

In The LOOP

Your Magazine of Personal Finance

March–April 2018

A man and a woman are sitting on a light-colored couch. The woman, on the left, has long blonde hair and is wearing a grey and black argyle sweater over a grey t-shirt and blue jeans. She is looking down at a laptop computer. The man, on the right, is wearing a white polo shirt with thin black horizontal stripes and blue jeans. He is looking down at several papers he is holding in his hands. The background is a plain, light-colored wall.

Get to Know the **NEW Tax Rules**

**On the Fringe:
Which Employee
Benefits are
Taxable Now?**

**Rejuvenating
Getaways for
You and ___?**

**Unique
Wedding Gifts**

**Bounce Back
from Burnout**

**Avoid Injury with
Crosstraining Tips**

From the Firm

A Fresh Take on Taxes and Much More

Can you believe that we're already in prime tax season? It seems like mere weeks ago we were ringing in the New Year. Now we're already filing 2017 taxes and looking ahead to what 2018 will bring with the changes ushered in by tax reform.

As it turns out, the Tax Cuts and Jobs Act does contain some very notable changes that will impact individual and business taxes. A key change that will impact businesses is the elimination of deduc-

tions for *de minimis* employee meals—we delve into that as well as look at which employee benefits are taxable and which ones are not.

While taxes are certainly important, we hope you'll also take some time to read the other articles in this issue—all compiled here to help you make 2018 one of your healthiest and happiest years yet.

Sincerely,

Your Trusted Advisors





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Get to Know the **NEW** Tax Rules

While there have been many headlines about the Tax Cuts and Jobs Act (TCJA), the broadest reform of U.S. tax laws in three decades, most taxpayers have yet to really drill down to see how these new laws affect them. To help you focus in on the provisions of the law that are most likely to impact you, we've compiled the following summary.

INDIVIDUAL Tax Impacts

- Potentially lower tax rates. For some individuals, tax reform may mean a lower tax rate due to the seven new individual income tax brackets the new law has put into place: 10 percent, 12 percent, 22 percent, 24 percent, 32 percent, 35 percent and 37 percent.
- The elimination of the Affordable Care Act's individual mandate and associated tax penalties. Beginning in 2019, taxpayers will no longer face the levy of \$695 per person or 2.5 percent of income (whichever was higher) for not carrying health insurance.
- An increased standard deduction. Many traditional tax deductions have been eliminated under the TCJA.

These changes have been offset by a larger standard deduction. Effective in 2018, taxpayers can claim a standard deduction of \$12,000 (single and all other taxpayers); \$18,000 (head of household); \$24,000 (married).

- A higher medical expense deduction. Medical expenses are only deductible if itemizing deductions and only after they exceed 7.5 percent of AGI in 2017 and 2018.
- Retention of the student loan interest deduction. This provision was retained from the previous tax laws, which allows student loan borrowers to deduct up to \$2,500 of the interest they paid directly from their taxable income. The benefit phases out as your income increases.
- Deductions for state and local taxes are reduced. This change received a lot of media attention when the TCJA was first passed, and with good reason. If you live in an area with high property taxes, you may be on the losing end of having a deduction of only \$10,000 (\$5,000 for a married taxpayer filing a separate return) for the total of your (1) state and local property taxes and (2) state and local income taxes.
- The deduction for mortgage interest is lowered. Mortgage interest is now deductible only on acquisition indebtedness of up to \$750,000 after December 15, 2017.
- The deductions for interest paid on home equity loans are eliminated.
- There are no tax deductions for moving expenses. After 2017, the TCJA suspends the deduction for moving expenses, with an exception for certain members of the Armed Forces. The tax-free reimbursement of employment-related moving expenses is also eliminated.

BUSINESS Tax Impacts

- A new pass-through credit for business owners. If you are self-employed, the TCJA offers a 20 percent business income deduction for pass-through entities for qualified businesses. To qualify, you must meet some requirements for the type of business you operate, in addition to having income under

\$157,500 for single taxpayers and \$315,000 for married taxpayers filing jointly. Limitations are applied at certain levels of income.

- A lower tax rate for corporations. Pass-through entities are not the only entity types that may benefit from the TCJA. C-corporations, which previously had tax rates between 15 percent to 35 percent, will benefit from a flat tax rate of 21 percent under the new law.
- Deductions related to client entertainment are no longer allowed. Previously, businesses could deduct 50 percent of the cost of entertainment directly related to or associated with the active conduct of a business. Starting this year, there are no deductions for these expenses.
- Employer-provided meal costs are reduced. In addition to business entertainment deductions being eliminated, there are changes to deductions for meal expenses for businesses under the TCJA. Through 2018, there is a 50 percent limitation for the deduction of expenses associated with employers providing food and beverages to employees through an eating facility that meets requirements for de minimis fringe benefits and for the convenience of the employer. Importantly, after December 31, 2025, these expenses will not be deductible at all.
- The new alternative minimum tax exemption amount may eliminate some tax deductions. Under the TCJA, the alternative minimum tax (AMT) exemption amount is increased starting in 2018. If you are subject to the AMT and you own a business, deductions such as depreciation and the investment interest expense deduction will be eliminated.

These are just some of the key provisions of the TCJA that may affect you and/or your business. We are happy to discuss how tax reform may impact your individual situation. Please contact us to get started. ■

On the Fringe: Which Employee Benefits are Taxable Now?

For some employees, the difference between staying at a job and finding a new one can be the “fringe benefits” that a company provides. Fringe benefits refer to a form of pay other than money for the performance of services by employees. The new tax reform laws have put in place some important changes to these types of benefits. Read on to learn more.

Most employers hope that compensation is not the only thing that keeps employees loyal. They also realize that fringe benefits are valuable employee recruitment and retention tools. It is important for employers to note that any fringe benefit provided to an employee is considered taxable income

unless the tax law specifically excludes it from taxation. Taxable fringe benefits must be included as income on the employee’s W-2 and are subject to withholding. Do you know which fringe benefits are tax-free vs. those that are not? The lists at right provide an overview.



Tax-free Employee Fringe Benefits

- Health insurance (up to certain dollar amounts)
- Accident insurance
- Health savings accounts
- Dependent care assistance
- Educational assistance
- Group term life insurance coverage—limits apply based on the policy value
- Qualified employee benefits plans, including profit-sharing plans, stock bonus plans, and money purchase plans
- Employee stock options
- Lodging on your business premises
- Achievement awards—limits apply and cash, gift cards, gift certificates, vacations and forms of entertainment are not considered tax-free
- Commuting benefits (see new limitations below)
- Employee discounts on the goods or services the employer sells

Important changes under the Tax Cuts and Jobs Act:

- There is now a 50 percent limitation on expenses associated with an employer providing food and beverages to employees through an eating facility that meets requirements for de minimis, or low value (typically \$100 or less), fringe benefits and for meals provided to employees for the convenience of the employer. After Dec. 31, 2025, these expenses will not be deductible at all.
- The tax-free reimbursement of employment-related moving expenses is also eliminated.
- Expenses related to bicycle commuting no longer qualify, and an employer cannot deduct the expenses for any transportation fringe benefits.

Taxable Employee Fringe Benefits

Here are some of the more common fringe benefits for employees that are taxable:

- Excessive mileage reimbursements
- Moving expenses for employees
- Clothing given to employees that is suitable for street wear
- Payments for educational assistance that is not job related or that exceed the allowable IRS exclusion are taxable
- Cash awards are taxable unless given to charity; non-cash awards are taxable unless nominal in value or given to charity
- Expense reimbursements without adequate accounting
- Working condition fringe benefits (computers, cars etc.) are only tax-free to an employee if they use the benefit exclusively for work (any portion that is for personal use is taxable)

Employees can no longer deduct unreimbursed business expenses.

- Previously, an employee who itemized their tax deductions could deduct unreimbursed business expenses as a miscellaneous deduction (if the aggregate total of miscellaneous itemized deductions exceeded 2 percent of their gross income). Starting in 2018, this is no longer allowed. However, if an employer reimburses a business expense, the reimbursement is tax-free to the employee.

Keep in mind that any benefit provided to an employee that does not comply with current IRS rules is considered taxable income for employees. Our firm can help you determine what fringe benefits may be appropriate for your business to offer employees and explain the applicable tax rules to you. ■

Source: Nolo.com

A bride with long, wavy brown hair is shown from the chest up, wearing a white lace wedding dress and a pearl necklace. She is holding a large, colorful bouquet of flowers, including white, pink, purple, and blue blooms. The background is a bright, out-of-focus window with white curtains.

Unique Wedding Gifts

It won't be long until the summer wedding season is here. If you're in a wedding party or attending a ceremony as a guest, now is the perfect time to find a memorable and meaningful gift to bestow on the lucky couple. These unique matrimonial gifts will be appreciated, but likely never duplicated.

1 Put a ring in it

Once the wedding is over, every couple needs a place to keep their rings, but it is often an overlooked need when it comes to wedding gift giving. It may be a practical gift, but you can also make it memorable by selecting a unique ring holder. You may even wish to personalize it with the monograms of the Mr. and Mrs.

2 Focus on special interests

Does the couple you are celebrating have any special interests that drew them together? Or do they enjoy spending time together traveling, cooking, looking after pets or doing some other hobby? If so, you could give a gift of a magazine subscription or even a specialty TV channel that they can enjoy throughout their first year of marriage together.

3 Cooking time can be couples time

This is another type of subscription gift, but one that can help nourish both body and soul of newlyweds who may not necessarily have the time or inclination to cook. Why not offer a meal kit service? Blue Apron, Hello Fresh and many other services exist that you can add to your wedding gift repertoire.

4 Capture the moments from their special day

This wedding gift may be one that you can deliver after-the-fact by taking the photos you and other

guests snapped at the wedding and turning them into either photo canvases or a photobook. This is easily done through Shutterfly.com or Snapfish.com. Or you could give the couple a gift card to one of these websites so that once the big day is over the bride and groom can choose their own favorite pictures and make mementos.

5 Couples' travel essentials

If the newlyweds are planning a honeymoon or just like to travel, a basketful of travel essentials customized just for them may be the perfect gift. Some items to consider: personalized luggage tags, gift cards for restaurants and gas stations, travel pillows, travel snacks and even guidebooks to some cool getaway places.

6 Interior design consultations and assistance

Are the bride and groom planning to move into a new home or maybe update their existing digs? A rarely thought of, but especially helpful, gift can be the services of an interior designer to help them express their own style throughout their home.

These are just a few ideas for gifts that can make a newlywed couple's wedding even more memorable. This spring and summer, step out of the "cash and registry" rut and try one of these fresh wedding gift ideas. ■

Don't Miss These Tax Deadlines



Keep these dates handy to avoid paying penalties

PARTNERSHIP/S CORP TAX DEADLINES

March 15, 2018
Partnership/S Corp
Filing Deadline

September 17, 2018
Extension Deadline

C CORP TAX DEADLINES

April 17, 2018
C Corp Filing Deadline

October 15, 2018
Extension Deadline

ESTIMATED QUARTERLY TAX PAYMENT DEADLINES

4th Quarter 2017
January 16, 2018

1st Quarter 2018
April 17, 2018

2nd Quarter 2018
June 15, 2018

3rd Quarter 2018
September 17, 2018

INDIVIDUAL TAX DEADLINES

April 17, 2018
Individual Filing Deadline

October 15, 2018
Extension Deadline

IRA CONTRIBUTION DEADLINE

April 17, 2018

*Please visit
www.irs.gov for additional
updates throughout the year.*

Bounce Back from **Burnout**

It's normal to feel stressed and even apathetic about your career from time to time. However, if these feelings persist and lead to depression, physical ailments and mental impairment, it may be a sign of job burnout. The most important thing you can do to help combat this condition is to be aware of the symptoms and take appropriate action if you think you are suffering from burnout.



Job burnout

According to the Mayo Clinic website, “Burnout is a state of physical, emotional or mental exhaustion combined with doubts about your competence and the value of your work.” Some signs that you could be experiencing job burnout include the following:

- Becoming cynical or critical at work.
- Feeling like you have to drag yourself to work and having trouble getting started once you arrive.
- Becoming irritable or impatient with co-workers, customers or clients.
- Lacking the energy to be consistently productive.
- Lacking satisfaction from your achievements.
- Feeling disillusioned about your job.
- Using food, drugs or alcohol to feel better or to numb your feelings.
- Changes in sleep habits or appetite.
- Unexplained headaches, backaches or other physical complaints.

If you identify with any of the above statements, you may be experiencing job burnout. Remember to check with your doctor or a mental health provider for professional help with this condition.

What causes burnout?

According to the Mayo Clinic, there are several factors which may contribute to burnout including:

- **Lack of control.** An inability to influence decisions that affect your job such as your schedule, assignments or workload.
- **Unclear job expectations.** If you don't know how much authority you have or what the expectations are for your work, it can add to your job stress.
- **Workplace dysfunction.** If you feel undermined or bullied by colleagues or your boss at work, it can contribute to feelings of low performance.
- **Poor job fit.** If your job doesn't fit your interests and skills, it might become increasingly stressful over time.
- **Lack of social support.** If you feel isolated at work and in your personal life, you might feel more stressed.
- **Work-life imbalance.** If you can't do anything with your family or enjoy your hobbies or other relaxation time, it can contribute to job burnout.

Feeling burned out? Take action!

One major key to bouncing back from job burnout quickly is to take action as soon as you suspect that this condition is impacting you. This will help prevent the problems you are facing from compounding over time.

The Mayo Clinic encourages victims of job burnout to start resolving their condition by evaluating options such as these:

- **Discussing specific concerns.** Meet with your supervisor to set realistic expectations and to reach compromises or solutions such as job sharing, telecommuting or flex time.
- **Adjusting your attitude.** In addition to looking at external factors impacting your feelings of burnout, consider ways to improve your own outlook and to rediscover enjoyable aspects of your job.
- **Developing a support network.** Reach out to co-workers, friends and family for support to help you cope with job stress and feelings of burnout. Ask your employer if they offer an employee assistance program (EAP) so you can take advantage of available services.
- **Taking care of your physical health.** Burnout is hard to deal with, but regular physical activity and eating well can help you deal with stress and think more clearly about your situation.
- **Get some sleep.** Sleep restores well-being and helps protect your health. Aim for at least 7 to 8 hours each night.

Managing the stressors that contribute to job burnout is an important step in preventing it. To truly bounce back from burnout, you'll need to identify what is fueling your feelings so you can make a plan to address the issues. Remember, no one should let a demanding or unrewarding job undermine their health and happiness. ■

REJUVENATING
GETAWAYS *for*
YOU AND _____?



Sometimes you need a vacation that satisfies your sense of adventure. And sometimes you want one that indulges your penchant for great cuisine and relaxation, but have you ever taken a vacation that nurtures your mind, body *and* soul? That's what a spa getaway can do for you—and whomever you choose to bring along! Here are some of the country's best spa destinations from **RealSimple.com** so you can start planning and packing.

Eco-Friendly, Farmhouse Getaway

Creekside Resort & Spa in Greenville, West Virginia
From its organic gardening practices and dedication to composting and recycling, the Creekside Resort & Spa has a proud tradition of strong environmental stewardship. In addition, the resort has 200 acres' worth of clean mountain air plus fishing, swimming, hiking and delicious farm-fresh meals. Check it out at **creeksideresort.net**.

Budget-Friendly Spa

Blackstone Hotsprings Lodging & Baths, Truth or Consequences, New Mexico
For those not familiar with Truth or Consequences, New Mexico, its hot springs are legendary (until 1950 the town was actually named Hot Springs). Today it is one of America's most affordable spa destinations. You can enjoy the healing waters yourself at Blackstone Hotsprings Lodging & Baths. This resort features rooms with custom soaking tubs—some dating back to the 1930s—for a relaxing dip. See more of this unique resort at **blackstonehotsprings.com**.

Adventure Spa

Spring Creek Ranch, Jackson Hole, Wyoming
Spring Creek Ranch brings together the relaxation of a luxury spa with the adventures of a dude ranch. Plus, amazing scenery to boot. Here, you can indulge in massages and other treatments, many of them

Rocky Mountains-themed. These will be especially welcoming after hiking, horseback riding, skiing, dogsledding, snowmobiling, hot-air ballooning, or even joining one of the ranch's wildlife safaris. See more at **springcreekranch.com**.

Girlfriend Getaway!

The Spa at the Hotel Hershey, Hershey, Pennsylvania
For the chocolate lover—and for a group of girlfriends—the Spa at the Hotel Hershey in Hershey, Pennsylvania, combines the sweet treats of the town's namesake confectionery company with deluxe spa services including a whipped cocoa bath, chocolate fondue wrap, chocolate bean polish, and a chocolate sugar scrub. Get a taste at **chocolatespa.com**.

Fun Foodie Getaway

Spa Elia at Hotel Los Gatos, Los Gatos, California
Good food and great massages go together at Hotel Los Gatos. The hotel's Greek restaurant, Dio Deka, has earned a Michelin star and the exclusive spa, open only to hotel guests, offers traditional stress-reducing massages. Take it in at **spaelia.com**.

These are just a few of the many spa and resort getaways that can help you recharge and rejuvenate on your next vacation. With amenities like these, the only thing you'll need to worry about is who to share the experience with. ■



CROSS TRAINING TIPS to Help You Avoid Injury



What is Cross Training?

Cross training involves a fitness routine that includes several different forms of exercise to help “everyday” exercisers and athletes achieve and maintain a high level of overall fitness.



Benefits of Cross Training

- Improves overall fitness
- Reduces the risk of overuse injuries
- Limits stress on the same muscle groups
- Conditions different muscle groups
- Helps you develop new strength and skills
- Alleviates boredom from doing the same workout



Why Cross Training Works

When you do the same movements and workouts on a regular basis your, body becomes more efficient at doing them. Unless you challenge your body, your fitness level can stagnate or even decline. Cross training allows you to break through “muscle memory” and push through to the next level of fitness.



What are Ideal Cross Training Exercises?

- Running
- Swimming
- Cycling
- Rowing
- Stair Climbing
- Rope Jumping
- Dance
- Calisthenics
- Basketball
- Plyometrics
- Free Weights
- Yoga
- Pilates



Time is running out...

The **TAX DEADLINE** is approaching fast—have you filed yet? Take advantage of our convenient, paperless process. But hurry—time is short!