

## Lynn's top five

## The new tax law – how it may impact you

By Lynn Ballou CFP®

Welcome to the government's version of tax simplification which comes all dressed up as the Tax Cuts and Jobs Act. Tax simplification? Well, for some, sure; for others not so much. This law, passed at the very end of December, will tempt you to make simplified conclusions, but doing so is dangerous. Instead, with your team of tax and financial planning advisors, examine the new law and determine how your planning will be impacted and what new tools might be available for your consideration. Keep in mind these are just federal changes. So far the state of California has not adopted these new laws and if they don't, you may be filing two quite different tax returns. Let's explore five planning opportunities related to the new federal law.

**1) Bunching – it's back!** Can you still benefit from itemizing your deductions? With all the caps and limits now in place, many of us will newly discover that filing with the standard deduction is the way to go. This is especially true for those filing married, because no matter your filing status,

the limit will be \$10,000 for state and local taxes and property taxes (yup, combined). So how irritated will you be if you almost reach but don't actually exceed the standard deduction each year? If that's you, then bunching may be your friend. This approach will mean that every other tax year you aggressively pay any known qualified medical expenses, prepay one mortgage payment, and maybe make charitable deductions an "every other year" event. Your goal is simple: Try to exceed the standard deduction and actually itemize every other year, using the standard deduction for the in-between years.

**2) Small business owners:** You may benefit from this new law by being able to deduct 20 percent of your business income before tax. There are strict guidelines on how this can apply to you, so proceed with caution, but here's the planning tip: Some taxpayers may have a choice of being an employee or an independent (i.e. self-employed) contractor. If you are in that situation, it's time to review the math regarding tax versus benefit costs to determine which is best for you.

If you opt to be self-employed, be aware of the rules for filing taxes quarterly so you don't find yourself in more economic trouble than the taxes you might save.

**3) Estate planning – exclusions double.** With the new stratospheric limits, it's time to review your estate and lifetime family gifting planning, perhaps getting more aggressive with family and charitable gifting now. These giddy higher limits are due to revert to last year's levels in 2026. For those of you with estates over \$11.2 million (single) and \$22.4 million (married), planning has shifted for the better and I encourage you to meet with your estate and financial planning advisors soon to review any changes that might benefit you and your family.

**4) 529 Plans – They're not just for college anymore!** In addition to funding college costs, under the new law you can also withdraw up to \$10K/year tax free for private school, grades K-12, per child. Funding 529 plans fully and as early on as possible is a great family estate tax planning tool. By transferring funds

out of your taxable estate now you are not just lowering your taxable estate, put also eliminating the tax burden from the income these assets produce because they grow tax free within the 529 plan. In addition to the five-year front funding available (\$75,000 due to the new \$15,000 annual gift limit), you may also wish to explore using some of your lifetime estate tax exclusion.

**5) Review your withholding:** From withholding on paychecks, to withholding on retirement income including pensions, Social Security and required minimum distributions, it's time for a tax withholding checkup. As you can see, the impact of the new tax law could change the number of exemptions you should claim on your W-4. New withholding tables that reflect the new laws won't be implemented until early to mid-February. Time for a deep dive review as soon as they are in place, which you can do on the IRS site once they update the calculator: [www.irs.gov/individuals/irs-withholding-calculator](http://www.irs.gov/individuals/irs-withholding-calculator).

Even if you've never cared much about the tax laws, it's time

to become an unapologetic tax geek and be sure you understand how this sweeping legislation can impact you, your family and your businesses. Collaborate with your financial, tax and estate planning team members to make any corrections necessary, and again as regulations, interpretations, nuances and changes unfold. This is definitely not a one and done conversation!



Lynn Ballou is a CERTIFIED FINANCIAL PLANNER™ professional and Regional Director with EP Wealth Advisors, a Registered Investment Advisory Firm in Lafayette. Information used in the writing of this column is believed to be factual and up-to-date, but we do not guarantee its accuracy and it should not be regarded as a complete analysis of the subject(s) discussed. All expressions of opinion reflect the judgment of the author as of the date of publication and are subject to change. Content is not intended to be interpreted as tax or legal advice. Always consult a tax and/or legal professional regarding your specific circumstances.

## Moraga School District receives grant to fund differentiated education

By Sophie Braccini

The Moraga School District has given itself an ambitious goal: differentiated education of the whole child. Today's educators want to be able to engage all types of learners to allow them to successfully master the academic program, while supporting the behavioral and socio-emotional needs of different types of students. Continued training and cooperation among teachers helps them to reach these lofty goals.

The MSD was able to secure a state grant to support this objective. It will allow a small district pedagogic team to be trained in new methods and over a two-year period implement and measure results.

Susan Bishop, the MSD director of pupil services, applied for and got the \$25,000 grant. She explains that a team of five people – herself, another administrator, a teacher, a special education teacher

and a psychologist – will receive their training in the months to come and that the implementation will begin with the 2018-19 school year and continue to 2020.

The underlying principles of the program are that schools should educate every student using differentiated methods because every individual has unique sets of strengths and weaknesses. The California Department of Education promotes the Multi-Tiered System of Support to meet the different academic and behavioral needs of all students. MTSS is presented as a set of practices that are research based and that teachers implement according to the data that are collected in their classroom.

The grant the MSD received is called SUMS or Scale Up Multi-Tiered System of Support (educators seem to love cryptic acronyms). Bishop explains that the small team will, for example, learn more ways to implement the Universal Design for Learning, a set of instructional strategies designed to give all students opportunities for learning through differentiated content. The lesson plans have to engage the students in distinctive ways, connecting learning to what the students already know; the teachers have to use multiple means of representation of the material, such as group learning or use of multimedia; they have to provide the students with multiple means of expression so they can demonstrate their learning in multiple ways.

Bishop explains that the transfer of knowledge between the small group and the teachers will happen during the monthly collaboration sessions where same grade level teachers meet and discuss teaching strategy. There will also be at least one full day of continuing education for all teachers throughout the



The multi-tiered support system for the whole child. Graphic provided district.

The MTSS system also aims to support the behavioral and emotional growth of the children, while respecting all differences. There again, the team will learn new strategies to support teachers. Bishop adds that the training will have a strong component of gathering and comparing data. She explains that the district already does a lot in the areas of differentiated education and behavior support, adding that the SUMS framework will help in leveraging and measuring progress.

In the area of behavior, she gives the example of measuring the students' engagement in the classroom. She explains that the members of the SUMS team will go to the classrooms and have objective

elements to measure, such as the length of time students are off-task. Over the two-year period, strategies to improve engagement will be discussed with the teachers and progress will be measured.

Bishop is glad the district received the grant because it frees resources to reflect on improvements and support the teachers. She acknowledges that over the years, the demands on teachers have increased and the purpose here is not to add to their load.

The director hopes that next year her team will be able to propose to the MSD parents informational reunions to explain such new concepts as Universal Design for Learning or Multi-Tiered System of Support.

## Dedicated web page matches volunteers with needs in Moraga

By Sophie Braccini

Moraga Town Council Member Jeanette Fritzky thought of it and the Moraga Citizens Network did it: create a virtual space for local groups seeking volunteers and for residents wanting to give their time to meet and match. The web page can be accessed on the MCN site: [www.moragacitizensnetwork.org/volunteer-opportunities](http://www.moragacitizensnetwork.org/volunteer-opportunities).

MCN's Ellen Beans announced the creation of the page, saying that what goes on in Moraga depends so much on the availability of volunteers. "But there's never been a central source to post the need for volunteers for a project, or to go to find a place to

volunteer," she added.

Eliot Smyrl, principal at Twist and Twirl Consulting in Moraga, explains that the development required a bit of tweaking. He met with Fritzky at the beginning of the project to discuss the concept. The council member had long been aware of individuals of all ages in town who want to be involved, but did not know what was available, as well as service groups and public entities that needed more volunteers but were not always able to reach those potentially interested.

Smyrl hosts the MCN website for free and thought it would be the easiest solution to add the service

to that site rather than creating a new ad-hoc site.

Beans and Fritzky have started making presentations to groups that might need volunteers, and Beans is already thinking of other entities to contact, such as Saint Mary's College or the school districts. She acknowledges that it will take some time and energy at the onset to prime the pump.

The page is still empty, as it awaits opportunities and volunteers. Right now nothing is stopping people from outside Moraga to post. Beans said that Fritzky was not opposed to the site becoming a Lamorinda hub.

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[www.theaterviewvetclinic.com](http://www.theaterviewvetclinic.com)  
**1 Bates Blvd., Suite 200, Orinda**