Alden CAPITAL MANAGEMENT LLC
An Independent Registered Investment Advisor

Securities offered through **Raymond James Financial Services, Inc.** Member FINRA/SIPC

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Investment Advisory Services offered through **Raymond James Financial Services Advisors, Inc.**

Financial focus

WHAT MATTERS MOST TO YOUR FAMILY, MATTERS MOST TO OURS.

Wigren Family Update

We hope everyone had lovely holiday season and a happy New Year!

The entire Wigren family spent a few days during the holiday season in Big Sky Montana. We enjoyed the beautiful scenery and playing in the abundance of snow… 2+ feet!

Elliott celebrated his first birthday and enjoyed his second Christmas. His favorite gift was tearing up all the wrapping paper.

Matt and Karola are also excited to announce that they have adopted a puppy named "CJ" that was abandoned in Puerto Rico after Hurricane Maria. Karola is originally from Puerto Rico and they are extremely excited to add CJ to their family.

Important Changes for Tax Year 2018

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.

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 State and Local Tax (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.

Raymond James financial advisors do not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.

Excerpted from "Done Deal: Tax Reform Passes Congress" Ed Mills, Washington Policy Analyst

Financial Themes for 2018

The U.S. economy is in good shape and should see some lift from the tax bill in 2018. However, labor market constraints are expected to become more binding. Monetary policy is now close to neutral, but personnel changes at the Federal Reserve add to uncertainty and the risks of a policy error are on the rise. The wider budget deficit and the unwinding of the Fed's balance sheet ought to add some upward pressure on long-term interest rates, but inflation is expected to remain low. While the underlying trends in most sectors were moderate in 2017, activity was uneven from quarter to quarter. Expect a similar pattern in 2018.

Scott J. Brown, Ph.D.
Chief Economist

	ECONOMIC INDICATOR	COMMENTARY
FAVORABLE	GROWTH	Most sectors appear to be ending 2017 with good momentum and the late additions to the tax bill will provide some stimulus in 2018.
FAVORABLE	BUSINESS INVESTMENT	Business sentiment remains elevated and firms already have the cash. Increases in after-tax corporate profits are more likely to show up as share buybacks and increased dividends, and less as capital investment.
FAVORABLE	HOUSING AND CONSTRUCTION	Monthly figures on sales and construction activity have been choppy, but generally stronger than a year ago. Demand for homes remains strong, but the industry faces supply constraints and affordability issues.
FAVORABLE	REST OF THE WORLD	The broader global outlook has improved, helping U.S. exporters. However, a mistake on trade policy remains a significant risk, possibly disrupting supply chains (many firms have already planned work-arounds).
NEUTRAL	EMPLOYMENT	Private-sector job growth was about the same in 2017 as in 2016, but the pace will slow as the job market tightens.
NEUTRAL	CONSUMER SPENDING	Uneven over the course of 2017, the (moderate) underlying trend has outpaced income growth. Expect moderate, but uneven, growth in 2018.
NEUTRAL	MANUFACTURING	Mixed across sectors in 2017, with a lackluster spring and summer, but with a stronger trend into the final months of 2017.
NEUTRAL	INFLATION	Still seeing a mild deflationary trend in consumer goods and moderate inflation in services. Some pressure in prices of raw materials and moderate wage pressures in the near term.
NEUTRAL	MONETARY POLICY	Still gradual and data dependent, but personnel changes add more uncertainty, particularly beyond the middle of the year.
NEUTRAL	LONG-TERM INTEREST RATES	The Fed's balance sheet run-off ought to put slight upward pressure on U.S. bond yields and the increased budget deficit won't help, but a variety of factors are likely to keep yields from rising sharply.
NEUTRAL	FISCAL POLICY	Even before the tax bill, the budget deficit has been rising as a percent of GDP. As stimulus, the bill is not expected to add much to economic growth over the next 10 years, but late additions to the final version frontload that.
NEUTRAL	THE DOLLAR	It will take some time to gauge the tax bill's full effect on foreign investment in the U.S., but it should have a negative impact on the dollar.

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