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Personal financial services as individual as you are

FIRST QUARTER | 2020

FROM KATHLEEN AND NICOLE

Welcome to 2020! It is the start of a new century and we are excited about what the future holds for our firm.

First of all, we are always so honored to be working with each and every one of our clients. It is our strong belief that coaching you through this very upbeat time in our economy as well as helping you stick to your cash flow goals in a weak economy is important to maintain your financial independence.

There are many things moving forward that we are excited to share with you:

- We continued our firm's goal of charitable giving. In December we gave to the Colorectal Coalition and our local Seattle Cancer Care Alliance in lieu of our Christmas Party.
- We are thrilled to welcome our latest team member Carrie Beede! She will be working closely with the two of us and our clients as we continue to enhance MAP (Miller Advisors Portal) and its many tools.
- Per our email announcement and letters from Raymond James, we are transitioning from Raymond James Financial Services to Raymond James & Associates. This internal move will allow Raymond James to continue to serve all of us at the same level of excellence. It will not impact your accounts or your relationship with us. There will be no action required by you nor any additional costs to you.
- Our Goal for 2020: Stay Healthy & Keep Moving!

TAX PREP AND FILING

What are the Income Tax Brackets for 2020 vs. 2019?

The IRS unveiled the 2020 tax brackets, and it's never too early to start planning to minimize your future tax bill.

Tax planning is all about thinking ahead. So, now that the IRS has released the new tax brackets for the 2020 tax year, you can (and should) start thinking about how to handle your 2020 finances in a tax-efficient way—even though you haven't filed your 2019 tax return yet. The 2020 tax rates themselves didn't change. They're the same as the seven tax rates in effect for the 2019 tax year: 10%, 12%, 22%, 24%, 32%, 35% and 37%. However, the tax bracket ranges were adjusted, or "indexed," to account for inflation.

2020 Tax Brackets for Single/Married Filing Jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to $9,875	Up to $19,750
12%	$9,876 to $40,125	$19,751 to $80,250
22%	$40,126 to $85,525	$80,251 to $171,050
24%	$85,526 to $163,300	$171,051 to $326,600
32%	$163,301 to $207,350	$326,601 to $414,700
35%	$207,351 to $518,400	$414,701 to $622,050
37%	Over $518,400	Over $622,050

One other thing to note is that Congress recently changed the indexing method used to adjust the tax brackets for inflation. Before 2019, the standard Consumer Price Index was used to adjust the brackets. However, some economists believed that formula didn't fully account for changes in spending as prices rise.

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As a result, the 2017 tax reform law adopted the **"chained" CPI formula** that the IRS now uses.

Chained indexing generally results in lower inflation adjustments to the tax brackets each year, which in turn means you could find yourself in a higher tax bracket on your next return. Why? If your income increases faster than the rate of inflation, you eventually move up to a higher bracket. Since the IRS is using lower inflation adjustments, then the chances that your income will grow faster than the IRS's rate of inflation rise.

2020 Tax Brackets for Married Filing Separately/Head of Household

Tax Rate	Taxable Income (Married filing Separately)	Taxable Income (Head of Household)
10%	Up to $9,875	Up to $14,100
12%	$9,876 to $40,125	$14,101 to $53,700
22%	$40,126 to $85,525	$53,701 to $85,500
24%	$85,526 to $163,300	$85,501 to $163,300
32%	$163,301 to $207,350	$163,301 to $207,350
35%	$207,351 to $518,400	$207,351 to $518,400
37%	Over $518,400	Over $518,400

The federal "marriage penalty" also still exists—barely. This tax-law twist makes certain couples—typically, those whose incomes are similar—filing a joint return pay more tax than they would if they were single. It's triggered when, for any given rate, the minimum taxable income for joint filers is less than twice the amount for single filers. Before the 2017 tax reform law, this happened in the four highest tax brackets. Now, however, only the top federal tax bracket contains the marriage penalty trap. As a result, only couples with a combined taxable income over $622,050 are at risk when filing their 2020 federal tax return.

Standard Deduction and Personal Exemptions

The standard deduction amounts are adjusted for inflation, too. For joint filers, the 2020 standard deduction is $400 more than the 2019 amount. It goes up $200 in 2020 for single filers and married taxpayers filing a separate return. For heads of households, the standard deduction jumps $300 for 2020.

2020 Standard Deduction Amounts

Filing Status	Standard Deduction
Single; Married Filing Separately	$12,400
Married Filing Jointly	$24,800
Head of Household	$18,650

As in 2019, personal exemption deductions aren't allowed for 2020. They were eliminated by the 2017 tax reform law.

By the way, it's always a good idea to check your income tax withholding each year—especially, if you're moving into a different tax bracket or experience some other significant shift in your financial situation. Look for changes to how withholding amounts are computed starting in 2020.

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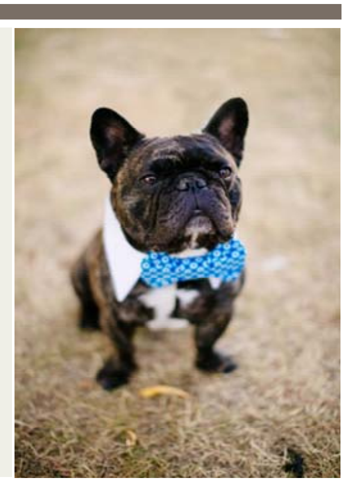
MARCEL'S MASTERMIND

"Economics should always be paramount over tax considerations. Don't let the tax tail wag the dog investment."

-Robert Mason



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In the meantime, you can go to [https://apps.irs.gov/app/tax-withholding-estimator] to estimate your tax withholding even though the IRS is changing Form W-4 starting in 2020. If you don't submit a new W-4 after 2019, your employer will continue to use the information from your pre-2020 W-4 to calculate your withholding.

Finally, here are the tax brackets for the 2019 tax year, for comparison's sake:

2019 Tax Brackets for Single/Married Filing Jointly

Tax Rate	Taxable Income (Single)	Taxable Income (Married Filing Jointly)
10%	Up to $9,700	Up to $19,400
12%	$9,701 to $39,475	$19,401 to $78,950
22%	$39,476 to $84,200	$78,951 to $168,400
24%	$84,201 to $160,725	$168,401 to $321,450
32%	$160,726 to $204,100	$321,451 to $408,200
35%	$204,101 to $510,300	$408,201 to $612,350
37%	Over $510,300	Over $612,350

2019 Tax Brackets for Married Filing Separately/Head of Household

Tax Rate	Taxable Income (Married Filing Separately)	Taxable Income (Head of Household)
10%	Up to $9,700	Up to $13,850
12%	$9,701 to $39,475	$13,851 to $52,850
22%	$39,476 to $84,200	$52,851 to $84,200
24%	$84,201 to $160,725	$84,201 to $160,700
32%	$160,726 to $204,100	$160,701 to $204,100
35%	$204,101 to $306,175	$204,101 to $510,300
37%	Over $306,175	Over $510,300

Source: https://www.kiplinger.com/article/taxes

2020 INVESTMENT OUTLOOK

As we conclude 2019, several factors drove the strong performance in the S&P 500 for the year: reduced recession concerns, easing financial conditions, lower interest rates, and P/E multiple expansion. The S&P 500 had a 31.49% total return in 2019, -4.38% in 2018 and 21.83% in 2017. We have seen a good run over the last 10 years, better than average with a 13.56% annualized return compared to 10.12% for the last 60 years. We are cautious about what the next 10-20 years will look like but do not expect it to look like the last 10 years.

2020 brings another election year. Since 1936, in presidential election years, the S&P 500 has been up 9% on average and has had positive performance 86% of the them. Per Goldman Sachs, the record for which party causes greater performance for the market is inconclusive. In addition, the elections are not until November and current polls are mixed for the potential outcome.

We continue to see Bonds as a good short-term place (for money needed in the next 5 years) but look to Equities for growth investing even with the higher risk this entails. We recommend Equity diversification since we also want to include the future growth categories and not invest only in what has previously grown.

David Simpson, CFA; Miller Advisors Portfolio Manager

For Rate of Return numbers, see Financial Update on page 6

KELLI YOUNG—SEMINAR

If you're looking at retirement as the final goal, then you might not be preparing in the best way. Since we're living longer, what are you going to do with all your extra time in retirement and how are you going to pay for it? Kelli will teach you strategies on how to make the most out of your many years in retirement.

WHEN: Thursday, February 20 @ 2:00 PM
WHERE: The Lakeshore; 11448 Rainier Avenue S; Seattle, WA 98178

We contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.

- Sir Winston Churchill

THE SECURE ACT

(SECURE) Setting Every Community Up for Retirement Enhancement Act

What is the SECURE Act?

The Setting Every Community Up for Retirement Enhancement Act is a bipartisan bill designed to aid Americans' ability to save for retirement. The bill seeks to improve the country's retirement prospects. The bill passed the U.S. House of Representatives in a 417-3 vote in July 2019 and then by the Senate, as part of the Dec. 19, 2019 spending and tax-extension bills.[1] It was signed into law by President Donald Trump on Dec. 20.

Understanding the SECURE Act

The SECURE Act is designed to ease the looming retirement savings crisis by:

- Making it easier for small businesses to offer their employees 401(k) plans by providing tax credits and protections on collective Multiple Employer Plans
- Allowing retirement benefits for long-term, part-time employees
- Removing maximum age limits on retirement contributions, formerly capped at age 70½
- Raising the required minimum distribution (RMD) age to 72 from 70½
- Allowing penalty-free withdrawals up to $5,000 from retirement plans for the birth or adoption of a child
- Relaxing rules on employers offering annuities through sponsored retirement plans
- Allowing penalty-free withdrawals of up to $10,000 from 529 education-savings plans for the repayment of certain student loans
- Revising components of the Tax Cuts and Jobs Act that raised taxes on benefits received by family members of deceased veterans, as well as students and some Native Americans.
- And to raise an estimated $15.7 billion to pay for these changes: removing the stretch IRA estate-planning strategy that permits non-spouse beneficiaries of IRAs to spread disbursements from the inherited money over their lifetime. The new limit will be within 10 years of the death of the original account holder.

The bill was drafted to address Americans' difficulty in saving and investing for retirement. A 2018 study by Northwestern Mutual found that one-in-five Americans have no retirement savings at all, while one-in-three of those closest to retirement age have less than $25,000 saved. Given longer life expectancies than previous generations, coupled with the rate of inflation, a minimum balance of $1 million+ is recommended for retirement accounts by the date of retirement.

Part of the problem has been attributed to the shift away from defined benefit plans, in which an employer guarantees a payout to employees after they retire, to defined contribution plans, in which an employee saves on her own for retirement, often with the employer contributing a pre-set amount to the employee's retirement fund.

Contributions to defined contribution plans are most often deducted from an employee's paycheck and the balance is allowed to grow tax-free until withdrawal, usually during retirement. Once they reach a certain age, retirement savers are required to withdraw a set amount from their retirement savings vehicles each year, in what's referred to as a required minimum distribution (RMD). The SECURE Act would raise this age from 70½ to 72. Delaying the age of required distribution means delaying both the tax burden of withdrawals, and the drawdown on savings that may need to last the retiree for decades.

The SECURE Act builds on previous legislation that was proposed but failed to gain traction in recent years, namely the Family Savings Act and multiple iterations of the Retirement Enhancement and Savings Act (RESA). A version of RESA has been under consideration in the Senate, but the SECURE Act is the legislation that actually passed and became law.

By Chris Sonzogni ; Investopedia.com

[1]Congress.gov. "H.R.1994 - Setting Every Community Up for Retirement Enhancement Act of 2019." Accessed Dec. 19, 2019.

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MARK YOUR CALENDAR

January

- **January 31**—Deadline for employers to send W-2's and 1099s to individuals.

February

- **February 2**—Groundhog Day.
- **February 14**—Valentine's Day. Be sure to spoil your loved ones!
- **February 15**—Deadline for financial institutions to send 1099s to individuals.
- **February 28**—Begin mailing delayed and amended form 1099s.

March

- **March 8**—Daylight Savings Time begins. Don't forget to spring forward!
- **March 15**—Final mailing of any remaining delayed original Form 1099s.

April

- **April 12**—Easter Sunday.
- **April 15**—Deadline to submit individual tax returns for the year 2019. File your taxes by this date!
- **April 22**—Earth Day. Remember to Reduce, Reuse, and Recycle.

Dates in your Calendar are closer than they appear! Time is what keeps everything from happening at once. Keep a diary, and someday it'll keep you.

- Mae West

SHREDDING PARTY

Miller Advisors is hosting a Shredding Party

Thursday, April 16th from 9 am to 12 pm.

Jump-start your spring cleaning by clearing out those old statements. Bring them to our office to be securely destroyed by our shredding company.

Coffee, tea and breakfast pastries will be provided.

What to Keep

- Year-end statements for all accounts including Raymond James Financial Services.
- Reports for income tax reporting such as 1099s.

What to Shred

- Monthly Statements after you receive the corresponding year-end statement for each account.
- Shred your Buy and Sell confirmations after you read them.

STAFF NEWS

We are excited to welcome Carrie Beede as the newest member of our Miller Advisors Team! Carrie joined us at the beginning of January as our Financial Planning Associate. She has worked in the financial services industry for several years. Formerly, Carrie worked as a coach for students studying for their college entrance exams (SAT and ACT). She holds a BS in Applied and Computational Mathematical Sciences from UW as well as a Minor in Music. Since joining the financial services industry, she has obtained her Insurance License, several FINRA Licenses and is in the process of completing her CFP®. Carrie is particularly excited about supporting clients in becoming comfortable with the newest software tools we have for financial planning – at Miller Advisors this is the MAP portal.

Carrie is a native of Washington and resides in Snohomish. She enjoys everything outdoors and all the beauty of the Pacific Northwest. Her passion is playing the piano and pipe organ. We are very glad to have her as part of the team. Please join us in welcoming her.

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FINANCIAL UPDATE

Here are selected rate of return numbers for the last two years and year to date as of 12/31/2019*

	2019 Annual Return	2018 Annual Return	2017 Annual Return
Dow Jones Industrials	25.34	-3.48	28.11
NASDAQ Composite	36.69	-2.84	29.64
S&P 500 Index	31.49	-4.38	21.83
Russell Midcap - US Mid Cap	30.54	-9.06	18.52
Russell 2000 - US Small Cap	25.52	-11.01	14.65
MSCI EAFE - International Large Cap	22.01	-13.79	25.03
MSCI Emerging Markets	18.42	-14.57	37.28
BBgBarc US Aggregate Bond	8.72	0.01	3.54
FTSE Treasury Bill 3 Month - Cash Alternative	2.25	1.86	0.84

(Source: Morningstar) *Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results may vary. Past performance does not guarantee future results.

ANNUAL OFFERING OF FORM ADV-PART II

As a Registered Investment Advisor, Miller Advisors is required to offer our form ADV-Part II annually to our investment advisory clients. This document contains information about our fees and services, education and business backgrounds of the officers and investment managers, investment or brokerage affiliates, our code of ethics, and privacy policy. You will receive a copy of the material changes to our ADV-Part II form by the end of April.

A FINE is a tax for doing wrong.

A TAX is a fine for doing well.

- Mark Twain

MAP HIGHLIGHTS: VAULT

The Vault feature of Miller Advisor's Wealth Management Portal allows you to safely and securely store important documents and files. Within your Vault there are several folders you can upload into directly. There is a personal file that can only be viewed by you. Anything uploaded into this file is kept private and safe. Likewise there is a folder that is for shared documents. This is a great place to upload files for us to see like your Tax Return and Documents we have requested. Your Tax Return is very important to the Financial Planning process and allows us to make sure you are completely prepared for your strategy of planning out your spending for the upcoming year. For more information or to get started safe guarding your important documents, contact us for a login.

CONTACT INFORMATION & DISCLOSURES

We would like to remind you that in the event you are unable to speak with someone at our office, you can contact Raymond James Client Services directly for assistance with your accounts at (800) 647-7378. We would like to thank those of you who have referred your associates, clients, family members and friends to us. Your referrals are personally and professionally the most satisfying way for our practice to grow. If you have any questions or feedback regarding the newsletter, please contact the office and let us know how we can improve our communication with you.

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Please email more than one of us to ensure a prompt response.