



Hohmeier Malas LLC  
CERTIFIED PUBLIC ACCOUNTANTS

## Tax Reform Client Analysis

March 2018 Newsletter

We take pride in preparing a tax reform update for 2018. This includes analyzing how each of the new tax laws affect each of our clients and their individual circumstances. We then determine how we can optimize their 2018 tax strategy to have the best possible outcome. The good news is that we are seeing over 90% of all returns have average savings of \$1,000 or greater. One thing to keep in mind is that since the tax rates went down this year, federal tax withholding went down. This means that even though your taxes may be \$1,000 lower next year, you might withhold \$1,000 less in federal taxes. If you have tax withholding on your paycheck every month, you probably noticed your paycheck increased earlier this year as withholdings went down.

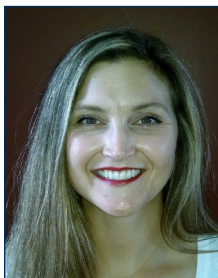
### Taking Action - 2018 Taxes

It is hard to believe, but we are already 25% through 2018. Here are some tips to maximizing your 2018 taxes:

**Home Equity Loan Mortgage Interest:** The IRS suspended the deduction for interest paid on home equity loans and lines of credit, unless they are used to buy, build, or substantially improve the taxpayer's home that secures the loan. If you have a home equity loan that was used to pay personal expenses such as credit card debt, the interest would not be deductible. Please let us know if you are concerned about your home equity loan and we can help.

**401k/Roth 401k/403B:** It is never too late to start thinking about saving more for retirement. One strategy you can take is to increase your contribution to your retirement plan at work when you get a raise. For example, if you receive a 3% raise, immediately increase your retirement savings by 1%. You won't even notice that you are putting more away! If you continually do this, year over year, you will get closer and closer to saving a recommended 10% to 15% of your income. Putting money in a 401k or 403b will lower your taxable income and help lower your taxes. The Roth 401k is a hidden gem. It does not have the tax savings the year you put it in like a 401k, but when you retire all the Roth 401k money that you were able to save and the associated earnings are tax free!

**Donations:** It will be much harder for families to itemize their deductions in 2018, as the married filing jointly standard deduction has increased to \$24,000 (\$12,000 for single). There are 3 basic components to itemizing your deductions in 2018: Taxes (state and real estate capped at \$10,000), mortgage interest and equity loan interest (used to buy, build or improve), and charitable donations. For those of you that will be close to this threshold, maximizing itemized deductions could be key. Tracking volunteer miles and frequently donating items from your home are frequently missed opportunities. In addition, always make sure you make a list of what you donated and get a receipt.



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### March Tax Tip

We can send you a secured electronic copy of your return. Most are sent automatically, but let us know if you did not receive a copy.

