



News & Views / April 2018

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Spring (records) cleaning

As you heave a sigh of relief that tax season is over (perhaps), consider shredding unneeded records as part of your spring cleaning. It's always better to err on the side of saving documents, especially those relating to tax returns, investments, home and mortgage-related records, and estate plan matters, but here are some pointers from PFPG's client handout on **Financial Records Retention** so that you can let your inner cleaner go to town:

- Keep tax returns indefinitely, and any supporting documentation for at least 6 years
- Discard papers for sold autos/boats/RVs, but retain any transfers of title
- Discard bank withdrawal/transfer slips after reconciling account
- Discard old insurance policies when they've been replaced, and there is no possibility of a claim, any cash value, or reinstatement
- Discard old warranties that have expired
- Discard credit card slips once you see the transaction on your monthly statement (which you should keep)
- Discard sales receipts for purchases unless you need them for tax deductions, warranties, returns, valuation for insurance purposes, or proof of home improvements for when you sell your home

AARP offers free [shredding and medicine disposal events](#) in Maine communities. You can take papers (including staples) as well as computer hard drives (limit of three per person). Cumberland County's next event will be held on **April 28** at the Cumberland County Sheriff's Office; call 1-866-554-5380 for more details.

Speaking of taxes. . .

As completed 2017 tax returns cross our desks, we have started generating projections of 2018 income taxes. So far it appears that many of our clients will owe somewhat less in federal income tax due to the new tax code, but that their Maine bill will rise compared to 2017. As the year proceeds, we expect to provide more specific guidance to each client. In the meantime, we recap some of the more significant tax reforms for 2018:

- Ordinary income tax brackets have changed, and almost all of the marginal tax rates have been cut. For most earners, this will reduce their federal income tax.
- The standard deduction has been increased (from \$13K to \$24K for married couples), but personal exemptions (formerly \$8,100 for a married couple) have been eliminated. Families with children could see an increase in their tax bill.
- It will be more challenging for the total of your itemized deductions to exceed the standard deduction, since some deductions have been reduced or eliminated altogether: home equity loan interest; moving expenses; certain job-related expenses; casualty and theft losses except those from a disaster; tax preparation fees; investment advisory expenses; a limitation of \$10K for state and local taxes.

- However, there may be opportunities to “lump and clump” some deductions, but only those that have flexible timing, such as charitable contributions, and in some scenarios, estimated state income tax payments.
- Talk to your advisor and tax preparer about the potential merits of establishing a donor-advised fund for your charitable giving and whether it can be useful for exceeding the amount of the standard deduction.

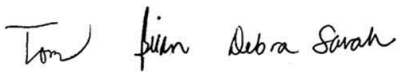
A final reminder: if you are employed, try the IRS’s online [Withholding Calculator](#) to see if you need to make adjustments for 2018.

PFPG charitable giving

Each year PFPG chooses several organizations to be part of its charitable giving program. As a member of the Maine business community for almost 20 years, we believe it's important to support Maine-based nonprofits. For 2017, we selected five organizations:

- [Coastal Enterprises, Inc. \(CEI\)](#), which helps to grow good jobs, environmentally sustainable enterprises, and shared prosperity in Maine and in rural regions across the country by integrating financing, business and industry expertise, and policy solutions.
- [240 strings](#), which works to build community and life skills for Portland, Maine youth by providing subsidized music lessons, chamber music workshops, and affordable concerts.
- [Community Financial Literacy](#), whose mission is to empower refugee and immigrant communities in Maine by providing them with financial literacy skills.
- [Animal Refuge League of Greater Portland](#), which provides shelter and home placement for stray and abandoned animals and promotes education about humane treatment and animal overpopulation.
- [Preble Street](#), providing accessible barrier-free services to empower people experiencing problems with homelessness, housing, hunger, and poverty and to advocate for solutions to those problems.

Happy spring,



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