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SALMON FELTE
INSURANCE AND FINANCIAL SERVICES

FINANCIAL NEWS DIGEST

MONEYLINE

A Refresher On Cyber Security

Courtesy of David Felte

Protecting one's privacy is serious business. Here are a few tips:

■ Update and conduct regular backups on your systems.

■ Don't click on links willy-nilly. When in doubt, delete it.

■ Protect your password. Change logins and passwords regularly.

■ Beware of over-sharing on social media and do not assume that messaging services are secure.

■ Refrain from providing businesses with your Social Security number simply because they ask for it.

■ Don't provide personal information over the phone, through snail mail or via the internet unless you have initiated the contact or you know who you are dealing with.

■ Shop carefully. Don't send financial information on unsecured wireless networks, and when making purchases, use a credit card, which has more fraud protections under federal law than debit cards or online payment services.

■ Review credit card statements. Before you pay, make sure that there are no fraudulent charges. While you're at it, enroll in a credit card notification program where the bank alerts you to charges over a preset amount.

■ Review your (and your kid's) credit report every 12 months at annualcreditreport.com. If you find an error, report it immediately and stay on top of the process.

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Trick to spend less: Stand on one foot when considering a pricey purchase — your heightened awareness of balance will make it less likely that you'll overspend on a whim.
Source: ournal of Marketing Research 2018

Lending a friend your credit card is a bad idea. Thirty-six million US adults say that they have had bad results after lending credit cards to someone they know. Borrowers sometimes overspent, did not pay the lender back or did not return the card at all because it was lost or stolen.
Source: CreditCards.com 2018

Higher administrative fees for cell phones are being charged by AT&T and Sprint in a bid to raise hundreds of millions of dollars without appearing to increase the cost of cell service itself. AT&T recently raised its monthly fee to $1.99, up from 76 cents last year. That could bring in an extra $970 million per year. Sprint raised its fee to $2.50 from $1.99 to bring in nearly $200 million. Verizon says its administrative fee remains at $1.23/month. T-Mobile's base rates include service fees and taxes.
Source: WSJ.com 2018

"Change is inevitable - except from a vending machine."
— Robert C. Gallagher

Even Millennials Need An Estate Plan

By Miriam Cross, Kiplinger's Personal Finance

For most millennials, getting a will is likely at the bottom of their to-do list — if it even makes the list.

"People don't want to talk about death," says Byrke Sestok, a certified financial planner in White Plains, N.Y. But if you die without a will, he says, the consequences for your loved ones can be disastrous.

A will spells out how you want your assets distributed after your death, and it names an executor to handle these transfers. Otherwise, you will die intestate, meaning your state decides how to distribute your property and funds, generally starting with your parents if you're childless. Even if you want to leave everything to your parents, a will streamlines the process, says Jeana Salman, a CFP in Atlanta.

Two other documents may be even more important than a will for single, healthy millennials. The first is a durable power of attorney, which names the person who can manage financial matters on your behalf if you are unable to (say, because you've become incapacitated or you're simply unavailable because you're traveling abroad). The second is an advance medical directive, which defines your end-of-life wishes concerning life support and more. You'll also name a person to carry out those decisions on your behalf, either within the medical directive or in a separate document.

If you don't specify your wishes or designate a health care agent and you fall into a persistent vegetative state, you will likely be kept alive artificially by default, says Steven Schindler, a partner at Perkins Coie LLP in Seattle.

You can expect to pay anywhere from a few hundred to a few thousand dollars for a basic estate package depending on where you live, the complexity of your estate and the experience of your attorney. On your own, you can designate beneficiaries for your bank, brokerage and retirement accounts, and of course, your life insurance.

Another aspect of estate planning that millennials need to worry about is maybe the scariest one of all: What happens to your digital assets when you die? Facebook defaults to memorializing your account (you can appoint a "legacy contact" or choose to have it deleted instead). Google lets you choose up to 10 trusted contacts who may download data from your Gmail, photos and more if you become inactive for a specified amount of time. Most states have enacted or introduced laws that govern how an executor can access digital assets, but a lawyer can help you tailor a plan to legally authorize someone to handle them.

Think about the person (or people) you want to appoint as your executor and to have power of attorney for both health and finances. The best person to make financial or medical decisions on your behalf may not be the one you feel closest to.

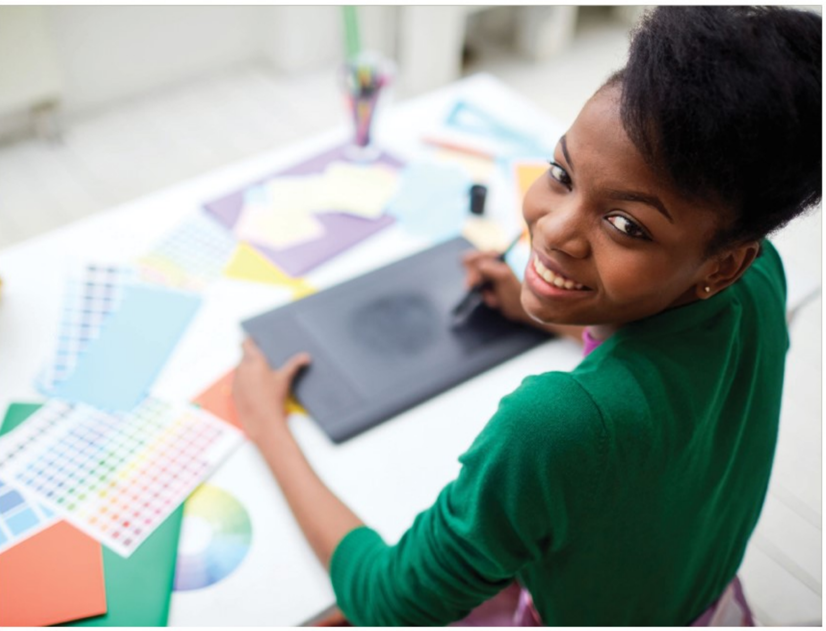
You can find an estate planning lawyer through your local bar association or the directory on your local Estate Planning Council's website. Before hiring a lawyer, check to see whether your employee benefits include free estate planning.

The Working-For-Yourself Windfall

By Sandra Block, Kiplinger's Personal Finance

If you're self-employed or have a side gig, you could qualify for one of the most generous provisions in the tax overhaul enacted by Congress late last year. But if you don't already have an accountant or tax preparer, you might need one, because this tax break is also one of the most complex provisions in the Tax Cuts and Jobs Act.

The break could benefit millions of sole proprietors, small-business owners, freelancers and gig workers, who "pass through" their business profits (or losses) to Schedule C of their individual tax returns and pay individual tax rates. Starting this year, many of these taxpayers will be allowed to deduct up to 20 percent of their qualified business income — net income after they've claimed business deductions — before they calculate their tax bill. For example, if you're self-employed and earn $100,000 in qualified business income this year, you could be eligible to deduct $20,000. If you're in the 24 percent tax bracket, that would reduce your tax bill by $4,800.



Congress made this change in an effort to create tax parity between small-business owners and big corporations. The Tax Cuts and Jobs Act cut the corporate tax rate from 35 percent to 21 percent but only reduced the top personal tax rate from 39.6 percent to 37 percent. Excluding 20 percent of qualifying income effectively cuts the top rate from 37 percent to 29.6 percent.

Several factors, though, could disqualify you for all or part of the pass-through deduction, including the amount of your business income, other sources of income and the nature of your business.

If your total taxable income — which includes interest and dividends as well as income reported on Form W-2 if you also have a regular job — is less than $157,500 on an individual return or $315,000 on a joint return, you're a winner. You can deduct 20 percent of your qualified business income no matter what type of business you're in.

At higher income levels, the calculation gets more complicated. In an effort to prevent affluent doctors, lawyers and, say, hedge fund managers from gaming the system, Congress created a higher standard for professionals who provide personal services. For these business owners, the deduction phases out once total taxable income exceeds $157,500 or $315,000 for married couples, and disappears once taxable income tops $207,500 for singles and $415,000 for couples.

The tax law says the higher threshold applies to professionals who work in "specified service" fields, including law, health care, accounting, performing arts, consulting, athletics and financial services, as well as any business in which "the principal asset is the reputation or skill of one or more of their employees."

INVESTMENTS AND RETIREMENT PLANNING

"How much money would I need to go back to kindergarten and start my life over?"

Reduce the loss of commuting benefits under the new tax law: The Tax Cuts and Jobs Act eliminates companies' right to deduct transportation costs from their taxes, so many firms will no longer offer the benefits unless they do so as part of an employee's taxable wages instead of as tax-free fringe benefits. Some companies may offer a salary-reduction arrangement that lets you put aside up to $260/month (the limit under the law) to pay for mass transit and/or another $260 per month for parking (in pretax dollars). Also, companies that want to hire you still may pay your moving expenses — but now must treat the added expense as part of your taxable salary at the new job. Ask if the firm will "gross up" moving expenses to cover the additional tax you will owe on them — some firms will.

Source: MarketWatch.com 2018

Did you know that corporate tax breaks aid some 401(k) plans? Several companies will benefit from the new tax law plan to increase matching payments to employee retirement plans. Visa, Nationwide Mutual Insurance, AutoNation and Western Alliance Bancorp, among others, are increasing their employer match for 401(k) plans.

Source: Bottom Line Personal magazine 2018

"We count our miseries carefully and accept our blessings without much thought."

— Chinese proverb

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Your Questions About Social Security Answered

By Jill Schlesinger, Tribune Content Agency

Q: *I claimed Social Security benefits at age 62 after I took an early retirement offer from my employer. After three months the company asked if I wanted to work part time. How much money can I earn before the government reduces my monthly benefit?*

A: Because you are under your full retirement age for all of this year, the Social Security Administration will deduct $1 from your benefit payments for every $2 you earn above the annual limit. For 2018, that limit is $17,040. Starting the month you hit your full retirement age, your benefits will no longer take a hit.

Q: *I called Social Security twice and got two different answers to the same question. Where can I get more information in writing?*

A: The Social Security web site ssa.gov is searchable and has many examples of situations that could be helpful. AARP has an SS Benefits Calculator as well as an online SS Question and Answer tool and the Consumer Financial Protection Bureau helps pre-retirees plan with an easy-to-use tool.

Q: *My 35-year old son does not believe that Social Security will be there for him when he retires. Will it?*

A: Your son is not alone. In the 18th annual Transamerica Retirement Survey, 76 percent of American workers said they feared that Social Security will not be there for them when they're ready to retire. Maybe your son saw a scary headline or two after the release of the 2018 Annual Report of the Board of the Social Security Trustees that said that the program's trust fund would be exhausted by 2034. But as long as current workers are paying taxes into the system, current retirees should receive at least a portion of their expected benefits.