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Annual Client Letter

Dear Clients:

Well if you're a fan of uncertainty, then as they say here in the South, you should be as happy as a "pig in slop". What an incredible year we have just witnessed. A divided nation has only become more divided as we, the American public, are forced to witness the dismantling of national institutions and the continued degradation of our society.

As I mentioned to you in my client letter this time last year, BIG changes were coming. "It's a whole new variable age of reason" out there. Out with the same old ideals; like political correctness, truthfulness and concerns over the human element, and in with the new; like divisive politics, isolationism, propaganda and trickledown economics. Unfortunately, those are not "new" ideas. So, change; it's now here. Like it or not!

As I see it, the greatest damage done to our county has been the continued erosion of the Middle Class. We have become a society of "have or have nots". If you are part of the "haves" in our society, then you are able to deal with the uncertainties that are presented to us all each and every day. However, if you are part of the "have-nots" in this county, you are living "pocket to mouth", facing difficult times ahead. It's a life of uncertainty; a roller coaster ride with no exit ramp.

And as we head further down this path, I can only see a greater divide being created within our society. We can expect little assistance from our leaders to stop this societal erosion from taking place. As long as the politicians running Congress continue to maintain their practice of partisan politics, and our leadership in this country continues to act as a catalyst for the biggest money grab that history has ever witnessed, we will see the cesium between us grow even wider!

I cannot be any more disappointed with Congress at this point and time. I feel, as many other do, that our political leaders have failed us once again. How much more will the American Public stand for before we have had enough of electing mediocracy? "Draining the swamp" was a great idea; we just haven't gone far enough yet!

All of that being said, not everything in our country is going to "a hell in a hand basket". Despite this "new aged" approach to things, our county's economy continues to prosper and grow. And now with what looks like the most "pro-business" tax package in past generations being put into place by Congress, I would anticipate that the country as a whole will continue to see economic prosperity for quite some time to come. Whether that prosperity reaches down to ALL in this county is the "sixty thousand dollar" question at hand.

For quite some time I've been keeping you aware of the changing landscape of the business of income tax preparation. The past few years has brought forth some big changes to my industry. And this coming year (2018) will mark largest sweeping change(s) to the tax code since the days of St. Ronnie (the 1980's). This coming year, 2018, will be a particularly difficult year to prepare for, as we see the biggest change to the tax code since my having been in the business. You will therefore want to pay attention to your finances and your financial equation even more than ever before.

As I foresaw, the Republican controlled Congress has lowered tax rates for 2018, and the immediate future beyond. But in doing so, it looks like the biggest tax breaks will be achieved by the people that need them the least. The American public was anticipating (hoping, praying for) a tax bill that would offer a change to the tax code; bring fairness and simplification to the taxation process. What we got instead was more of the same old "band-aid" changes to a broken-down system that is in desperate need of a major overhaul.

But our leaders have little incentive to make such a broad and sweeping change to a process that suits them very well. Until we remove the money from politics; until we dismantle the ability to create a professional career out of political service to our country; until we, the American public regain control of our futures, we will be stuck in this endless circle of tax and spend; political corruption and waste.

The big winner in this new tax package (2018, and beyond) is Corporate America. With a reduction of income tax rates from 35% to 21% on corporations, big business in America will be forced to pay far less in taxes, and therefore profits will increase without a substantial growth in revenues. Just what every CEO would ask Santa for Christmas! The pro-business tax package has already sent the stock market soaring into new heights with the anticipation of bigger profits for shareholders. Nevertheless, quoting my wife, "There has never been a better time in the history of this country to ask your Boss for a raise".

As most of you are already aware, I have made some serious (sweeping) changes to my professional practice in the past several years. The changes made were partly due to my personal desire to reduce my workload. However, they were also made in anticipation of what has become of our tax code. As Congress continues to make more difficult that which is already hard enough, I felt it necessary to make my own changes in order to keep pace with the ever-changing landscape of the income tax industry.

The planned reduction of clientele was in hindsight a very good decision on my part. It has afforded me greater time for both my remaining clients, and well as myself. Although it seems to have been a very good decision for both myself and those remaining as clients, it did not come without some very serious and disconcerting consequences.

As part of the changes being made to my practice, I recently closed my offices after what seems to have been an eternity at the same location; 1215 Hightower Trail. Having spent almost twenty (20) years as a tenant in my building, I decided it was time to move on. I have re-leased my office space to a new tenant and will continue to own and service the building as a Landlord until someone make me an offer to sell that I cannot refuse.

At the same time, I recently acquired a “new” building this past October, and will hopefully be moving there sometime in the first quarter of 2018; as soon as the space selection and buildout process has been completed on my new office space. The building is located in East Cobb County, Marietta, Georgia. The address is: 137 Johnson Ferry Road, Marietta, Georgia, 30068. For many of you located in the East Cobb area, it will be close by to your neighborhood. For those of you coming from other parts of the city, the Building has easy access from I-285, and is just outside the Sandy Springs city limits.

As a result of all of these changes, I feel that I have made a giant step in what I consider to be the right direction for both myself and my clientele.

As has been the case now for several years now, I will be accepting only a very limited number of clients (100) for the 2018 tax season. Once full, no other clients will be accepted for the year. As concerning my future in the tax business, it’s hard to tell right now with all of the changes to the industry that are taking place what the future holds for me (or this business). But for right now, your taxes will be handled as they always have been by my practice for the coming season!

As part of the restructuring of my business, I must now place a minimum charge of \$1,000.00 for all income tax return preparation services for you and your family members for this coming tax season. That being said, I will remind you that the ultimate fees charged for your tax preparation services (or legal services) may differ from year to year due the amount of time spent, the complexity of your returns, and the liability associated with work we perform for you that particular year. Of course, I will continue to strive to keep the costs of your return preparation at a reasonable price value, as I have always done in the past.

Please take note that my billing rate for all services received will remain at \$400.00 per hour (as stated above) as it has been for the past five (5) years.

For those who feel that there have been changes in your life that make the use of my services cost prohibitive, and find that you may need to look elsewhere for tax preparation services this coming year, I will be available (as I have always been) to give you direction and support. I continue to maintain relationships with several local CPAs and income tax professionals in our area that will be able to handle your income tax preparation needs and will be happy to introduce/refer you to them should you desire me to do so. I will also be available to assist you in the easy transition of your information should you find it necessary to look elsewhere for tax prep and consulting services.

Should you have any questions or concerns regarding the restructuring of my practice and how it may impact you, or how this “new” tax code will impact the cost of my services provided in the future, please feel free to contact my office at your convenience. I will be happy to discuss these changes and how they might affect your particular tax services in the future.

On a lighter note, this past year was another rewarding and exciting one for me and my family. More travel and family time was once again the highlight of my year. I have continued to strive towards my commitment to make the best of the “quality time “that I have left.

Our BIG adventure this summer was a week spent in Iceland. A really neat place to travel if you are into nature and strange geographic landscape. It's a beautiful place to visit, and quite comfortable in the Summer months. Glaciers, volcanos, huge lava fields (both new and old), incredible wild life, and magnificent topography. I would highly recommend the trip for the adventuresome. Especially if you like to hike.

On that note it is time to begin thinking about making your final year-end plans for your 2017 income taxes. Charitable contributions, Roth IRA Conversions, payment of deductible medical expenses, and harvesting stock losses to offset gains or \$3,000 of ordinary are all techniques to reduce your taxable income, either now or in the future. However, all of these things must be completed prior to the end of the year to be effective for 2017. Call me to discuss these (and other tax saving techniques) should you find the need to do so.

As I mention in my letter of last year, "if tax rates are going down in the near future, the biggest cut will likely come at the top end of the brackets". That being said, deferring income until 2018 (and beyond) if possible could be a general point of consideration for those taxpayers. And if tax rates are going down in the future, that would also make tax deductions worth less in the future than they are today! Therefore, as a general rule of thumb, I would consider accelerating deductions into 2017; and deferring income into 2018 and beyond.

If you ordinarily pay quarterly State tax estimates, or you owe money to the State DOR when you file your annual tax return, you may want to consider paying those taxes prior to the end of this year (2017). With the deductions of taxes being limited to \$10K next year on your itemized deduction form (Sch. "A"), you will do far better to take the deduction in 2017. So, pay them early!

I continue to maintain close and personal relationships with financial advisors Daniel Kaufman and Glen Merritt, at both Merrill Lynch and Raymond James, respectively. Both provide the quality of service that I am very comfortable referring to my clients without question. Each has their special areas of concentration in the marketplace. Should you be interested in discussing your financial investments with either one, please give me a call and I will make it happen for you!

In an effort to shorten my annual client letter, much of the information that I used to cover within my past letters (the state of our economy and taxes), will be forwarded to you in an email following sometime after your receipt of this, my 2017 Client Letter. I would encourage you to spend few minutes with the 2017 Tax Change summary, as there is always much to learn. I will be sending you the 2017 Tax Change Summary (via email for most) within the next few weeks, so be on the lookout for it. Not only will the Summary review the tax code changes for the coming year, but it will also refer to some of the changes in the firm's processing procedures for this tax season.

I wish to thank you for your past business and the opportunity to be of service to you this coming year. Your continued business relationship is genuinely appreciated. I look forward to hearing from each of you in the very near future. Please enjoy a safe and happy Holiday Season and best wishes to you and yours throughout the coming New Year!

Mark J. Popkin