

Point of Interest

First Quarter 2017



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Prospects for Tax Reform

The New Year begins with one set of tax rules, but odds are good that before the year ends we will see significant changes in corporate and individual tax laws. Combine GOP control of Congress with a deal-making Republican president who made tax reform a huge issue

in his campaign, and chances are strong for major tax reform, the likes of which we haven't seen since 1986 under Reagan. We anticipate that repeal and replacement of large portions of the Affordable Care Act (Obamacare) will happen first. A

legislative bill with comprehensive tax changes will follow as President Trump recently promised an outline for his plans by the end of February. We will keep you up to date on tax legislation in Congress as it develops in 2017.

Tax Season is Here

The income tax filing season is in full swing. By now you should have received your Trust Point income tax reports with 1099 forms. Our goal was to have them postmarked by January 31, even though the IRS deadline is February 15. For those clients waiting for tax information from their trust accounts, our goal is to have the majority of the fiduciary income tax returns, with Schedule

K-1, out to clients no later than March 15.

A special treat for procrastinators this year: You will have more time to prepare 2016 income tax returns, as the filing deadline is Tuesday, April 18, because of the weekend and the Emancipation Day Holiday in Washington, D.C.

Effective this tax-filing season,

there is a welcome change for taxpayers reporting partnership income. The filing date for partnership tax returns (Form 1065) has been moved forward from April 15 to March 15. Not such good news for the Partnership who has to prepare the form, but good news for individual tax filers, since Schedule K-1s from partnerships often delay filing 1040s.

2017 Inflation Changes

The federal estate- and gift-tax exemption amount increases by \$40,000 in 2017 to \$5.49 million per individual. The annual gift-tax exclusion amount remains at \$14,000 per individual. Please note, only 15 years ago the estate-tax exemption was just \$1 million! For Minnesota residents, the state estate- and gift-tax exemption amount increases to \$1.8 million in 2017. Under current state law,

the amount will increase annually until it tops out at \$2 million in 2018.

The standard mileage rate for business driving falls slightly to 53.5 cents per mile. The rate for medical travel also drops slightly in 2017 to 17 cents per mile, but the rate for charitable driving remains at 14 cents per mile.

Many other provisions in the tax laws were also adjusted slightly upward for inflation, such as income tax brackets, standard deductions, AMT exemptions, and income phase-outs for IRA contributions and education credits. However, as we mentioned in our last edition, several key ceilings on retirement plans will not change in 2017.

Identity Theft

Remain alert for identity theft attempts at tax time. Be especially wary of unsolicited phone calls from scammers claiming to be with the IRS. Remember: The IRS will always send correspondence first; it will not initiate contact with you via a phone call.

One way to protect from tax-related identity theft is to file your tax returns early. Thieves using stolen

identities to seek refunds usually file early in the season so that the IRS receives the phony forms before the real taxpayers file their returns. By filing as early as possible, you might beat a thief to the punch.

Also, the IRS recently warned tax preparation professionals that scammers are sending fraudulent phishing emails asking them to

update their IRS e-services information. The email has an IRS logo and e-services logo; it attempts to steal passwords and other personal data. The IRS has advised tax professionals to use effective security software, encrypt taxpayer data, use strong passwords and change them often, and be wary of unusual communications purporting to be from the IRS.

HRAs for Small Firms

Late last year, Congress reauthorized Health Reimbursement Arrangements (HRAs) for businesses with fewer than 50 employees. HRAs had been widely used until passage of

the Affordable Care Act, which imposed penalties if these arrangements didn't conform to ACA requirements. These new HRAs have more conditions, but the bottom line is that small

businesses can once again use pre-tax funds to reimburse workers for health care expenses such as premiums they pay for their own health insurance.

Trust Point News

We are pleased to report that Trust Point was recently recognized with the TeamWomenMN WaveMaker Award. As an award recipient, Trust Point was recognized for its involvement with women's organizations as well as for internal advancement of women. We happily employ a number of women in leadership roles in our company, and we are proud to be involved in many women-based organizations in both La Crosse and Minneapolis.

We are excited to announce that Andrew Steger recently passed the Certified Financial Planner (CFP®) exam. This completes his final step in obtaining the prestigious

CFP® designation. Andrew joined the Personal Trust division in our La Crosse office in 2012 and currently serves as a relationship manager.

We are pleased to announce that Erica Ryttilahti recently passed the third and final examination to receive her Certified Trust and Financial Advisor (CTFA®) certification. Erica leads the Personal Trust staff in our La Crosse office.

We are pleased to announce that Lisa Meyer in our Minneapolis office has moved into a role as Director of Retirement Plan Services. She will oversee both the Minneapolis and La Crosse

Retirement Plan Services staff while continuing her business development responsibilities.

Michele Seidel and Kristi Hartman were recently promoted to positions as senior relationship managers in our Retirement Plan Services division. Michele has administered retirement plans in our La Crosse office since joining us in 2007. Kristi joined Trust Point in 2012 and administers retirement plans in our Minneapolis office.

We congratulate Andrew, Erica, Lisa, Michele, and Kristi, and are proud to have them as part of our team.

Meet our Team



Pictured:

Left to Right; Brenda Stuhr, CPA, CTFA; Dar Isaacson, CPA, PFS; Brian Koopman CFP®, CPA, CTFA; Janet Bahr, CTFA; Debbie Seiler; Christine Schmidt, CFP®

Seated; Randy Van Rooyen, CFA® ; Cassie Feller, CPA; Mark Chamberlain, JD, CPA; Leslie Klinski

Wealth Management Services

Investment Management
Consulting Services
Concierge Services

Fiduciary Services
Philanthropic Services
Operational Services

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