Foresight

Capital Management Advisors, Inc.

Newsletter 1Q 2019 and Market Summary

FCMA's Mutual Fund Model Portfolios handled the recent correction and volatility in the market but did end the year in negative territory with results, net of fees, for 2018 as follows:
Conservative Model -5.29%, Moderate Model -5.95%, and Aggressive Model -7.02%. The S&P 500 ended negative YTD -4.38% and the foreign investments ended -13.36 through December 31, 2018.

Welcome to our newest employees at Foresight

Tamara Castillo
Office Manager
Para Planning

Cody McCullough
High School Intern

Cody Minix – Walsh
College Intern

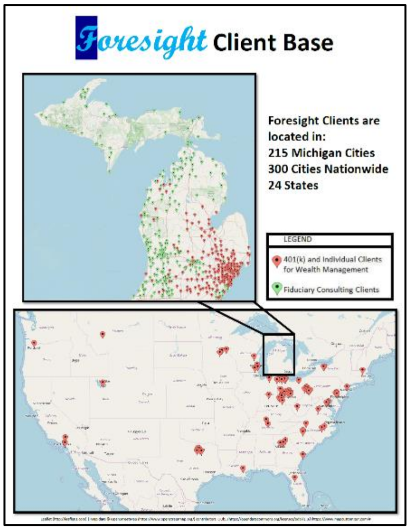
2019 New Savings Limits Announced: The US Government has announced several savings limit increases for 2019. 401(k) savings limit raises to $19,000, and if age 50+ rises to $25,000. IRAs increased to $6,000 and 50+ $7,000. HSAs savings raise to $3,500 for Individual and $7,000 for a family in 2019, both up from 2018 ($3,450 Individual and $6,900 for family). See our website www.fcmadvisors.net for more details on the savings limits for 2018-19.

New "Fiduciary Vetted" Annuities are now Available at Foresight: The NAPFA organization (National Association of Personal Financial Advisors) has worked to create a series of annuities that fee-only registered investment firms, which Foresight is, can continuously rebalance the annuity holdings quarterly in no-load mutual funds. Additionally, these annuities can be used over joint lives of the spouses and any remainder funds can be inherited by the estate heirs. Annuities are not for all investors, but if you are interested in learning more please contact Foresight because some of these annuities pay up to 6.5%.

HSAs at Foresight: We now offer Health Savings Accounts which can be invested in our Model Portfolio strategies of Aggressive, Moderate, and Conservative. The HSA savings is a triple win for the consumer because you get to save in the HSA and get a tax deduction, then it grows tax deferred, and when you use the HSA for medical expenses it is tax free! There are also optional debit cards with our HSA program. Please call if you are interested in further details 734-429-4680.

Money Market Mutual Funds: There are money market mutual funds now offered at the custodians paying 2.3% interest. Foresight is investing idle cash in your portfolios into these investments when possible to earn more interest.

Tax Information: will be put in your Web Portal for ease of access. Please be sure to check here first as this will help save you time when gathering data for your tax preparer. Go to https://fp.morningstar.com. 1099's are expected to be sent to you by Mid-February.



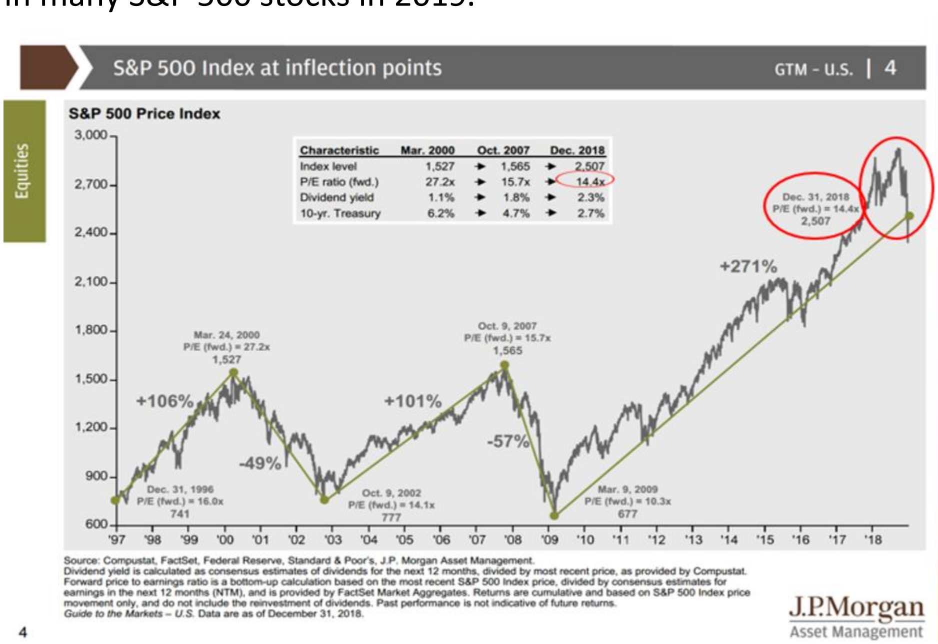
FCMA Model Returns
Dec 31. 2018

Conservative Model	-5.29%
Moderate Model	-5.95%
Aggressive Model	-7.02%
Indexes:	
S&P 500 Index	- 4.38%
MSCI EAFE Foreign	-13.36%
10Yr T-Bond Index	+ .90%

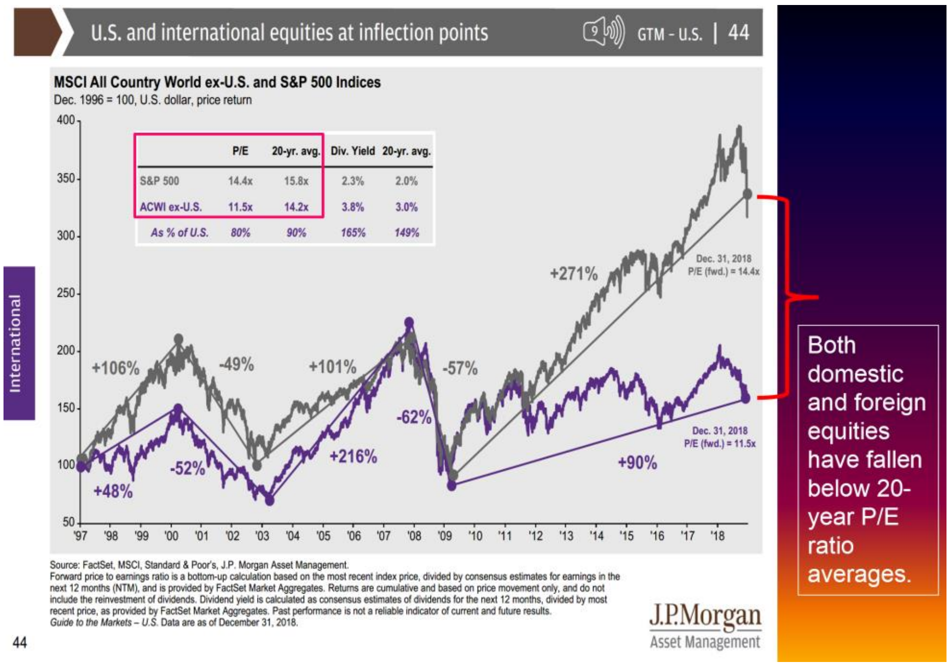
Future performance is not guaranteed; above returns are 2pt actual averages for indexes

Foresight's Outlook and Portfolio Strategies

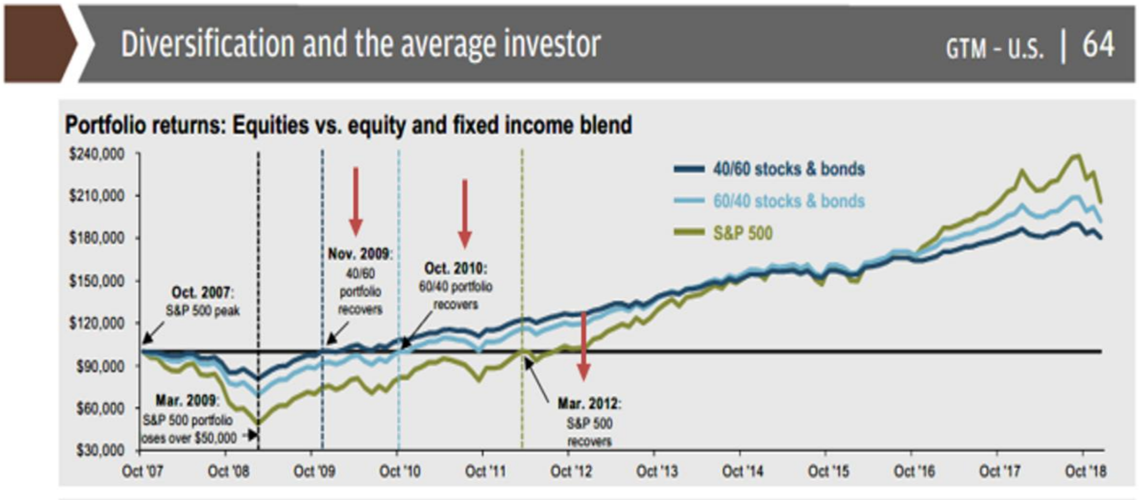
2018 took everyone by surprise suffering three market corrections and ending in negative territory by yearend given the remarkable earnings growth of most all S&P 500 companies. The only sector that was positive in 2018 was cash! Dr. David Kelly of J.P. Morgan, said "when volatility settles down markets will settle up." This gives hope for 2019 for a rebound, and thus far in 2019 the market is settling up! The graph below shows circled in red what happened in 2018. You will note the last correction in December broke the trend line and over corrected on the downside. 2019 has seen a rebound of about 10% off the bottom reached on Dec 17th, 2018. The good news is this correction has brought value back into the market because P/E ratios (price/earnings ratios) have lowered to 14x's from the 16+ range before. Some analyst expect a 15% rise in many S&P 500 stocks in 2019.



The 4Q 2018 had decent earnings and revenues reported, however most companies are forcasting slower sales in 2019 for at least the first ½ of the year. Some of this will be highlighted by the US government shutdown impacts. The global softness was recently confirmed by many analysts at the World Economic Forum in Davos Switzerland last week. Ray Dalio, founder and billionaire of the Bridgewater Associates which is the largest hedge fund in the world, stated in his Davos interview with CNBC to expect slower growth in US companies and other places in the world and he does not expect a recession until the later part of 2020. The chart below shows both US and foreign equities have fallen below the 20 year P/E ratio averages. The foreign equities P/E is at 11 and even more of a value than the US.



The foreign equities had a hard time in 2018 and are negatively affected more by the tariff issues than the US. However foreign countries will have an easier time to continue to grow given the immigration of new workers into their countries. Foresight reduced exposure to foreign investments in the fall, and we have continued to reduce the foreign exposure in 2019, but we still maintained some foreign exposure in all of our model portfolios. See below a historical view of how diversification is the best portfolio. It shows the importance of staying invested in stocks to reduce the volatility with a blended portfolio of bonds. In the last recession the 40:60 portfolio, which is 40% equities and 60% bonds, recovered in just one year after the 2008 recession! The 60:40 portfolio recovered in 2 years after the 2008 recession and the S&P 500 took until 2012, four years later to recover the losses of the 2008 recession. Economist believe the economy is still strong, the next recession is about 2-4 years off, they estimate slower growth near 2% GDP, and expect more volatility in the market during this time. It is a good time to reassess your risk level and make sure you can tolerate and sustain the market pullbacks in the portfolio risk you have chosen.



J.P.Morgan
Asset Management

A portfolio containing a blend of equities and fixed-income will weather a recession and regain value quicker than a portfolio of 100% equities

Jay Powell, the Federal Reserve Chairman, raised rates four times in 2018 up to 2.5% and intends to raise short interest rates 1-2 more times in 2019. With the recent volatility these next interest rate increases will need to be carefully implemented. The markets biggest challenge is a growing shortage of workers, but wage pressures are likely to not be an issue in 2019 due to low inflation, and unemployment rate at 3.9%. Inflation is still low around 2%, oil is abundant globally and has lowered in price to $45-$50 per barrel, China is slowing and impacted greater with the tariffs issues. It is still forecasted that the next couple of recessions are likely to be mild recessions and are 2-4 years from now. Diversification is key to weathering volatility!

Foresight continues to monitor the geo-political situations and continues to be cautiously optimistic on the market. We have reduced the risk in the portfolios by moving them towards their normal risk allocations. The sectors we have added to are utilities, value equities, healthcare, and consumer staples. We have reduced the foreign holdings for 2019, due to the continued weakness in the foreign investments thus far. We have taken action to make the portfolios more defensive for 2019. We continue to monitor the stock portfolios weekly and had stop losses on most double-digit gains within the stock portfolios. Several of these stop losses activated in 2018 and harvested the gains in the October to December timeframe. Foresight will repurchase the stock holdings when we see the market recovering from the recent pullback. We believe the economy is healthy and it should recover quickly. There was a recent study done by Putnam Investments and every Pre-Election year, which 2019 is, dating back to the 1940's the S&P 500 rallied and had positive returns! You should not be too nervous at this time but check your risk tolerance is where you want it. Please contact us if you have any questions about your portfolios.

Foresight Planning Ideas:

***IRS Contribution Limits increase for 2019:* 401(k) and 403(b) savings limits for 2019 are $19,000 deferral max and for 50+ $25,000 deferral, and IRA limits $6,000 and if age 50+ $7,000.**

Estates Risk that Needs To Be Addressed: Many of you have wills and trusts, however there is a very important list of your Passwords and Logins that need to be added to your documents. More and more elderly are leaving without this documented and loved ones have a big mess to resolve! Even though the trust is in place if you do not have a list of what the estate has because everything is electronic statement and passwords are needed to locate the statements then it is very hard for a trustee to move forward. My recommendation is to make a very accurate list, and update this yearly, of all your passwords, user-ids, and logins to everything, even your cell phone password attached to your trust documents. At least this way your loved ones have a starting point. It would be a shame to leave something behind in the cyber electronic world because there was no password to unlock the assets.

Did you Know Cell phones can activate a feature called ICE : In Case Of Emergency=ICE. When this is activated on your cell phone EMS personnel can enter your phone and contact our family in the case of an emergency. Contact your phone carrier if interested in how to get this feature activated on your phone.

New Fiduciary Vetted Annuities are now available at Foresight: The NAPFA organization has worked to create a series of annuities that Foresight, a fee only registered investment advisory firm, can continuously rebalance quarterly in no-load mutual funds. Additionally, these annuities can be used over joint lives of the spouses and any remainder funds can be inherited by the estate heirs. Annuities are not for all investors, but if you are interested in learning more please contact Foresight because some of these annuities pay 6.5%. 877-429-4680.

When Elderly Keys are Put Away: here's a solution! If you have elderly family members that are not able to drive, but still have places to go consider trying Go Go Grandparent. This service works with licensed and authorized transportation network companies, such as Uber and Lyft, to get your elder family member to their destination without using a smart phone. You are able to setup custom locations for your loved one to travel to such as hair dresser, doctor, grocery store, etc… When you need a ride you call 1-855-464-6872 and press the number that correlates to your locations you setup and then the ride in there in 15 minutes. So all you have to do is call and press the number for where you want to go. It offers remote relatives the ability to monitor success of delivery and return of their elder. Check out the website at https://gogograndparent.com to see if they offer rides in your area.

New Health Savings Accounts-HSAs with Foresight: Foresight now offers HSA accounts for your Company or Individual HSA savings. An HSA with Foresight will allow you to choose the same 3 Model portfolios of risk either Conservative, Moderate, or Aggressive. If you have a High Deductible Health Plan then you can consider opening a HSA = Health Savings Account with Foresight. The savings rates are going up in 2019 to $3,500 for single and $7,000 for family; if +55 then $4,500 for single and $8,000 for a family.
The HSA savings are not subject to Federal Tax and will grow, much like a Roth IRA, with no tax due if used for all qualifying health expenses, note cannot be used to pay health insurance premiums. If you are interested in more information on this strategic investment idea for your healthcare savings please contact us.

Foresight's Web Portal Reporting: The Web Portal is for your protection and information security. We want our communication to be timely and beneficial to you. Go to **https://fp.morningstar.com**. If you have any access issues, please call or email us at 1-877-429-4690 or **mgallagher@fcmadvisors.net**.

Did you Know? You can give your Tax preparer access to download your tax information directly into the tax software and save them a lot of input time. This will also likely save you a lot of money in tax prep fees. It is worth asking your tax preparer how this might save you. However, be sure to change your access to your custodian accounts, UID and PW, after your taxes are completed to re-secure your investment accounts.

Roth 401(k) should be rolled to an IRA before age 70 ½: it is wise to roll these funds to a Roth IRA before you turn 70 ½ because if the Roth funds are left inside a 401(k) they must take RMD (required minimum distributions) just like the pre-tax funds which defeats the purpose of letting the Roth grow! However, if you roll it over into a Roth IRA before 70 ½ then you do not need to take the RMD from the Roth IRA. This is a very important hint to remember!

Did you Know? You can take a distribution from your 401(k) or 403(b) prior to age 59 ½ without a 10% penalty; if you have separated from service no earlier than age 55. Funds must be in a 401(k) or 403(b) and cannot be in an IRA. Additionally, if you retire and wish to begin normal distributions prior to 59 ½ then a 72-T calculation can be done to allow funds to be removed from your IRA without a 10% penalty as long as you have separated from service.

Roth IRA Ideas: If interested in additional savings ideas consider opening a Non-deductible IRA. This will allow you to save the maximum in your 401(k) and also save an additional $6k in a Non-deductible IRA, and $7k if age 50+. Then convert the Non-deductible IRA to a Roth IRA! It is a way to obtain a backdoor Roth IRA funding even if you are not able to save directly into a Roth IRA. Additionally, ask if your 401(k) allows for additional after-tax contributions. If so then you can add to the after-tax contributions and consider rolling them out to an IRA where you can do a conversion to a Roth IRA. This is another form of backdoor Roth!

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit **Journeyrps.com, Noblepension.com, or ABGmi.com** if a retirement participant. For individual clients at TD Ameritrade access **Advisorclient.com** for Schwab Institutional Clients access **Schwaballiance.com**. To access your web portal for individual accounts, go to **https://fp.morningstar.com**. If you have any difficulty accessing your account, please email or contact us.

Capital Management Advisors, Inc.

1Q 2019 Newsletter

Market Update
(all values as of 12.31.2018)

Stock Indices:

Dow Jones	23,327
S&P 500	2,506
Nasdaq	6,635

Bond Sector Yields:

2 Yr Treasury	2.48%
10 Yr Treasury	2.69%
10 Yr Municipal	2.32%
High Yield	8.00%

YTD Market Returns:

Dow Jones	-5.63%
S&P 500	-6.24%
Nasdaq	-3.88%
MSCI-EAFE	-16.14%
MSCI-Europe	-17.27%
MSCI-Pacific	-14.27%
MSCI-Emg Mkt	-16.64%
US Agg Bond	0.01%
US Corp Bond	-2.51%
US Gov't Bond	-0.42%

Commodity Prices:

Gold	1,281
Silver	15.54
Oil (WTI)	45.41

Currencies:

Dollar / Euro	1.14
Dollar / Pound	1.26
Yen / Dollar	110.24
Dollar / Canadian	0.73

Macro Overview

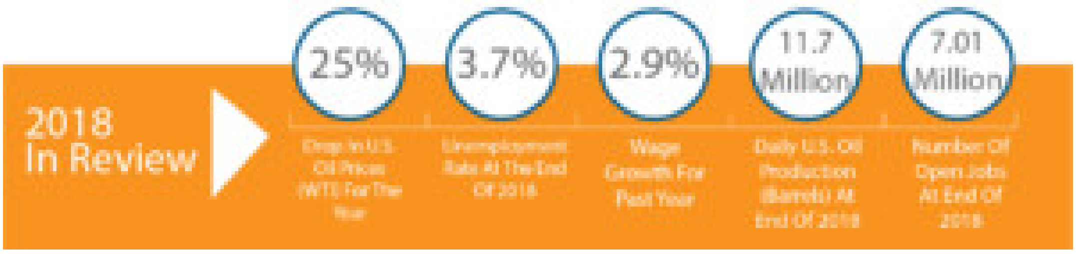
Weariness among investors escalated towards the end of 2018 as uncertainty surrounding trade, the Federal Reserve, a government shutdown, and global economic growth lingered into the new year.

Even during the turbulent year of 2018, the U.S. economy continues its resilience into 2019, with unemployment at its lowest level in 49 years, wage growth reaching levels not seen since 2009 and consumer spending and industrial production remaining strong. A tight labor market along with moderate inflation has maintained an accommodating environment for consumers.

The year-end climate heading into 2019 became more challenging as equity markets reacted negatively to another rate hike in December along with two more expected hikes in 2019. Ironically, the market views the Fed hikes as a validation by the Fed that U.S. economic activity is healthy enough to endure further rate increases.

Global equity markets ended 2018 in negative territory with nearly every major index in both developed and emerging markets falling. China's stock market was among the worst performer internationally as trade tensions took a toll on Chinese manufacturers and exporters. U.S. stock markets experienced volatility that had not occurred in several years resulting in a pullback for all major domestic equity indices in 2018.

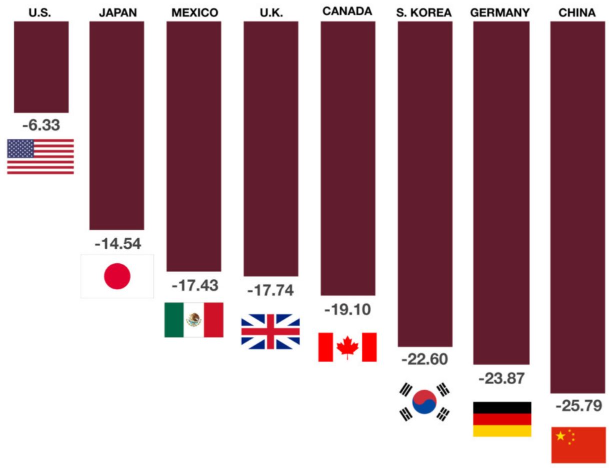
Ongoing trade disputes and the imposition of new tariffs negatively influenced the markets and economic projections throughout year. Relations with China were forefront as the administration negotiated trade terms intended to better protect U.S. intellectual property and disparate tariffs. Growing U.S. oil production and an increase in supplies led to a drop of U.S. oil prices by 25% in 2018. The benchmark for U.S. oil, West Texas Intermediate (WTI), fell from $60 per barrel in the beginning of the year to $45 per barrel by year-end, simultaneously reducing the price of gasoline nationwide. According to the Federal Reserve Bank of New York, the likelihood of a recession remains relatively low with less than a 15% probability one will occur in the next year. The Fed has historically seen greater than 30% probabilities before each of the last seven recessions since 1970. (Sources: Federal Reserve Bank of New York, Treasury, Labor Dept., Bloomberg)



THE FED RAISED RATES FOUR TIMES IN 2018

Global Equity Markets Decline In 2018 – Equity Review

Volatility throughout the trading year kept stock valuations tough to determine. A popular process that analysts use to value stocks is based on Price Earnings (PE) ratios, calculated by dividing the current market price of a stock by its earnings per share. PE ratios for stocks began the year above 20 for all three major equity indices and finished the year near 15. The lower the PE the less expensive stocks are relative to their earnings so a drop in PEs has made stocks more appealing to value seeking investors.



Global equity markets experienced widespread negative returns for 2018 with both developed and emerging market indices falling. Domestic equities faired records according to data compiled by better than international stocks for the year as earnings optimism and a strong dollar helped stabilized U.S. markets.

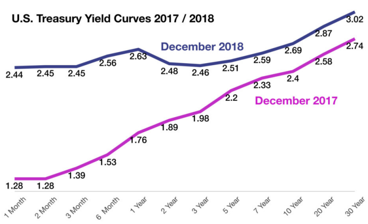
An increase in the use of options as a hedge against market volatility increased to roughly 20 million option contracts a day being traded, surpassing previous records according to data compiled by Options Clearing Corporation. Creative option strategies have evolved as increased stock volume accompanied by consistent volatility has become the norm. Computer as well as human initiated trades have also leant to staggering trading days resulting in wild market swings as traders cover open option contracts. (Sources: Options Clearing Corp., Bloomberg, Federal Reserve; https://fred.stlouisfed.org/series)

Short Term Bond Rates Rise – Fixed Income Review

Shorter term bond yields rose closer to longer term bond yields, thus further flattening the Treasury bond yield curve, an economic gauge closely followed by market analysts. The benchmark 10-year Treasury Bond ended the year at 2.69%, down from a mid-year high of 3.24% it reached in November.

The Fed indicated that it would continue to shrink its balance sheet by $50 billion a month, a reversal from balance sheet expansion following the 2008-2009 financial crisis. What this means is that rather than buying government bonds in the marketplace and placing them on the Fed balance sheet, the Fed will instead forego holding additional bonds and allow bonds to mature without replacing them. This is a form of quantitative tightening as is raising short-term rates.

The Fed raised rates four times in 2018 and has risen rates nine times since it began tightening rates from near-zero three years ago. The Fed signaled that it expects to raise rates at least twice in 2019. Some analysts believe that the Fed has raised rates in order to be able to lower them as a form of stimulus should economic conditions deteriorate. (Sources: Treasury Dept., Federal Reserve)



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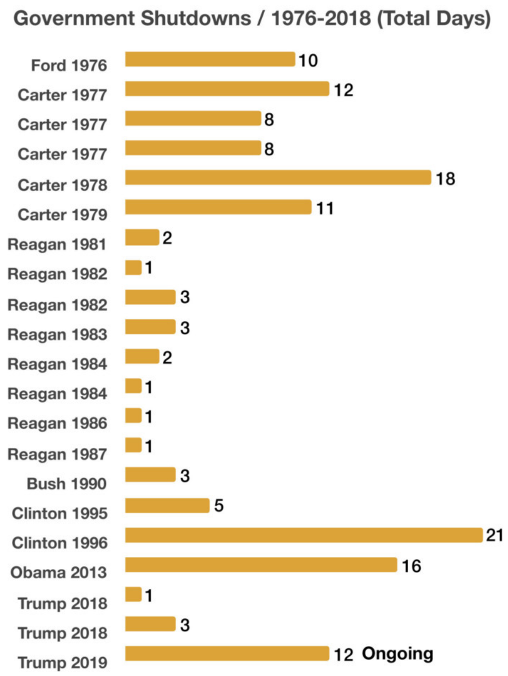
OVER 270 MILLION CELL PHONE USERS MAY BENEFIT FROM NEW CREDIT SCORES

The Common Occurrence Of Federal Government Shutdowns – Fiscal Policy

Government shutdowns have been a common occurrence over the years under most every president. The length of the shutdowns have varied from 2 days in 1981 under President Reagan to 21 days in 1996 under President Clinton. A shutdown occurs when Congress fails to pass or the President refuses to sign legislation funding federal government operations and agencies.

Estimated costs of the most recent government shutdown are still unknown, with lost wages, exports, and government services essential to the operation of private sector businesses being affected. How much the shutdown may have weighed on the economy may not be known until later in the year.



Government shutdowns entail partial closure of certain agencies and departments, not complete closures. Departments affected during the most recent shut down include Homeland Security, Housing & Urban Development, Commerce, FCC, Coast Guard, FEMA, Interior, Transportation, and the Executive Office of the President.

Federal employees deemed as "essential" among the various departments are required to work without pay until a funding bill is passed by Congress. The closures affect numerous private businesses that rely and adhere to regulatory rules imposed by the Federal government, such as mortgage loans and Housing & Urban Development. (Sources: Congressional Records, https://www.congress.gov/congressional-record/2018/12/22)

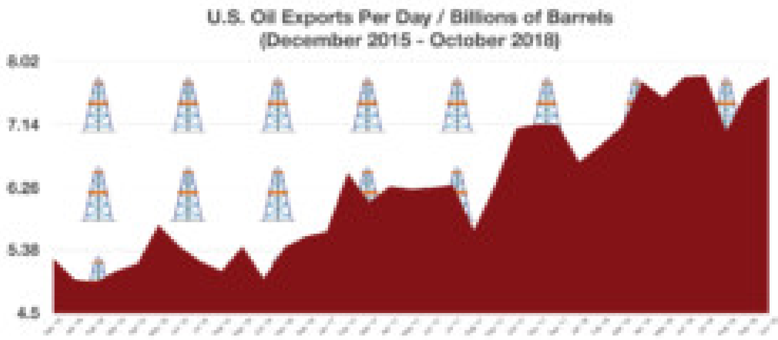
Credit Score Calculations Will Change In 2019 – Financial Planning

In response to pressure from regulators and the banking industry, credit reporting firms will offer modified credit scores starting in 2019. The modifications include the calculation of utility and cellphone bills that millions of Americans pay every month. Banks have argued that a large group of consumers nationwide just don't have sufficient credit history to generate a viable credit score for a bank loan. However, the inclusion of utility and cellphone payments will help identify credit worthy consumers for bank loans.

The challenge lies with consumers that hold little if any loan balances, thus not generating a track record of payments. The modification is expected to increase loan issuance by banks as millions of consumers become qualified for loans. An overall drop in credit scores following the financial crisis of 2008-2009 made it difficult for consumers to obtain loans. (Sources: Fair Issac Corp., Office of the Comptroller of the Currency, Treasury Dept.)

U.S. Became Net Oil Exporter In 2018 – Oil Industry Overview

December marked the first time ever that the U.S. exported more crude oil and fuel than it imported, a result of ambitious U.S. production and the lifting of a decades old ban on U.S. oil exports in December 2015. With the U.S. now able to export its own oil production, both as refined and crude, it has increased stockpiling capabilities.



Partially because of over supply, Congress agreed to remove the 40-year old ban on oil exports, thus allowing the U.S. to export some of its excess supplies. The onslaught of fracking and technological advances in drilling has led to increased U.S. production and supply growth. Saudi Arabia's attempts to destabilize U.S. drillers with increased production and lower oil prices has essentially backfired. (Sources:IEA, U.S. Dept. of Energy, EIA.gov)

Tax Rule Changes For 2019 – Tax Planning

Various changes are effective for the 2019 tax year beginning January 1, 2019. The changes affect most every tax payer both as an employee and self employed business owners. Indexing will affect 2019 Tax Brackets & Rates, which is essentially an inflation adjusted modification to account for rising inflation trends. For 2019, income brackets increased by roughly 2% across all income levels.

With personal exemptions eliminated under the new tax law, a larger single standard deduction was devised in order to streamline returns for taxpayers. Standard deduction amounts increased slightly for 2019. Other changes for 2019 include: Estate Tax Exemption increases from $11.18 million to $11.40 million in 2019; Elimination of the ACA penalty for not having health insurance becomes effective; Unreimbursed medical expenses must exceed 10% of AGI in order to deduct; Alimony is no longer deductible for the payor and no longer taxable for the recipient for divorce decrees issued after December 31, 2018.

2019 Federal Income Tax Brackets and Rates

Tax Bracket / Filing Status	Single	Married Filing Jointly or Qualifying Widow	Married Filing separately	Head of Household
10%	$0 to $9,700	$0 to $19,400	$0 to $9,700	$0 to $13,850
12%	$9,701 to $39,475	$19,401 to $78,950	$9,701 to $39,475	$13,851 to $52,850
22%	$39,476 to $84,200	$78,951 to $168,400	$39,476 to $84,200	$52,851 to $84,200
24%	$84,201 to $160,725	$168,401 to $321,450	$84,201 to $160,725	$84,201 to $160,700
32%	$160,726 to $204,100	$321,451 to $408,200	$160,726 to $204,100	$160,701 to $204,100
35%	$204,101 to $510,300	$408,201 to $612,350	$204,101 to $306,175 or more	$204,101 to $510,300
37%	$510,301 or more	$612,351 or more	$306,176 or more	$510,301 or more

2019 Standard Deductions

Filing Status	2018	2019
Single	$12,000	$12,200
Married Filing Jointly	$24,000	$24,400
Head of Household	$18,000	$18,350

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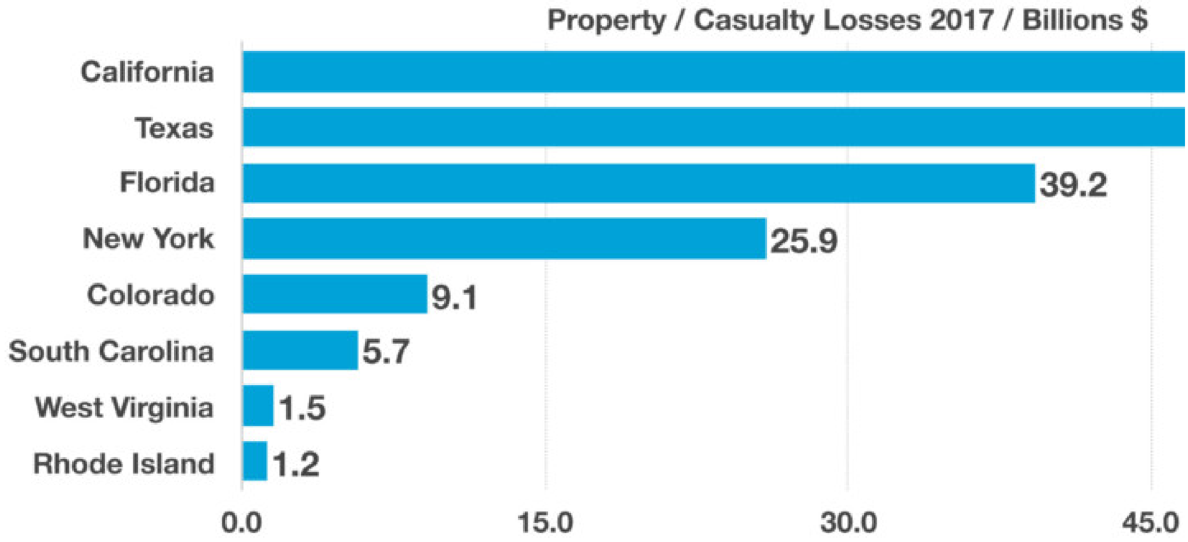
CALIFORNIA HAD OVER $58 BILLION IN INSURANCE LOSSES IN 2017

Insurance Losses By State Are Adding Up – Insurance Sector Review

As natural disasters mount from wild fires in California to hurricanes and flooding in Texas, Florida and the East coast, insurance claims are in the billions of dollars and growing. Most major insurance companies offer and issue various types of insurance, including liability, fire, flood, earthquake and homeowners. As claims increase with one or two of the coverage segments, coverage costs may increase with the others as well.



Insurance companies are intertwined and coverage costs are related. Some insurance companies spread their costs across all policyholders nationwide as opposed to centralizing higher premiums to one geographic region. Homeowners in coastal states from Texas and Florida to North Carolina are seeing rates rise faster than in other parts of the country, as the threat of future storms and flooding remains relatively high. In California, some insurance companies have designated several additional regions as high risk areas to insure. (Sources: NAIC, Insurance Information Institute)

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THE SOCIAL SECURITY ADMINISTRATION ANNOUNCED A 2.8% INCREASE IN BENEFIT PAYMENTS

Social Security Payments Increasing By 2.8% – Retirement Planning

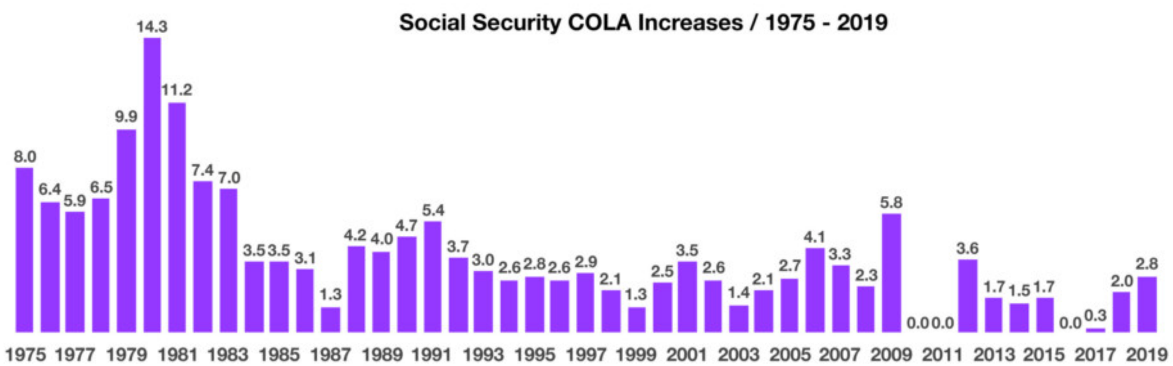
Social Security recipients are due to receive the largest increase in benefits in seven years. But for many recipients, the increase in payments will go towards higher Medicare costs. As of September 2018, over 67.6 million Americans currently receive Social Security benefit payments, with 46.3 million aged 65 or older.

The Social Security Administration announced a 2.8% increase in benefit payments effective in late December 2018 for disability beneficiaries and in January 2019 for retired beneficiaries. The 2.8% increase is the largest increase since a 3.6% increase in 2012.

Many are concerned that the 2.8% increase may not cover expenses that are rising at a faster rate, including other essential items such as food and housing. The latest increase also affects the premiums for Medicare Part B, which covers doctor visits and outpatient care. Medicare premiums are expected to increase at the beginning of the year, minimizing net increases in Social Security payments.

The establishment of Social Security occurred on August 14, 1935, when President Roosevelt signed the Social Security Act into law. Since then, Social Security has provided millions of Americans with benefit payments. The payments are subject to automatic increases based on inflation, also known as cost-of-living adjustments or COLAs which have been in effect since 1975. Over the years, recipients have received varying increases depending on the inflation rate. With low current inflation levels, increases in benefit payments have been subdued relative to years with higher inflation. The COLA adjustment for 2019 is 2.8%, a steep increase from the 2017 adjustment of only 0.3%.

Over the decades, Americans have become increasingly dependent on Social Security payments, however, for some Americans it may not be enough to rely on Social Security alone. Unfortunately, Social Security is a major source of income for many of the elderly, where nine out of ten retirees 65 years of age and older receive benefit payments representing an average of 41% of their income. Over the years, Social Security benefits have come under more pressure due to the fact that retirees are living longer. In 1940, the life expectancy of a 65-year old was 14 years, today it's about 20 years. By 2036, there will be almost twice as many older Americans eligible for benefits as today, from 41.9 million to 78.1 million. There are currently 2.9 workers for each Social Security beneficiary, by 2036 there will be 2.1 workers for every beneficiary. Source: Social Security Administration



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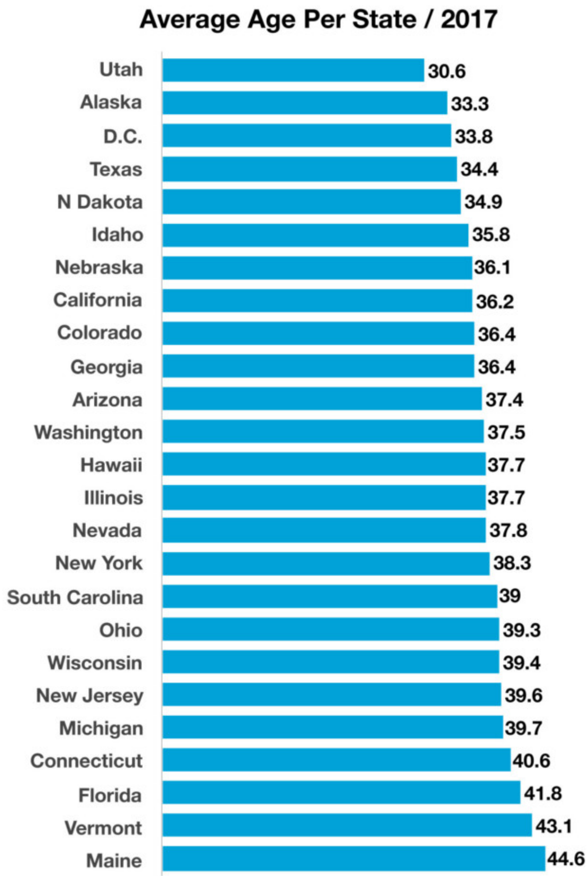
34.2 MILLION ADULTS PROVIDE SOME SORT OF UNPAID CARE FOR ELDERS

Tax Breaks For Family Caregivers – Tax Planning

As the number of elderly has grown nationwide, so has the need for caregivers. The baby boom generation, the largest demographical segment of the U.S. population at 74 million, are now entering their late 60s and early 70s. Many are still very capable of caring for themselves, but others are in need of assistance as they progress into their senior years.

Unfortunately for many, the costs associated with an assisted living facility are not feasible and in other cases, not an option just yet. So instead, a growing number of elderly are staying in their homes or living with their families. Many times, a son or daughter will move in with mom or dad and essentially become their part-time or full-time caregiver. Some elderly end up moving in with family members where they actually become part of the household. The challenge for family members that act as caregivers is the financial burden that may be imposed. An estimated 34.2 million adults provide some sort of unpaid care for elders aged 50 and older in 2015. Over 85% of these caregivers provide assistance directly for relatives. The average caregiver commits over 24 hours per week in providing care for elders. Even though there is no actual pay for family member caregivers, there is a tax break when done properly. Under the new tax rules, taking a personal exemption for a qualified friend or family member has been replaced by the larger standard deduction. However, the rules still allow caregivers to claim those receiving care as dependents as long as the following criteria are met for the person being cared for:



The person cared for is a relative as defined by the IRS or a non-resident that has lived with the caretaker for at least six months; Earns less than $4,050 (2017) per year, not including Social Security or disability benefits; Is unable to pay over 50% of personal living expenses; Can't be claimed as a dependent by anyone else.

In addition to federal tax considerations, some states also allow for special tax credits meant solely for caregivers. Taxpayers should verify with their state of residency to confirm any additional tax credits.
(Sources: U.S. Census Bureau, IRS.gov)