Ashwood Advisors, LLC®

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Truth, Knowledge, Experience *4th Quarter 2016*

Hi Everyone,

The leading question among market forecasters- How pro-business will president-elect Trump be? The impact the new administration will have on taxes and regulations.

Best wishes for 2017.

Sincerely,
Steve Geremia

In This Issue:

Estate Planning: It's for Everyone

Presented by Stephen Geremia

If you're like many people, you've thought about making an estate plan, but you just never get around to doing it. Perhaps you're too busy, or maybe you'd rather avoid considering what will happen in the event of your incapacity or death. Although these concerns are understandable, estate planning is a vital component of your financial well-being—and one that's best tackled sooner rather than later.

Why you need an estate plan

An estate plan is designed to provide financial security for your family, ensuring that your property will be preserved and passed on to beneficiaries. In addition, it can:

* Minimize estate taxes and other administrative costs
* Ensure competent management of your property in the case of incapacity
* Enable you to provide for a favorite charity
* Help mitigate or avoid disputes among family members

Contrary to popular belief, you don't need to have significant wealth to have an estate plan. Basic estate planning is for everyone. Putting a plan in place will help you protect assets during your life and control how you wish your estate to be distributed on your death, as well as ease the administrative burden on your family.

Getting started: the essential documents

Your estate plan should include three basic sets of documents: a durable power of attorney (POA) for financial matters, a health care POA (and/or a living will), and a last will and testament. Depending on your goals and needs, your plan may also include a trust agreement.
Let's review each of these items and the important roles they play in your planning.

Durable POA for financial matters. This document allows you to appoint someone to handle your financial matters in the event that you become incapacitated. If that happens and you have not appointed an agent to act on your behalf, your family would need to seek probate court authority in order to take over your financial responsibilities. You can also use a POA to authorize an agent to sign legal documents for you. For example, if you plan to travel out of the country for a lengthy period of time, you may appoint someone to handle your financial affairs while you are away.

Health care documents. A health care POA allows you to name an individual to make medical decisions on your behalf in the event you are unable to do so. It may be used in conjunction with a living will, which authorizes your health care provider to take specific actions in the event that life-sustaining decisions need to be made. A living will also serves an important function if the agent or other individuals named in your health care POA are unable to make a decision on your behalf in regard to continuing life-sustaining treatment.

Government's first duty is to protect the people, not run their lives. - Ronald Reagan

Last will and testament. A will dictates who will receive your property upon your death and under what circumstances. It also enables you to direct the payment of estate administration expenses and taxes and to nominate an executor to handle these matters. Even more important, it allows you to designate a guardian for your minor children. As part of your will, you may want to consider creating a testamentary trust that names a trustee to continue managing assets for specific beneficiaries. Often, these types of trusts are established to oversee assets for a minor beneficiary until he or she reaches a specific age.

Revocable trust. With a revocable trust, you can maintain control and ownership of the trust assets during your life and direct how and when your beneficiaries will receive trust distributions upon your death. Additionally, by funding a revocable trust during your life, your assets will avoid probate administration. If a pet is an important part of your family, many states now permit legally enforceable pet trusts, which allow you to provide funds to a trustee for the future care of the animal.

Other considerations
Keep in mind that a will governs only probate property; a trust governs only assets owned by the trust. In addition, some assets pass outside of probate by virtue of a beneficiary designation or the manner in which title is held. To ensure that they will be distributed according to your wishes, it's essential to review the ownership and beneficiary designations of these assets, which include:

* Jointly held property
* Life insurance proceeds
* Retirement benefits
* Employee death benefits
* Retirement plan proceeds

Although estate planning may seem complex (and it can be), working with experienced professionals will help ensure that your plan meets your needs. If you'd like to get started, or if you need help evaluating your current estate plan, please don't hesitate to reach out to us.

Year-End Financial Planning Checklist

Presented by Stephen Geremia

As 2016 draws to a close, it's time to begin organizing your finances for the New Year. To help you get started, we've put together a list of key planning to**pics to consider.**

Savings and investments
Revisit your retirement contributions. Review how much you're contributing to your workplace retirement account. If you're not taking full advantage of your employer's match, it's a great time to consider increasing your contribution. If you've already maxed out your match or your employer doesn't offer one, boosting your contribution could still offer tax advantages. Now is also a good time to ensure that your portfolio allocation remains in line with your objectives.

Anticipate Roth recharacterizations. If you converted a traditional IRA to a Roth IRA during 2016 and paid tax on the conversion, mark your calendar now to allow plenty of time to recharacterize (i.e., undo) the conversion if you need to. The deadline is your tax-filing deadline plus any extensions.
Take stock of your goals. Did you set savings goals for 2016? Realistically evaluate how you did and think about your goals for next year. If you determine that you are off track, we'd be happy to help you develop and monitor a financial plan.

Health and wellness
Spend your FSA dollars. If you have a flexible spending account (FSA), those funds may be forfeited if you don't use them by year-end. (Some FSAs offer a 2.5-month grace period or the ability to carry over up to $500 into the next year; check with your employer to see if those options are available.) It's also a good time to calculate your FSA allotment for next year, based on your current account excess or deficit.

If you're not using an FSA, evaluate your qualifying health care costs to see if setting one up for 2017 would make sense.

Make changes to Medicare coverage. Open enrollment for Medicare started in October and ends December 7, 2016. For many, this is the only chance to change health and prescription drug coverage for 2017.

Taxes, taxes, taxes

Manage your marginal tax rate. If you're on the threshold of a tax bracket, deferring income or accelerating deductions may help you reduce your tax exposure. It might make sense to defer some of your income to 2017 if doing so will put you in a lower tax bracket. Accelerating deductions, such as medical expenses or charitable contributions, into the current tax year (rather than paying for deductible items in 2017) may have the same effect. In addition, reviewing your capital gains and losses may reveal tax planning opportunities—for instance, harvesting losses to offset capital gains.

Here are a few key tax thresholds to keep in mind:

* **The 39.6-percent marginal tax rate** affects those with taxable incomes in excess of $418,400 (individual), $470,700 (married filing jointly), $444,500 (head of household), and $235,350 (married filing separately).
* **The 20-percent capital gains tax rate** applies to those in the 39.6-percent tax bracket.
* **Itemized deductions and personal exemption phaseouts** affect those with adjusted gross incomes above $261,500 (individual) and $313,800 (married filing jointly).
* **The 3.8-percent surtax on investment income** applies to the lesser of net investment income or the excess of modified adjusted gross income over $200,000 (individual) and $250,000 (married filing jointly).

Consider the benefits of charitable giving. Donating to charity is another good strategy for reducing taxable income. If you'd like to help a worthy cause while trimming your taxes, it's worth exploring your charitable goals and various gifting alternatives.

Make a strategy for stock options. If you hold stock options, now is a good time to make a strategy for managing current and future income. Consider the timing of a nonqualified stock option exercise. Would it make sense to avoid accelerating income into the current tax year, or defer income to future years, in light of your estimated tax picture? And don't forget about the alternative minimum tax (AMT). If you're considering exercising incentive stock options before year-end, have your tax advisor prepare an AMT projection to see if there's any tax benefit to waiting until January of the following year.

Plan for estimated taxes and RMDs. When considering your taxes for 2016, be sure to take any potentially large bonuses or a prosperous business year into account. You may have to file estimated taxes or increase the upcoming January payment. If you're turning 70½, you'll need a strategy for taking required minimum distributions (RMDs) from your traditional IRA and 401(k) plans.

Adjust your withholding. If you think you may be subject to an estimated tax penalty, consider asking your employer (via Form W-4) to increase your withholding for the remainder of the year to cover the shortfall. The biggest advantage of this is that withholding is considered as having been paid evenly throughout the year instead of when the dollars are actually taken from your paycheck. You can also use this strategy to make up for low or missing quarterly estimated tax payments.

Government spending remains a modest drag, inching up 0.2% in 3Q16. While federal spending picked up in 3Q16, state and local spending declined on a quarter-over–quarter basis. - Argus Weekly Economic Commentary 12/5/2016

Proactive planning

Review your estate documents. To help ensure that your estate plan stays in tune with your goals and needs, you should review and update it on an ongoing basis to account for any life changes or other circumstances. If you haven't done so during 2016, take time to:

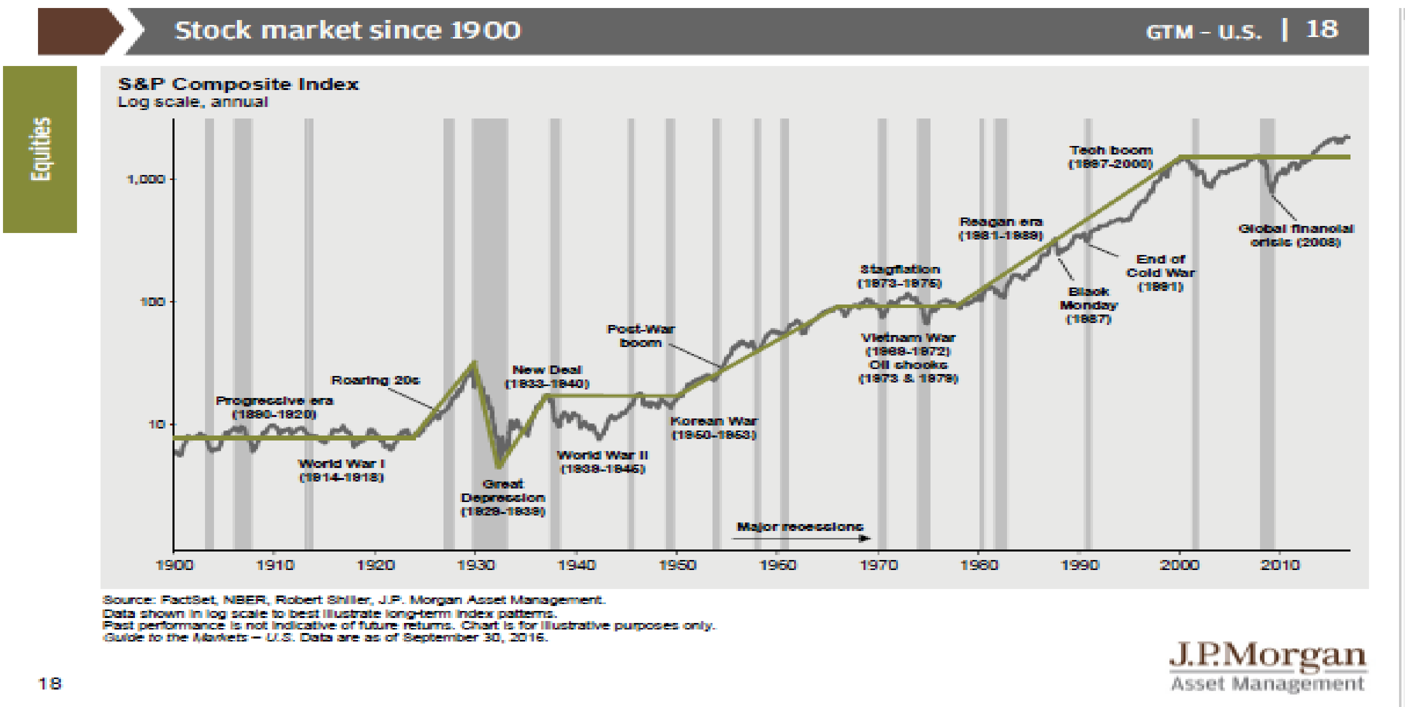
* Check trust funding
* Update beneficiary designations
* Review trustee and agent appointments
* Review provisions of powers of attorney and health care directives
* Ensure that you fully understand all of your documents

Check your credit report. It's important to monitor your credit report regularly for suspicious activity that could indicate identity theft. Federal law requires that each of the nationwide credit reporting companies (Equifax, Experian, and TransUnion) provide you with a free copy of your report every 12 months, at your request.

Get professional advice. Of course, this list is far from exhaustive, and you may have unique planning concerns not covered here. As you prepare for the coming year, please feel free to reach out to us to discuss the financial issues and deadlines that are most relevant to you.

Whatever your planning may entail, we wish you a happy, healthy, and prosperous 2017!

I am a Republican, a black, dyed in the wool Republican, and I never intend to belong to any other party than the party of freedom and progress. - Fredrick Douglass



Too often we...enjoy the comfort of opinion without the discomfort of thought.—John F. Kennedy

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