



RETURN SERVICE REQUESTED

**SERVICE GUARANTEE**  
Our work is guaranteed to the complete satisfaction of the customer. If the customer is not completely satisfied with the services performed by White & Company, PC we will, at the option of the customer, either refund the fee or accept a portion of the fee that reflects the customer's level of satisfaction.

**June 2018**

**DO YOU HAVE THE RIGHT INSURANCE FOR ANTIQUES AND COLLECTIBLES?**

Your homeowner's insurance policy probably provides antiques and collectibles coverage, but this coverage likely is capped at just a few thousand dollars, and it usually does not cover damage from flooding or backed-up sewer lines. (However, it generally does cover water damage from broken pipes and falling rainwater.) Additional coverage options:

**You can add a rider to your homeowner's insurance policy to cover backed-up sewer lines.** These riders usually are inexpensive, often less than \$50 a year, but their antiques and collectibles coverage typically is capped at just a few thousand dollars.

**You can obtain flood insurance through the National Flood Insurance Program.** This could be very expensive if your home is in a flood zone and the antiques and collectibles provided by these policies is capped at just \$2,500. Also, antiques are covered only for their functional value. Example: If a flood ruins your antique chair, this insurance will pay only the amount it would cost to buy a brand-new chair.

**You can purchase a specialty antiques and collectibles insurance policy.** These tend to be fairly inexpensive, perhaps \$100 a year for \$20,000 in coverage, and are worth having when homeowner's insurance and/or flood insurance is insufficient. Be sure to confirm that the policy selected includes flood protection!

Whatever insurance you purchase, use a digital camera to photograph your valuables, create a file of the photos and keep a copy of this file somewhere other than in your house. Also, email a copy to at least one friend or relative for safekeeping. These photos will help tremendously should you ever have to file a claim for destroyed items.

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**REDUCED UTILITY BILLS FROM THE TAX CUT AND JOB ACT**

The tax bill passed in December 2017 may reduce utility bills. But the reduction will probably not be a big one because the large tax savings for utilities must be shared among the entire customer base. Savings are estimated at \$1 billion this year and \$5 billion in 2021, but that translates to about a 0.5% drop in electricity prices. And regulators in some states may have utilities use the tax savings to upgrade infrastructure or offset what would otherwise be rate hikes in the future.

**THE BENEFITS OF A DIRECT DONATION OF ALL OR PART OF YOUR REQUIRED MINIMUM DISTRIBUTION**

Direct donations from your IRA, which are allowed for taxpayers age 70-1/2 and older, have several potential advantages. First, tax-free payouts earn a break for taxpayers who do not itemize deductions. For those who itemize, the advantage is keeping the money out of adjusted gross income as well as taxable income. For high-income taxpayers, they can reduce or eliminate surcharges on Medicare Part B and Part D premiums. For lower-income IRA owners, it can reduce how much of their Social Security benefits are taxed. One other potential benefit: If you are close to the line between itemizing or taking the standard deduction, reducing the amount of itemized deductions with a tax-free direct donation might tip the scales toward the standard deduction, cutting your tax bill even more. Keep in mind that in 2018 the standard deduction increases for all taxpayers.

**IMPORTANT DUE DATES**

Within 3 days of payroll	-Due date of employer's Social Security and withholding tax deposits if the IRS has determined you pay semi-weekly
June 15, 2018	-Due date of 2018 Estimated Tax Payment No. 2
June 15, 2018 July 16, 2018 Aug. 15, 2018 Sept. 17, 2018	-Due dates of employer's Social Security and withholding tax deposits by EFTPS if the IRS has determined you pay monthly
June 25, 2018 July 25, 2018 Aug. 27, 2018	-Due dates of monthly state excise tax reports
July 31, 2018	-Due date of Retirement Plan Form 5500
	-Due date of Form 940 deposit for 2nd quarter 2018
	-Due date of employer's payroll tax reports Form 941, State Unemployment and State L & I
	-Due date of quarterly state excise tax reports
Aug. 31, 2018	-Due date of Annual Heavy Vehicle Use Tax Form 2290
Sept. 17, 2018	-Due date of 2018 Estimated Tax Payment No. 3
	-Due date of Form 1041 (Trust or Estate) and Form 1065 (Partnership) tax returns if an automatic 5-month extension was filed on April 17, 2018 and Form 1120 and 1120S (Corporation) if an automatic 6-month extension was filed on March 15, 2018
Oct. 1, 2018	<b>-Time to start pre-year-end tax planning!</b>

## TIDBITS

- The Bipartisan Budget Act, enacted in February 2018, created a new Form 1040 for taxpayers over 65. The Form 1040SR is supposed to be as simple as the Form 1040EZ, but will allow reporting of Social Security benefits and retirement distributions, interest and dividends and capital gains and losses.
- Only about 42% of U.S. adults have a will or other estate planning documents such as a Power of Attorney or Living Trust. Only 36% of people with children under 18 have any documents.
- Total student loan debt of an estimated \$1.5 trillion is owed by 44 million Americans.
- Average student loan debt of a college graduate at graduation in 2016 was \$37,172, an increase of 6% over the 2015 amount.
- The average cost of one year at a public university in 2017 for an in-state student was \$20,090.
- Cost of tuition, room and board and other fees at Sarah Lawrence College, the most expensive college in the U.S., is \$61,236 per year. Hard to believe this institution's education is worth \$41,146 more than a state college.
- The percentage increase in the in-state cost of one year at a public university over the last 20 years is 237% or an average of 11.85% per year.
- The graduating college class of 2017 missed out on \$2.6 billion in federal grants for 2016.
- There were 5.5 million Americans living with Alzheimer's dementia in 2017.
- Over 40 million people in the U.S. are caring for an older relative.
- The annual economic value of the care provided by unpaid family caregivers to their loved ones is estimated to be over \$470 billion!
- In 2017, the IRS spent \$20 million to use private collection firms to collect a total of \$6.7 million in

back taxes from the years 2016 and 2017. \$1.2 million of the \$6.7 million was collected within 10 days of the IRS sending out letters to taxpayers saying their accounts were about to be turned over to a private collector.

- The Bureau of Labor Statistics reported that the unemployment rate for people 55+ was 3.1% as of March 2018, which was lower than the current overall unemployment rate of 4.0% for March 2018.
- U.S. Olympians who medaled in the recent winter games are also tax winners. The value of their medals and cash prizes from the U.S. Olympic Committee are tax-free. Athletes with over \$1 million of adjusted gross income do not qualify and the tax treatment of endorsement income is still taxable.

## MAKING SURE YOUR POWER OF ATTORNEY ACTUALLY WORKS

A power of attorney (POA) can be a tremendously valuable tool when a person needs to designate someone to act on his/her behalf in financial, legal and other matters. But banks, brokerages and other financial institutions sometimes refuse to accept a POA—instead sending the designated “agent” away and complicating such tasks as withdrawing money for accounts or buying and selling investments in an account. Those institutions may want to try to make sure that the document, which typically is invoked when the account holder is incapacitated, is valid and the person named as agent is not engaged in “financial abuse” - that is, trying to cheat the account holder. Here is how to reduce the odds that a designated agent will encounter problems and how an agent can convince financial institutions to let him take control.

**Creating the POA**—If a POA is being created for you or someone you are

helping, such as a parent, be sure to follow these guidelines:

- Consolidate financial matters at as few financial institutions as possible. Fewer financial institutions means fewer future hassles for the agent.
- Get preapproval. Many institutions will review and accept a POA in advance.
- Complete POA forms provided by the financial institutions, if available, rather than a general POA. Institutions are more likely to honor their own forms.
- Set up a durable immediate POA, not a springing POA. The latter type will “spring” into effect only when the person creating the POA becomes incapacitated. Proving incapacitation creates an additional hurdle for the agent. The durable immediate POA takes effect as soon as the document is signed and remains in effect if the person becomes incapacitated.
- Have two witnesses and a notary present when the POA is signed. In some states, this is required, and even when it is not, it can help confirm the legitimacy of the document.

### **IF YOU ARE THE AGENT-**

When a financial institution balks:

- **Remain calm and courteous with the institution.** Flying off the handle will only increase the concern that you cannot be trusted to look after the client's interests.
- **Ask the institution, “What can I do to help with this process?”** For example, it might allay the institution's concerns if all the heirs come in together and agree that you should be allowed to manage the account.

- **Ask an attorney whether the institution is legally mandated to accept the POA.** In many states, institutions must accept POAs as long as the state's “statutory” POA form was used. Institutions generally back down when this is called to their attention.
- **Ask a court to name you as the financial guardian for the account holder.** This allows you to manage the account even if the institution will not accept the POA. It is time-consuming and expensive so it should be considered a last resort.

## WAYS TO INCREASE YOUR CREDIT SCORE

- Keep the percentage of revolving credit you use, such as credit cards, to 30% or less, and ideally no more than 10%, of the total revolving credit limit you have.
- Leave favorable old accounts on your credit report, that means debt you have paid off as agreed, such as a car loan or even a credit card you have had for a long time.
- When shopping for home, auto or student loans, make all your applications within a short time period, ideally within 14 days. Each credit application causes your score to decline slightly, but multiple applications in a short period of time are treated as a single inquirer, so it is okay to shop around.
- Always pay bills on time and aim to pay down your debts over time.
- You are allowed one free report a year from each credit bureau—Equifax, Experian and TransUnion—and you can request those free reports at [annualcreditreport.com](http://annualcreditreport.com). Also, [creditkarma.com](http://creditkarma.com) provides free access to your

TransUnion and Equifax credit reports and credit scores each month.

## FOUR THINGS YOU (PROBABLY) SHOULD NOT PAY FOR

1. **Air-duct cleaning.** Independent research indicates that duct-cleaning work may contribute to dust problems rather than lessen them.
2. **Car repairs at the dealership.** Unless the work you need is covered by a new-car warranty or manufacturer recall, use an independent shop. Consumer surveys that compare quality of work at dealers and non-dealers indicate the non-dealers, on average, score better and charge less.
3. **ID theft insurance.** Most mini insurance policies (extended warranties, travel coverage, furniture protection plans) are pretty useless. That is also true of the add-on policies for ID theft offered by homeowners' insurance. They do not promise to clear your credit history and record for you; they merely cover the expenses you incur when you do so on your own. The average out-of-pocket cost to remedy the effects of identify theft is well under \$1,000, and many cost victims nothing. Mostly, it takes time and effort to repair the damage.
4. **Tire-protection plans.** If you get a flat caused by a nail, glass or other road debris, a plan promises to repair or, if necessary, replace the tire. But if you get a flat from accidentally running over a curb or another driver error, you get nothing.

## HIGH-INCOME MEDICARE COSTS WILL INCREASE

Medicare costs will rise significantly next year for the highest earners. Individuals with incomes of \$500,000 or more and couples with incomes of \$750,000 or more will have to pay 85% of the cost of their Medicare Parts B and D benefits which is up from 80% this year. The 2019 rise comes after an increase that already went into effect in January 2018. People with incomes between \$160,001 and \$214,000 or couples with incomes of \$320,001 to \$428,000 were moved from a 65% surcharge to an 80% surcharge. The income thresholds for surcharges had not been adjusted for inflation since 2011. About 5.7% of Medicare recipients paid more than the standard premium in 2015 and the percentage is expected to rise to 8.3% next year. The standard premium for Medicare pays for only 25% of the actual cost of Parts B and D.

## THE WAY RENTING BEATS HOME OWNERSHIP

Renters build more wealth than home owners if they take the savings from not owning a home and invest all the money at a sufficiently high rate of return, according to a recent study. Although, there are some parts of the U.S. where home prices have skyrocketed, there are many more parts where prices have stayed relatively stagnant. In those areas, renting, calculating the savings compared with owning, and investing all of those savings in stocks and bonds result in a better return than buying a home and relying on its appreciation for wealth building.

