



Spring has come at last, and with warmer temperatures and sunny skies come lots of reasons to feel happy! As you thaw out from the cold, take a moment to catch up on some of the good things happening in the financial world and around SA. This edition highlights some of the positive changes to tax laws that took effect this year. It also attempts to ease any concern over the stock market's crazy changes. Last but not least, we want to share some "family" news.

## Tax Law Highlights



by Mark Brinser, CFP®

Now that tax season is behind us, we can hopefully turn our attention to an even better season: spring! However, for individuals who need to take their Required Minimum Distribution (RMD) in 2018 or families putting a child through private school, we still have some tax-planning items for you to consider. So, unfortunately, you cannot forget about taxes just yet! In this article, we are going to focus on two unique opportunities that the Tax Cuts and Jobs Act of 2017 created for the situations I just mentioned.

Historically, taxpayers had two types of deductions to choose from on their tax return: the standard deduction and the itemized deduction. With the passage of this bill, the standard deduction has increased to \$12,000 for individuals and \$24,000 for married couples filing jointly. If you are blind, disabled or age 65 or older, you can add an additional \$1,300 to that amount or \$1,600 if you're an unmarried taxpayer. Consequently, if you have chosen to itemize your deductions in the past, do not be surprised if you are taking the standard deduction this year.

However, if you do any charitable giving, this change is important because those contributions were counted on your itemized deductions. Therefore, for individuals who need to take an RMD in 2018 and were planning to donate the money to charity, you may want to consider utilizing the Qualified Charitable Distribution option instead. In short, this allows individuals over the age of 70.5 to send RMD distributions directly to charity and avoid income taxes on the distribution, whether you itemize your deductions or not.

Finally, if you are paying private school tuition for a child in kindergarten through twelfth grade (k-12), there is some good news for you. Private k-12 education can be an expensive, though worthwhile, endeavor for many families. Until now, there was not much tax help for families in this situation. One option has been the Coverdell Education Savings Accounts (ESA), but contributions are limited to \$2,000 per student each year and are only available to families below a certain income level: \$95,000 for individuals and \$190,000 for married couples filing jointly.

Meanwhile, 529 Plans have been the preferred education savings vehicle for many people, but distributions

C o n t i n u e d . . .

## Clients are asking...



by W. Lee Shertzer, CFP®

### Why is the stock market acting so crazy?

"Is it political? Is it interest rates, or is it the weather?!"

While we have recently experienced high volatility, we have just come off of the longest period of time without a market downturn of 10 % or more. By the end of January of this year, the last six and a half years, have set a record for the longest period of relative market stability. The markets have been eerily quiet for longer than they ever have been before.

When we have experienced stability for so long, we can begin to think that this is the "new normal." It was easy to forget that the stock market goes up AND down.

Stock market volatility is normal. Recent moves in the market can make us feel a little queasy, like riding a roller coaster at Hershey Park. We had a quick move up of 6.5% in January of this year, followed by a drop of 10%

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were only allowed for post-secondary education, such as college or graduate school. However, with this new tax bill, up to \$10,000. of 529 plan assets can now be used to pay for tuition at private k-12 institutions. In addition, for Pennsylvania residents, you can still deduct contributions to a 529 plan on your state tax return, thus saving 3.07% on your state tax bill!

## A Little Someone New...

Each of these changes provide unique planning opportunities, and I encourage you to discuss these in more detail with your advisor. On Tuesday, February 27th, at 10:09 p.m., Sarah Wert and her husband, Cody, welcomed Liam Asa into their family. He weighed in at 9 lbs. 10 oz. and was 20.5" long. Liam joins big sister, Anna, who is 2 years old.



Liam Asa Wert

## Camp Collaboration in Chile

This February, Lee Shertzer had the opportunity to travel to Puerto Montt, Chile as a representative of Black Rock Retreat. He joined Black Rock's Executive Director, Peter Fiorello, and Eastern Mennonite Mission's Strategic Coach, Steve Shank.

The purpose of the trip was to grow a partnership with a local organization who has the desire to build a summer camp for area children and youth. The group has the land, but since camps in Chile are not common, they need guidance on how to make the dream a reality.

Lee, Peter and Steve met with community leaders and missionaries to plan and strategize. Thankfully, the camp in Chile has great support from the community!

Although Lee has been on mission's trips to Columbia, Peru and Nicaragua, this was his first time in Chile. It was also the first time that he had the opportunity to blend his experience as

a board member of Black Rock with his volunteer work in another country.

When asked what stood out the most about the trip, Lee noted that, at heart, people are the same everywhere: they all desire positive, fun experiences for their children.

Lee feels confident about what the group accomplished during their time abroad. He is encouraged by the excitement that was generated and feels sure they are well on their way to building a successful retreat.

in 10 days in February. The market had additional large moves up and down since then. It is helpful to remember what Mark Brinser, a partner at our office, wrote in our last quarter's newsletter "historically, stock markets experience at least one 10% peak-to-trough drop per year".

Yes, there are many interesting headlines about business and politics, and many of these can lead to market ups and downs. Besides the tweets that come out, there are the other issues like tariffs/protectionism and whether the federal reserve will raise interest rates three or four times this year. All of this can lead to uncertainty.

Going back to the roller coaster analogy, I have often told clients that the only people who get hurt riding a roller coaster are those who jump out while it is moving. While the ride might not be enjoyable, if you stay in the car, you will get back safely."



Have questions?

Feel free to contact our office to schedule an appointment.

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