factors like revenue trends, AUM, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Out of 21,138 advisors nominated by their firms, 2,213 received the award. Neither Forbes nor SHOOK receives a fee in exchange for rankings. This ranking is not indicative of advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating.



**Bill Waters II CIMA®**

**Financial Advisor**

### Education funding with a 529 Plan

One very useful tool when it comes to education planning is the 529 Plan. Benefits including tax deferred growth, usage flexibility, and an array of investment choices can make these plans a very valuable tool. With tax season in full swing, another great idea is to use your tax refund to make a contribution to a 529 Plan. As further explained in a Hartford Funds Article titled “Client Conversations: Thanks Tax Reform! A Smart Way to Save for Education Just Got Smarter.”

*If you don't know what a 529 plan is, you're not alone. Since their inception in 1996, 529s have been one of the best ways to save for college, but they're still underused. Only 37% of parents saving for college take advantage of them. Parents who save for education other ways explain that either they don't know what 529 plans are or they don't understand enough about them to open one.*

*So, let's break it down—what are 529 plans? They're state-sponsored, tax-advantaged savings accounts that grow tax free. Investments within a 529 plan range from aggressive to conservative. And there are even age-based portfolios, which become increasingly conservative by allocating more to fixed income as the beneficiary nears college age. Of course, as with any investment, returns are not guaranteed, and you could lose money by investing in a 529 plan. Fees and expenses vary by state, as do tax advantages, but all around they're an excellent way to save for education expenses.*

*These plans are also flexible. Funds from a 529 plan have historically been applicable to all qualified post-secondary education expenses, namely college tuition, room and board, books, supplies, etc. Additionally, if your child gets a scholarship or decides not to pursue higher education, you have the flexibility to transfer the 529 plan to someone else, including yourself.*

#### **Increasing Flexibility**

*Now, as a result of the recent tax overhaul, up to \$10,000 per student can be withdrawn annually to pay for private K-12 education. That's right, 529 plans aren't just for college anymore. The already flexible 529 can be used for more now than ever.*

Sallie Mae, 2016. Most recent data available

Client Conversations: Thanks Tax Reform! A Smart Way to Save for Education Just Got Smarter.  
<https://www.hartfordfunds.com/insights/client-conversations/ThanksTaxReform529.html>

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. For more information about any 529 college savings plan, contact the plan provider to obtain a Program Description, which includes investment objectives, risks, charges, expenses, and other information; read and consider it carefully before investing.

## Message From Kosta

After making its way through Congress and seeing numerous last-minute tweaks, the tax reform bill was approved by Congress and then signed by President Trump on December 22, 2017. The new tax rates and countless other provisions generally took effect on January 1, 2018. The below charts provide insight into changes made.



**Kosta Mattis**

Registered Client Service Associate

### Comparison of Prior Tax Law with the Tax Cuts and Jobs Act

#### SINGLE FILER (SF)

2018 Taxable Income	New	Old
\$0 - \$9,525	10%	10%
\$9,525 - \$38,700	12%	15%
\$38,700 - \$82,500	22%	25%
\$82,500 - \$93,700	24%	28%
\$93,700 - \$157,500	32%	33%
\$157,500 - \$195,450	35%	35%
\$195,450 - \$200,000	37%	39.6%
\$200,000 - \$424,950		
\$424,950 - \$426,700		
\$426,700 - \$500,000		
\$500,000+		

#### MARRIED FILING JOINT (MFJ)

2018 Taxable Income	New	Old
\$0 - \$19,050	10%	10%
\$19,050 - \$77,400	12%	15%
\$77,400 - \$156,150	22%	25%
\$156,150 - \$165,000	24%	28%
\$165,000 - \$237,950	32%	33%
\$237,950 - \$315,000	35%	35%
\$315,000 - \$400,000	37%	39.6%
\$400,000 - \$424,950		
\$424,950 - \$480,050		
\$480,050 - \$600,000		
\$600,000+		

#### HEAD OF HOUSEHOLD (HOH)

2018 Taxable Income	New	Old
\$0 - \$13,600	10%	10%
\$13,600 - \$51,800	12%	15%
\$51,800 - \$82,500	22%	25%
\$82,500 - \$133,850	24%	28%
\$133,850 - \$157,500	32%	33%
\$157,500 - \$200,000	35%	35%
\$200,000 - \$216,700	37%	39.6%
\$216,700 - \$424,950		
\$424,950 - \$453,350		
\$453,350 - \$500,000		
\$500,000+		

#### MARRIED FILING SEPARATE (MFS)

2018 Taxable Income	New	Old
\$0 - \$9,525	10%	10%
\$9,525 - \$38,700	12%	15%
\$38,700 - \$78,075	22%	25%
\$78,075 - \$82,500	24%	28%
\$82,500 - \$118,975	32%	33%
\$118,975 - \$157,500	35%	35%
\$157,500 - \$200,000	37%	39.6%
\$200,000 - \$212,475		
\$212,475 - \$240,035		
\$240,035 - \$300,000		
\$300,000		

#### TRUST & ESTATES

2018 Taxable Income	New	Old
\$0 - \$2,550	10%	15%
\$2,550 - \$2,600	24%	25%
\$2,600 - \$6,100	35%	28%
\$6,100 - \$9,150	37%	33%
\$9,150 - \$9,300		40%
\$9,300 - \$12,500		
\$12,500 - \$12,700		
\$12,700+		

#### LTCG-QUAL. DIV. TAX RATE

LTCG/ Qual. Div. Tax Rate	Long Term Capital Gain/ Qualified Dividend Income	
	MFJ	SF
0%	\$0 - \$77,200	\$0 - \$38,600
15%	\$77,200 - \$479,000	\$38,600 - \$425,800
20%	\$479,000+	\$425,800+

The charts above illustrate the difference in the 2018 income tax brackets for the various filing statuses under the new tax laws versus what it would have been without these tax law changes. [Click here](#) to see more about provisions that have changed as well.

## February's Wild Ride

After a year or so of upward price momentum, exceptionally low volatility and record highs, the domestic stock market slipped in and out of correction territory at the beginning of the month and continued to zig and zag until the last minute of trading. At the same time, the 10-year Treasury yield rose to a high of 2.94%, and investors became concerned over the potential pace of wage growth, its impact on inflation and interest rates, and in turn its influence on future monetary policy. The concern was that rising inflationary pressures could cause the Federal Reserve to tighten too quickly, and potentially upset economic conditions. Some of this concern should be alleviated by the strong fourth quarter earnings we've seen. The Tax Cut and Jobs Act, a strong global economy, and a weaker U.S. dollar are additional tailwinds for equities, according to Raymond James Chief Investment Strategist Jeff Saut.



The pullback was the first real test of investors' resolve in recent memory. Long-term investors have seen this happen time and again. In fact, the broad market S&P 500 Index has experienced a pullback of 15% on average each year since 1980, according to Senior Equity Portfolio Analyst Joey Madere. Volatility is likely to return to more normal levels this year, he added.

"One would expect either some kind of pause, or even better, some kind of pullback to rebuild the stock market's internal energy," Saut explained. "Plainly, the fundamentals remain excellent with earnings estimates continuing to ratchet up, revenues trending higher and a stronger economy. And while interest rates have increased, they have done so in a very orderly fashion."

The major indices, namely S&P 500, NASDAQ and the Dow Jones Industrial Average, slipped in the last few days of the month, although they remain in positive territory year to date.

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. Economic and market conditions are subject to change. 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.



## START YOUR FINANCIAL PLAN!

[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 convenience!*



## Upcoming Event



**You're Invited!**

**IT Cybersecurity Best Practices  
with  
Eric C. Anderson**

**President and National Training Director  
Scientifically Speaking, LLC**

Experts have proved the human factor is the most costly aspect of data cybersecurity. However, consumers have more tools and techniques they can use to protect themselves, assets and families. In this demonstrative workshop, attendees will learn simple practices they can implement at home, work and online.

**Tuesday, March 27, 2018 at 6 p.m.**

Raymond James Financial Center, Tower 2  
881 Carillon Parkway  
St. Petersburg, FL 33716

**Please RSVP ASAP**

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**Topics Discussed:**

- Darkweb Simply Explained
- Cryptocurrencies
- Hacks / Phishing
- Best Practices and Prevention (Software, Snail Mail and Email, Mobile, Home Protection, Family / Teens).
- Web (social media and surfing)
- Recovery and Resources (e.g., LifeLock)

Drinks and refreshments sponsored by Oppenheimer