



District 5340

01/05/2018

Happy New Year!!!**We are looking forward to an awesome year!**

Ivan let us know he will be away so someone needs to step up and take over the AV. Lily and Isabel are still continuing their "Food drive" so please remember to pick up an extra can of something at the grocery and bring it on Friday.

Polio Plus- our goal for the year is \$1000, so if you have any fruit bearing trees or winter garden produce bring it along for our "Produce for Polio" project.

La Mesa Sunrise Rotary Leadership 2017-2018

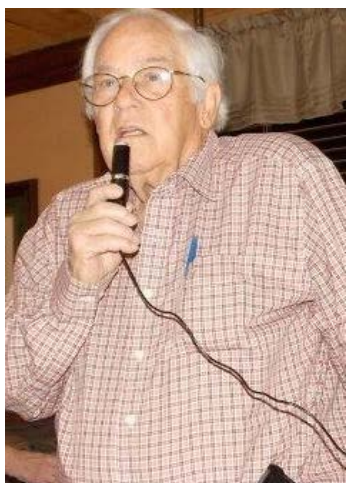
President	Betty Howland
Pres Elect	Elena Alba
Secretary	Elly Dotseth
Treasurer	Laurel Nishida
CommService	Len Gamble
Club Service	Fern Hall
Int'l Service	Hugo Morillo
Club Programs	Betty & Aaron
RI Foundation	David Ballesteros
Membership	Bobbie Warren
Pub Relations	Aaron Landau
Youth Interact	JoAnn Bergquist
Greeter	Muff Warren
Peace Chair	Clara Harris

Credits and Acknowledgements

- Pledge: David Ballesteros
- 4-way test: Isabel Alba
- Photos: Floyd Morrow
- Minutes: Fern Platt
- Opportunity

Drawing: Lisa Berlanga

The Board meeting will be Wed. Jan.10th at 6pm.



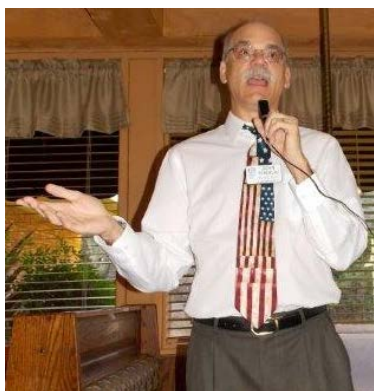
Bill Pogue confirmed that we have several spots available on the "Christmas Train" to Tecate" on January 8th at 8:30am. Each year, volunteers from San Diego, including members of La Mesa Sunrise Rotary join this event to deliver donated goods to thousands of children struck by poverty in Tecate, Mexico. Now in its 20th year, the event is in celebration of the Mexican holiday known as The Day of the Three Kings, or Dia de los Reyes. The event will take place in the Tecate Baseball Stadium.

Each year, more than 3,500 children from infants to kids up to age 10 attend the event with their families and receive a gift bag while singers, dancers and clowns entertain the crowd.

John Stremlau: Who Am I?

John is a CPA with his own firm in La Mesa, Stremlau Burns CPA LLP. He shared with us that he picked the right career while in High School and has never looked back. Born in Omaha, John was the 6th of 10 children so grew up used to being part of a pack. Although he stood out, being the only left hander and the only one to move over 1000 miles away from home.

John is married to Kathleen. Some of you might wonder why we rarely see Kathleen. Kathleen suffers from severe allergies, sadly this means she has to spend most of her time in isolation. John started his accounting firm 20 yrs. ago, knowing he was a maverick and didn't think he could work for someone else. He joined Rotary to "keep his karma balanced"! He feels that he is a true Rotarian, and is happy to belong to a group of people like himself.



Guest Speaker: John Stremlau

Today John is attempting to explain the changes to the tax laws to our club. I won't attempt to try and report everything he said but conveniently he provided us with a handout that will be attached to this newsletter. The bottom line is that not all that much has changed but one important one for us Rotarian's is that the standard deduction has been raised and this means fewer people will get a tax benefit for donations. ask John to explain further if you need to know!

See the highlights of new tax reforms, courtesy of John Stremlau CPA.



Guests and Visitors

Joel and Ann Platt –Fern's brother and sister in law.



Alannah Sinclair from Oaks and Acorns is becoming a regular.



Jay Thompson from the La Mesa Noon club.





The Big Picture

A simplified look of our current individual tax returns

INCOME

Wages

Interest

Dividends

Self Employed Business = C

Capital Gains = D

Rentals, Partnerships, S-Corps, Trusts = E

Pensions & IRA withdrawals

Social Security (some %)

LESS, - Adjustments: IRA/retirement plan contributions, 250 for Teachers...

=AGI Adjusted Gross Income, total at bottom of Page 1, used to test many things.

less: Itemized Deductions or STANDARD DEDUCTION
Medical (if over 7.5%/10% AGI)
Taxes – State paid DURING year, Real Estate, Property-cars (new 10k limit)
Interest – mortgage on 1st & 2nd home 2018 no more Equity Loan dedn.
Charitable – cash & non-cash
Misc 2%, (gone 2018-2025)

less: Personal Exemptions (gone 2018-2025)

less: 2018 new 20% of pass through and Self Employed business income with Limitations

=Taxable Income

=Tax (2018, most rates about 3% lower)

less Credits - \$1,000 per CHILD <17 to 2,000, child care, foreign tax, education

Plus other taxes - self employment, IRA penalty, AMT

=Total Tax

Paid by: Withholdings and Estimated Payments

= Balance owed or Refund

Highlights of the New Tax Reform Law

The new tax reform law, commonly called the "Tax Cuts and Jobs Act" (TCJA), is the biggest federal tax law overhaul in 31 years, and it has both good and bad news for taxpayers. Below are highlights of some of the most significant changes affecting individual and business taxpayers. Except where noted, these changes are effective for tax years beginning after December 31, 2017.

Individuals

- + Drops of individual income tax rates ranging from 0 to 4 percentage points (depending on the bracket) to 10%, 12%, 22%, 24%, 32%, 35% and 37% — through 2025
- + Near doubling of the standard deduction to \$24,000 (married couples filing jointly), \$18,000 (heads of households), and \$12,000 (singles and married couples filing separately) — through 2025
- Elimination of personal exemptions — through 2025
- + Doubling of the child tax credit to \$2,000 and other modifications intended to help more taxpayers benefit from the credit — through 2025
- Elimination of the individual mandate under the Affordable Care Act requiring taxpayers not covered by a qualifying health plan to pay a penalty — effective for months beginning after 12/31/2018
- + Reduction of the adjusted gross income (AGI) threshold for the medical expense deduction to 7.5% for regular and AMT purposes — for 2017 and 2018
- New \$10,000 limit on the deduction for state and local taxes (on a combined basis for property and income taxes; \$5,000 for separate filers) — through 2025
- Reduction of the mortgage debt limit for the home mortgage interest deduction to \$750,000 (\$375,000 for separate filers), with certain exceptions — through 2025
- Elimination of the deduction for interest on home equity debt — through 2025
- Elimination of miscellaneous itemized deductions subject to the 2% floor (such as certain investment expenses, professional fees and unreimbursed employee business expenses) — through 2025
- Elimination of the moving expense deduction (with an exception for members of the military in certain circumstances) — through 2025
- + Expansion of tax-free Section 529 plan distributions to include those used to pay qualifying elementary and secondary school expenses, up to \$10,000 per student per tax year
- + Doubling of the gift and estate tax exemptions, to \$10 million (expected to be \$11.2 million for 2018 with inflation indexing) — through 2025
- Elimination of the ability to recharacterize a ROTH IRA conversion

Businesses

- + Replacement of graduated corporate tax rates ranging from 15% to 35% with a flat corporate rate of 21%
- + Repeal of the 20% corporate AMT
- + New 20% qualified business income deduction for owners of flow-through entities (such as partnerships, limited liability companies and S corporations) and sole proprietorships, subject to certain limitations — through 2025
- + Doubling of bonus depreciation to 100% and expansion of qualified assets to include used assets — effective for assets acquired and placed in service after 9/27/2017, and before 1/1/2023
- New limits on net operating loss (NOL) deductions, eliminating carryback of current losses
- New rule limiting like-kind exchanges to real property that is not held primarily for sale
- New tax credit for employer-paid family and medical leave — through 2019
- New limitations on excessive employee compensation
- New limitations on deductions for employee fringe benefits, such as entertainment and, in certain circumstances, meals and transportation

More to consider

This is just a brief overview of some of the most significant TCJA provisions. There are additional rules and limits that apply, and the law includes many additional provisions.

Overall – for most taxpayers, we are expecting a tax decrease or increase of up to \$2,000. A few people will have a direct large impact from one or more of the above, causing a big tax cost or benefit. At this point we are not able to give any global advice related to these changes. Specific calculations will need to wait until the large tax legislation has been fully analyzed.