

2017 has proven to be an historic year in terms of the stock market and it hitting record highs over 60 times. The cause for this rise in the market can be attributed to some key factors:

- Reduced regulation throughout corporate America.
- More positive outlook from corporations for economic growth and tax reform.
- The possible passing of tax reform that will reduce corporate and individual tax brackets.
- Strong economic growth with GDP growing above 3%, in spite of all the hurricane damage and disruption this past year.
- An administration that is focused on bringing back jobs and funds overseas (3 trillion dollars) to help develop those job opportunities.

Here is what you can do to capture some of the gains and benefits in your portfolio:



Sam Kichline, Financial Advisor, Nicole Pollard- Sr. Registered Sales Associate & Branch Technical Liaison, Joel Kichline, CFP®, WMS, Sr. Vice President, Investments

1. Review your portfolio and look at locking in some gains and find any loss leaders to offset gains this year in your portfolio.

2. Keep in mind the markets will focus on earnings growth, economic outlook and a possible infrastructure plan next year.

We are in the season where we look at what we can give to make a difference. If you are looking for long term investing in the education of your children or grandchildren, we have access to an excellent program to save funds in a potentially tax advantaged way for higher education costs for college. This is something that would provide long term benefits and create a legacy to provide perpetual dividends for your family for generations to come.

The 529 plan provides you, as the owner of the plan, to designate whom the beneficiary will be. During its lifetime, you can also change the beneficiary. If the original beneficiary receives a scholarship or decides not to attend school, you can name another child as beneficiary. As the assets accumulate, you do not pay taxes on the gains or income they generate. When you then use the funds, you will continue to receive the tax-free benefit, as long as they're being used for are qualified expenses. Contact us for more info.

As with other investments, there are generally fees and expenses associated with participation in a 529 plan. There is also a risk that these plans may lose money or not perform well enough to cover college costs as anticipated. Most states offer their own 529 programs, which may provide advantages and benefits exclusively for their residents. Investors should consider, before investing, whether the investor's or the designated beneficiary's home state offers any tax or other benefits that are only available for investment in such state's 529 college savings plan. Such benefits include financial aid, scholarship funds, and protection from creditors. The tax implications can vary significantly from state to state.

On the Kichline Home Front ...



Sharon and I on our trip to the Smokey Mountains

It has been a very busy fall season for our household. Sharon and I celebrated our 36th year of marriage with a trip to the Smokey Mountains. There, we were very fortunate to have a Smoky mountain hiking expert, in a client of ours, from the area. She is working on her 8th map, on her mission of completing all of the Smokey mountain trails, which is over 900 miles of trails --- very impressive! She helped break us in on our first day of hiking, with two trails. It was Sharon's first major hiking journey after having extensive surgery on her foot in May. We managed to do around 60 miles of hiking in our first adventure in the Smokey Mountains!

Upon our return to St. Louis, we had another adventure. We went to the APA to check out the puppy inventory. I have been on a mission, since last fall, to acquire a chocolate lab, but Sharon wanted to see what we could find at the APA or the Humane Society. We ended up adopting two brothers who are a Labrador/Bassett Hound mix. They have a low riding profile and, as puppies, they like to chew on everything ... including furniture. We appropriately named them Smokey and Bandit (after a popular movie from the late 1970's, starring Burt Reynolds and Sally Field). Our five-year-old, Gypsy, has assumed the older sibling role and plays constantly with them and puts up with their shenanigans. It is ironic and kind like karma, how Gypsy used to aggravate and pester our older dogs; Libby- our border collie and Heidi- our black lab, both of whom we lost this year. It is a welcome site to see her help take the puppies out at 5am and play tug of war with them.

In late October, the puppies enjoyed visiting with the 120+ trick-or-treaters who came by our home for Halloween.

Glenn and Sam finished their 7th year of decorating homes with lights in the Webster/Kirkwood area and South and West County.

Yesterday we took a rare trip to the lake to allow the dogs to run free along some lakes and Bandit decided to follow Gypsy by diving in the cold lake water for a swim. After another record year they realize they will need to hire extra workers next year and assume more of a supervisory role for the company Lights Out LLC going forward. We are going to look into ordering some of the most popular lights wholesale from the supplier. I welcome this idea as it will greatly reduce my 5:30am runs to Home Depot and Lowes to get lights, extension cords, gutter hooks, timers and electrical tape that they may be short on.



Smokey and Sharon and me and Bandit

Glenn and Sam have both learned about running a business, customer service and evaluating how to make their company run more efficiently and safely. This year, they invested in a heavy fiberglass ladder to take on some of the taller two and three-story homes as clients. Sam has been doing very well as a financial advisor with Raymond James. He has passed several of the exams and is looking to add on more professional knowledge and titles this winter. He has also been busy taking courses at a local university to gain additional knowledge of our business. Sam's interest in the financial markets has added to his enthusiasm to help clients in achieving their financial goals.



The Kichline house all lit up for Christmas

We were pleased to find out that Sam's stepdaughter, Ashlynn, will be attending Webster Groves Steger School this winter semester, as she will finish out her 8th grade year. She is an active softball player, so we also anticipate the opportunity to watch her play more often and maybe for Webster Groves High School next season.

This is Sharon's busy season, as we have had several events like the Christmas Blue Grass Special, a live nativity scene and 4 services on Christmas Eve, to cap off the season of Advent and the arrival of Christmas. To help in Sharon's endeavor, I have been busy with Glenn, installing new lights on the church and decorating the grounds with lights on the bushes and trees. I will admit that it looks very festive at night, as the lights outline the church and manger scene.

We extend our wishes to everyone for a blessed holiday season and a healthy and happy new year!



Snow: Did You Know...



Snow is actually clear and colorless.

According to the National Snow and Ice Data Center, "The complex structure of snow crystals results in countless tiny surfaces from which visible light is efficiently reflected. What little sunlight is absorbed by snow is absorbed uniformly over the wavelengths of visible light, thus giving snow its white appearance."

In the winter 1998/1999 season, the world record for snowfall was achieved in the Mt. Baker ski area in Washington state, having received 1,140 inches of snow! That is 95 FEET of snow!

80% of the fresh water on Earth is frozen as ice or snow. This accounts for 12% of the Earth's surface.

What makes it a blizzard? It is when you cannot see ¼ mile, the winds are 35 mph or more and the storm must last 3 hours or more. If it doesn't meet these criteria, it's just a snow storm.

According to Learner.org, all snowflakes have six sides, and this is why:

The oxygen atom has a particularly strong attraction to the electron clouds of the two hydrogen atoms and pulls them closer. This leaves the two hydrogen ends more positively charged, and the center of the "V" more negatively charged. When other water molecules "brush up" against this growing snowflake, strong forces between the negatively charged and positively charged parts of different particles cause them to join together in a very specific three-dimensional pattern with a six-sided symmetry. Each water molecule that joins the snowflake reflects this pattern until eventually we can see its macroscopic six-sided shape

Seasons Greetings! FROM THE KICHLINE FAMILY

The last couple of months seem to have flown by in a hurry. We celebrated Thanksgiving twice. Once with my in-laws at Lisa's mother's home in Eureka, MO, and the following evening we hosted my family at our home. Lisa did all the food preparation this year, and I must say she did a marvelous job of it. When I got home, the turkey was ready to leave the oven and I thought to myself, "better use these drippings to make the gravy". Instead of looking up a recipe, I proceeded to add butter and flour to the drippings in a stove top pot, whisking regularly. Well needless to say, I ruined it. That's right, I "helped" for all of 10 minutes before I was on my way to the store to buy pre-made gravy. Next time I will stick to the recipes.

We did a lot of black Friday shopping this year. Lisa has a nose for sniffing out all the best deals for the items on our lists. I'd say that about 90% of our holiday shopping is done online now, with the stores being so chaotic.

Ashlynn is 13 now, and doesn't care for toys anymore. Most of the gifts under the tree are outfits, various make-up, phone accessories and sample

perfume sets. I heard a saying recently that went, "Give them something they want, something they need. Something to wear, and something to read.". We've covered those, other than the read part. However, Ash does enjoy reading, so I think I will go to Barnes & Noble this week to pick out a novel for her.

Lisa and I don't typically give each other gifts at Christmas, however this year I think we may start a new tradition of doing something together; perhaps a B & B get away.

Hidden Valley

I understand this may very well be the last season that Wildwood's Hidden Valley Ski resort is open. With the last two years being far warmer, attendance has been low and the business has not been profitable. Recently, the owner had petitioned the city of Wildwood to build a zip line that would be operational for the majority of the year, to supplement the business. However, the terms and conditions have not been well received. According to Hidden Valley Ski Resort's CEO, Tim Boyd, If the city doesn't permit the construction of the zip line, then this 2017-2018 winter season will be the resort's last.

Operations are currently suspended as they are still creating/blowing snow. However, Hidden Valley should open soon (before the new year). So please bring your friends and loved ones to enjoy perhaps the last season of this local gem. Whether it be skiing/ snowboarding down the slopes or sliding down the polar plunge tube ride; There's something for everyone.

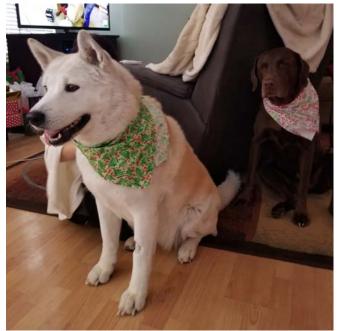
Happy Holidays, Everyone!



My brother, Nino and I on Christmas- He was visiting from VA.

It has been such a busy fall and start to winter. With year-end projects in the office, to preparation for the holidays at home, it's flown by! I cannot believe it is already the end of 2017. It's been a challenging year and I am happy to start a new year, with new hopes for a happy and healthy year.

John finished up his treatments for nasopharyngeal cancer and had an MRI that showed no cancer, so that is great news. The doctors warned that there could be cells that are not visible in the MRI, but he will also have a PET scan in a couple of months. He had some major challenges with side effects of the treatments, but is now back at work and feeling better as each new day arrives. Thank you to all who have offered prayers and encouragement. It is much appreciated.



Miley and Carly in their Christmas bandanas

My stepdaughter, Lexie has just wrapped up her first semester of her sophomore year of high school. She is in all honors or AP courses and seems to spend most of her waking hours studying or working on homework/projects. It is good to see the work ethic and dedication to education that she has at a young age. She plans on pursuing a medical degree, so she will need that kind of attitude to carry her through so many years of school.

My step-daughter Carissa and the kids are doing well. They have moved into a new apartment. Her children Owen (5) and twins Aubrey and Autumn (4) have been busy making the new place home. The twins got new bunk beds, so I am sure they will love them! Carissa has been working at St. Anthony's hospital for about 6 months now. She has been working a lot of hours, trying to get some good experience under her belt. She still would like to get her nursing degree, but decided to work in the medical field until the kids are in school and it will be easier to have to time study/attend classes.



Lexie, R2-D2 & John at the opening night of the new Star Wars movie

Carissa's twin sister, Lenhea, is working full-time for Charter and continues to take online college courses. She and the rest of the kids gathered at our house on Christmas Eve for a whole day of fun, family and gifts.

Our dogs, Carly (Chocolate Lab) and Miley (Akita/Husky mix) even received gifts on Christmas and were so happy! Carly was also really excited to see snow. She absolutely loves to play in the snow. She comes inside to warm her paws for a few minutes, but then wants to go back out when she thaws!

With the currently frigid weather that we're currently experiencing, I am certainly ready for spring already, even though we're less than a week into winter!

I wish you a happy, healthy and prosperous 2018!!!

Done Deal: Tax Reform Passes Congress



Ed Mills, Washington Policy Analyst, breaks down the major components of the newly approved tax legislation.

December 20, 2017

The tax reform bill lowering the corporate tax rate and making a number of adjustments to the individual tax code has been approved by Congress and is set to become law. The final tax bill sets a corporate tax rate of 21% starting in 2018, a top individual rate of 37%, the repeal of the corporate AMT, a \$1 million phase-out threshold inclusion for the individual AMT, a \$750,000 mortgage interest deduction cap through 2025, a 20% deduction on pass-through income, an increase in the estate tax exemption (but not repeal), a \$10,000 deduction for state, local, sales or property tax (SALT), 100% deduction of cap-ex for five years, maintaining the deductibility of interest from private activity bonds, and a repeal of the individual mandate of the Affordable Care Act (ACA). In this report, we review the effects of the final provisions and cover next steps for Congress as we head into 2018.

Next Steps for Congress

House Ways and Means Committee Chairman Brady (R-TX) anticipates work will continue on tax reform after the bill's passage with corrections to streamline and clarify provisions expected next year. Congressional Republicans may attempt to work with Democrats on fixes that require 60 votes to pass the Senate, but have also signaled that the budget reconciliation measure used to pass tax reform with a 51 majority vote may be used again on issues where bipartisan compromise cannot be reached. This will usher in a new round of debates about which provisions could see further revision (including a potential SALT fix) as well as discussion related to entitlement reform.

Delay in Bill Signing?

The exact timing of President Trump's signature on the bill is somewhat in flux, but it will not impact the effective date of any provisions in the bill. Under existing law, Congress must vote to waive a budget rule that would require automatic spending cuts to offset the increase to the federal deficit from this tax bill. By delaying signing the bill until January, these cuts get delayed. It is expected that Congress will act to prevent these automatic cuts, but any deal requires a 60-vote threshold in the Senate.

Government Shutdown Deadline

With tax reform done, Congress turns its attention on an agreement for government funding with a Friday deadline looming to avert a shutdown. Congressional Republicans are seeking a short-term budget resolution which would fund the government through January 19. We anticipate that the short-term extension is likely to focus purely on funding for government agencies and funding disaster relief; leaving funding for the Children's Health Insurance Program (CHIP), a fix to the Affordable Care Act (ACA), and immigration issues until January.

Corporate Reforms

Lowering the corporate tax rate to 21% and moving to territorial taxation are the key parts of the reforms. The corporate alternative minimum tax (AMT) is eliminated. Repatriated earnings will be subject to a 15.5% tax on liquid assets and 8% on other earnings and profits with an eight-year repayment window. Net interest deduction is limited to 30% of adjusted taxable income, and net operating loss deductions are capped at 80% of taxable income. Capital expenditures see full depreciation and are 100% deductible for five years. For small businesses, the capital investment deduction limit under Section 179 is increased to \$1 million.

Individual Reforms

Seven tax brackets are retained but lower taxation rates across the board, with a top rate of 37% (starting at \$600,000 for joint filers). The standard deduction is nearly doubled to \$12,000 for individuals and \$24,000 for joint filers. Personal exemptions are eliminated and SALT deductions are capped at \$10,000. Mortgage interest deductions are capped at acquisitions of \$750,000. The individual AMT is retained, but narrowed with a raised phase-out threshold at \$1 million.

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