



## Keystone Financial Partners

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### Winter 2017/2018

Don't Wait to Ask Aging Parents These Important Questions

Key Retirement and Tax Numbers for 2018

How can I protect myself from digital deception?

What can I do to crack down on robocalls?

## Winter Season Update

### 7TH ANNUAL SHRED EVENT

The Thursday after tax-day, April 19, plan to come by our office for a fun spring event. Bring your confidential documents to our office to take advantage of our professional shredding services. Stay and enjoy some barbecue. See the enclosed flyer for more details on this fun event!

**When :** Thursday, April 19, 11:30 am – 2 pm

**Where :** Our Office at 1255 Crescent Green, Suite 440, Cary

**RSVP** to Tami at

tami@keystonefinancialpartners.com or 919-463-0018.

**Please Note:** If you can't make it to this shred event, our clients are always welcome to drop off documents to be shred anytime at our office. We have a regular service that picks up and shreds confidential documents.

### IT'S TAX TIME. LOOKING FOR YOUR TAX DOCUMENTS?

If you have an account held at National Financial Services, you can expect your tax documents to be available online between Jan 20-Feb 17, and to be mailed by Feb 22. NFS filed for a 30-day extension from the IRS that will permit the generation of some 1099 tax forms after February 17. Not all issuers send final information to NFS in time to meet the February standard IRS 1099 mailing deadline. NFS uses this extension to ensure that the information on the tax documents you receive is accurate, which, in turn, reduces the need to amend your tax return.

You may receive one of the following documents:

Non-Retirement Accounts: Consolidated Form 1099 (1099-B, 1099-DIV, 1099-INT)

Retirement Accounts: Form 1099-R, Form 5498

Please call our office if you have any questions regarding your tax documents.

### 2018 FINANCIAL RESOLUTIONS

The New Year is here, bringing a fresh opportunity to consider your goals. For 2018, instead of giving you a laundry list of tasks to accomplish, we want to encourage you to make this the year you really own your financial life.

3 key steps make you more likely to achieve what you set out to accomplish:

**1. Written Goals: Define and record what you want.** When defining your financial resolutions, ask yourself which priorities matter most to you and would help create the greatest comfort in your life.

**2. Commitment: Outline specific action items for each day.** Once you have defined your goals for 2018, outline the actions you will take to help make your dreams a reality. Create and maintain your commitment to the goal by building a clear strategy for bringing it life.

**3. Accountability: Share your goals and progress with someone else.** To help increase your chances of achieving your 2018 financial resolutions, share your plan with someone else, such as a spouse, family member, or friend. Make sure you give them a detailed account of exactly what you want to achieve-and the steps you will take to do so. Then keep them in the loop on your progress.

### EDUCATIONAL VIDEOS ON OUR WEB SITE

We offer a series of short videos on our web site discussing a variety of important investing topics. Investors often make emotional, short-sighted decisions. Learn how to take control of those emotions and our reactions to them. New videos are added frequently, each covering a different topic. To view these videos, go to our web site at [www.keystonefinancialpartners.com](http://www.keystonefinancialpartners.com) and click on KFP News, Video Library. We hope you enjoy them.





*The best time to start a conversation with your parents about their future needs and wishes is when they are still relatively healthy. Otherwise, you may find yourself making critical decisions on their behalf without a roadmap.*

*Note: There are costs and ongoing expenses associated with the creation of trusts.*

*Note: A complete statement of long-term care insurance coverage, including exclusions, exceptions, and limitations, is found only in the long-term care insurance policy. It should be noted that carriers have the discretion to raise their rates and remove their products from the marketplace.*

## Don't Wait to Ask Aging Parents These Important Questions

It's human nature to put off complicated or emotionally heavy tasks. Talking with aging parents about their finances, health, and overall well-being might fall in this category. Many adult children would rather avoid this task, as it can create feelings of fear and loss on both sides. But this conversation — what could be the first of many — is too important to put off for long. The best time to start is when your parents are relatively healthy. Otherwise, you may find yourself making critical decisions on their behalf in the midst of a crisis without a roadmap.

Here are some questions to ask them that might help you get started.

### Finances

- What institutions hold your financial assets? Ask your parents to create a list of their bank, brokerage, and retirement accounts, including account numbers, name(s) on accounts, and online user names and passwords, if any. You should also know where to find their insurance policies (life, home, auto, disability, long-term care), Social Security cards, titles to their house and vehicles, outstanding loan documents, and past tax returns. If your parents have a safe-deposit box or home safe, make sure you can access the key or combination.
- Do you need help paying monthly bills or reviewing items like credit card statements, medical receipts, or property tax bills? Do you use online bill pay for any accounts?
- Do you currently work with any financial, legal, or tax professionals? If so, ask your parents if they want to share contact information and whether they would find it helpful if you attended meetings with them.
- Do you have a durable power of attorney? A durable power of attorney is a legal document that allows a named individual (such as an adult child) to manage all aspects of a parent's financial life if the parent becomes disabled or incompetent.
- Do you have a will? If so, find out where it is and who is named as executor. If the will is more than five years old, your parents may want to review it to make sure their current wishes are represented. Ask if they have any specific personal property disposition requests that they want to discuss now.
- Are your beneficiary designations up-to-date? Beneficiary designations on your parents' insurance policies, pensions, IRAs, and investment accounts will trump any instructions in their will.
- Do you have an overall estate plan? A trust? A living trust can be used to help manage an

estate while your parents are still living. If you'd like to learn more, consult an estate planning attorney.

### Health

- What doctors do you currently see? Are you happy with the care you're getting? If your parents begin to need multiple medical specialists and/or home health services, you might consider hiring a geriatric care manager, especially if you don't live close by.
- What medications are you currently taking? Are you able to manage various dosage instructions? Do you have any notable side effects? At what pharmacy do you get your prescriptions filled?
- What health insurance do you have? In addition to Medicare, which starts at age 65, find out if your parents have or should consider Medigap insurance — a private policy that covers many costs not covered by Medicare. You may also want to discuss the need for long-term care insurance, which helps pay for extended custodial or nursing home care.
- Do you have an advance medical directive? This document expresses your parents' wishes regarding life-support measures, if needed, and designates someone who will communicate with health-care professionals on their behalf. If your parents do not want heroic life-saving measures to be undertaken for them, this document is a must.

### Living situation

- Do you plan to stay in your current home for the foreseeable future, or are you considering downsizing?
- Is there anything I can do now to make your home more comfortable and safe? This might include smaller projects such as installing hand rails and night lights in the bathroom, to larger projects such as moving the washing machine out of the basement, installing a stair lift, or moving a bedroom to the first floor.
- Could you benefit from a weekly or monthly cleaning service?
- Do you employ certain people or companies for home maintenance projects (e.g., heating contractor, plumber, electrician, fall cleanup)?

### Memorial wishes

- Do you want to be buried or cremated? Do you have a burial plot picked out?
- Do you have any specific requests or wishes for your memorial service?

# Key Retirement and Tax Numbers for 2018



*\*The Tax Cuts and Jobs Act made significant changes to the estate and gift tax, the personal exemption, the standard deduction, and the alternative minimum tax, which are included here.*

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans, thresholds for deductions and credits, and standard deduction and personal exemption amounts. Here are a few of the key adjustments for 2018.\*

## Employer retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to \$18,500 in compensation in 2018 (up from \$18,000 in 2017); employees age 50 and older can defer up to an additional \$6,000 in 2018 (the same as in 2017).
- Employees participating in a SIMPLE retirement plan can defer up to \$12,500 in 2018 (the same as in 2017), and employees age 50 and older can defer up to an additional \$3,000 in 2018 (the same as in 2017).

## IRAs

The limit on annual contributions to an IRA remains unchanged at \$5,500 in 2018, with individuals age 50 and older able to contribute an additional \$1,000. For individuals who are covered by a workplace retirement plan, the deduction for contributions to a traditional IRA is phased out for the following modified adjusted gross income (AGI) ranges:

|  | 2017                 | 2018                  |
|--|----------------------|-----------------------|
| <b>Single/head of household (HOH)</b>  | \$62,000 - \$72,000  | \$63,000 - \$73,000   |
| <b>Married filing jointly (MFJ)</b>    | \$99,000 - \$119,000 | \$101,000 - \$121,000 |
| <b>Married filing separately (MFS)</b> | \$0 - \$10,000       | \$0 - \$10,000        |

*Note: The 2018 phaseout range is \$189,000 - \$199,000 (up from \$186,000 - \$196,000 in 2017) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered.*

The modified AGI phaseout ranges for individuals to make contributions to a Roth IRA are:

|                   | 2017                  | 2018                  |
|-------------------|-----------------------|-----------------------|
| <b>Single/HOH</b> | \$118,000 - \$133,000 | \$120,000 - \$135,000 |
| <b>MFJ</b>        | \$186,000 - \$196,000 | \$189,000 - \$199,000 |
| <b>MFS</b>        | \$0 - \$10,000        | \$0 - \$10,000        |

## Estate and gift tax

- The annual gift tax exclusion for 2018 is \$15,000, up from \$14,000 in 2017.
- The gift and estate tax basic exclusion amount for 2018 is \$11,200,000, up from \$5,490,000 in 2017.

## Personal exemption

There is no personal exemption amount for 2018; it was \$4,050 in 2017. For 2018, there is no phaseout of personal exemptions or overall limit on itemized deductions once AGI exceeds certain thresholds.

*Note: For 2017, personal exemptions were phased out and itemized deductions were limited once AGI exceeded \$261,500 (single), \$287,650 (HOH), \$313,800 (MFJ), or \$156,900 (MFS).*

## Standard deduction

|               | 2017     | 2018     |
|---------------|----------|----------|
| <b>Single</b> | \$6,350  | \$12,000 |
| <b>HOH</b>    | \$9,350  | \$18,000 |
| <b>MFJ</b>    | \$12,700 | \$24,000 |
| <b>MFS</b>    | \$6,350  | \$12,000 |

*Note: The additional standard deduction amount for the blind or aged (age 65 or older) in 2018 is \$1,600 (up from \$1,550 in 2017) for single/HOH or \$1,300 (up from \$1,250 in 2017) for all other filing statuses. Special rules apply if you can be claimed as a dependent by another taxpayer.*

## Alternative minimum tax (AMT)

|  | 2017      | 2018        |
|--|-----------|-------------|
| <b>Maximum AMT exemption amount</b>  |           |             |
| <b>Single/HOH</b>  | \$54,300  | \$70,300    |
| <b>MFJ</b>   | \$84,500  | \$109,400   |
| <b>MFS</b>   | \$42,250  | \$54,700    |
| <b>Exemption phaseout threshold</b>  |           |             |
| <b>Single/HOH</b>  | \$120,700 | \$500,000   |
| <b>MFJ</b>   | \$160,900 | \$1,000,000 |
| <b>MFS</b>   | \$80,450  | \$500,000   |
| <b>26% rate on AMTI* up to this amount, 28% rate on AMTI above this amount</b> |           |             |
| <b>MFS</b>   | \$93,900  | \$95,750    |
| <b>All others</b>  | \$187,800 | \$191,500   |
| *Alternative minimum taxable income  |           |             |

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### How can I protect myself from digital deception?

Imagine that you receive an email with an urgent message asking you to verify your banking information by clicking on a link. Or maybe you get an enticing text message claiming that you've won a free vacation to the destination of your choice — all you have to do is click on the link you were sent. In both scenarios, clicking on the link causes you to play right into the hands of a cybercriminal seeking your sensitive information. Just like that, you're at risk for identity theft because you were tricked by a social engineering scam.

Social engineering attacks are a form of digital deception in which cybercriminals psychologically manipulate victims into divulging sensitive information. Cybercriminals "engineer" believable scenarios designed to evoke an emotional response (curiosity, fear, empathy, or excitement) from their targets. As a result, people often react without thinking first due to curiosity or concern over the message that was sent. Since social engineering attacks appear in many forms and appeal to a variety of emotions, they can be especially difficult to identify.

Take steps to protect yourself from a social engineering scam. If you receive a message conveying a sense of urgency, slow down and read it carefully before reacting. Don't click on suspicious or unfamiliar links in emails, text messages, and instant messaging services. Hover your cursor over a link before clicking on it to see if it will bring you to a real URL. Don't forget to check the spelling of URLs — any mistakes indicate a scam website. Also be sure to look for the secure lock symbol and the letters *https*: in the address bar of your Internet browser. These are signs that you're navigating to a legitimate website.

Never download email attachments unless you can verify that the sender is legitimate. Similarly, don't send money to charities or organizations that request help unless you can follow up directly with the charitable group.

Be wary of unsolicited messages. If you get an email or a text that asks you for financial information or passwords, do not reply — delete it. Remember that social engineering scams can also be used over the phone. Use healthy skepticism when you receive calls that demand money or request sensitive information. Always be vigilant and think before acting.



### What can I do to crack down on robocalls?

You may not mind if a legitimate robocall provides a helpful announcement from your child's school or an appointment reminder from a doctor's office. But sadly, criminals often use robocalls to collect consumers' personal information and/or conduct various scams. Newer "spoofing" technology displays fake numbers to make it look as though calls are local, rather than coming from overseas, which could trick more people into answering the phone.

Robocalls have been illegal since 2009 (unless the telemarketer has the consumer's prior consent). In mid-2017, federal agencies announced they are ramping up enforcement by fining violators and encouraging blocking technologies. What should you do if you want to help put an end to this nuisance?

1. Don't answer calls when you don't recognize the phone number. If you pick up an unwanted robocall, just hang up. Don't answer "yes" or "no" questions, provide personal information, or press a number to

"opt out." Responding to the call in any way verifies that it has reached a real number and could prompt additional calls.

2. Look into robocall blocking solutions that may be offered by your phone service provider. If they're available, you may need to follow specific instructions to "opt in." Otherwise, consider a mobile app or cloud-based service designed to block robocalls; some of them are free or cost just a few dollars.
3. Consider registering your phone number on the National Do Not Call Registry. While taking this step can help mitigate the amount of robocalls you receive, it's only a partial solution to the problem. The Federal Trade Commission advises consumers whose numbers are on the registry but still receive unwanted calls to report robocall violations at [complaints.donotcall.gov](https://www.ftc.gov/complaints-donotcall.gov). The phone numbers provided by consumers will be released each day to companies that are working on call-blocking technologies, which largely depend on "blacklists" with numbers associated with multiple complaints.