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Many of you have had questions about the tax bill that was passed and signed into law last week and how it may affect you. Unfortunately, your advisory fees cannot be prepaid for next year. However, here is a brief summary of some of the key provisions:

- Standard deduction: In 2018, it rises to $12,000 for individuals and $24,000 for joint filers. This is nearly double 2017's standard deduction. If you decide to use the standard deduction for the 2018 tax year (the return you file by April 15, 2019) instead of itemizing deductions, you will no longer take a tax deduction for:
    - State and local taxes and property tax: If you itemize, you won't be able to deduct more than $10,000.
    - Mortgage interest: For loans obtained in 2018, can only deduct interest on the first $750,000. Interest on home equity loans (HELOCs) and home equity lines of credit will no longer be tax deductible - regardless of when you got the loan. This change does not affect current mortgage-holders.
    - Miscellaneous deductions: Unreimbursed employee expenses, tax preparation fees and other costs will no longer be deductible starting on January 1, 2018.
- No more personal exemptions. The personal exemption has been combined with the standard deduction.
- Tax credits: The Child Tax Credit is increased from $1,000 to $2,000.
- 529 plans: Allows college savings plan assets to be used for grades K-12, as well as college and post graduate study.
- Estate taxes: Starting in 2018, you can leave $11.2 million, or $22.4 million if you're married filing a joint return, to your heirs without owing any federal estate taxes. This is likely to impact only the very rich.

There are a few ways to lower your 2017 and/or 2018 taxes - if you act by Sunday, December 31, 2017. You'll need to act quickly, and be sure to consult your tax advisor before taking any action:

- Consider paying your property taxes before January 1, 2018 only after consulting with your tax advisor. This may be a good strategy, depending on individual circumstances. The IRS just issued an advisory on this which can be found here: https://www.irs.gov/newsroom/irs-advisory-prepaid-real-property-taxes-may-be-deductible-in-2017-if-assessed-and-paid-in-2017
- Make 2018 charitable contributions before the end of 2017. If you itemize, this could be a good strategy. However, you will need to come up with the cash now and the result may be that your charity won't get a donation from you next year.
- Roth conversions. The new law prohibits "recharacterizations." This occurs when you convert your IRA to a Roth IRA and regret it later that same year. Currently, you can engage in a "do-over" and reverse the transaction. But starting in 2018, the ability to do this (called a recharacterization) is prohibited. If you did a recharacterization in 2017, check with your tax advisor or us to see if you should recharacterize it by Sunday.

For more information on the tax law changes: https://clearingcustody.fidelity.com/app/item/RD_13569_45833.html As always, we recommend you talk with your tax advisor before taking action on any of these ideas.

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