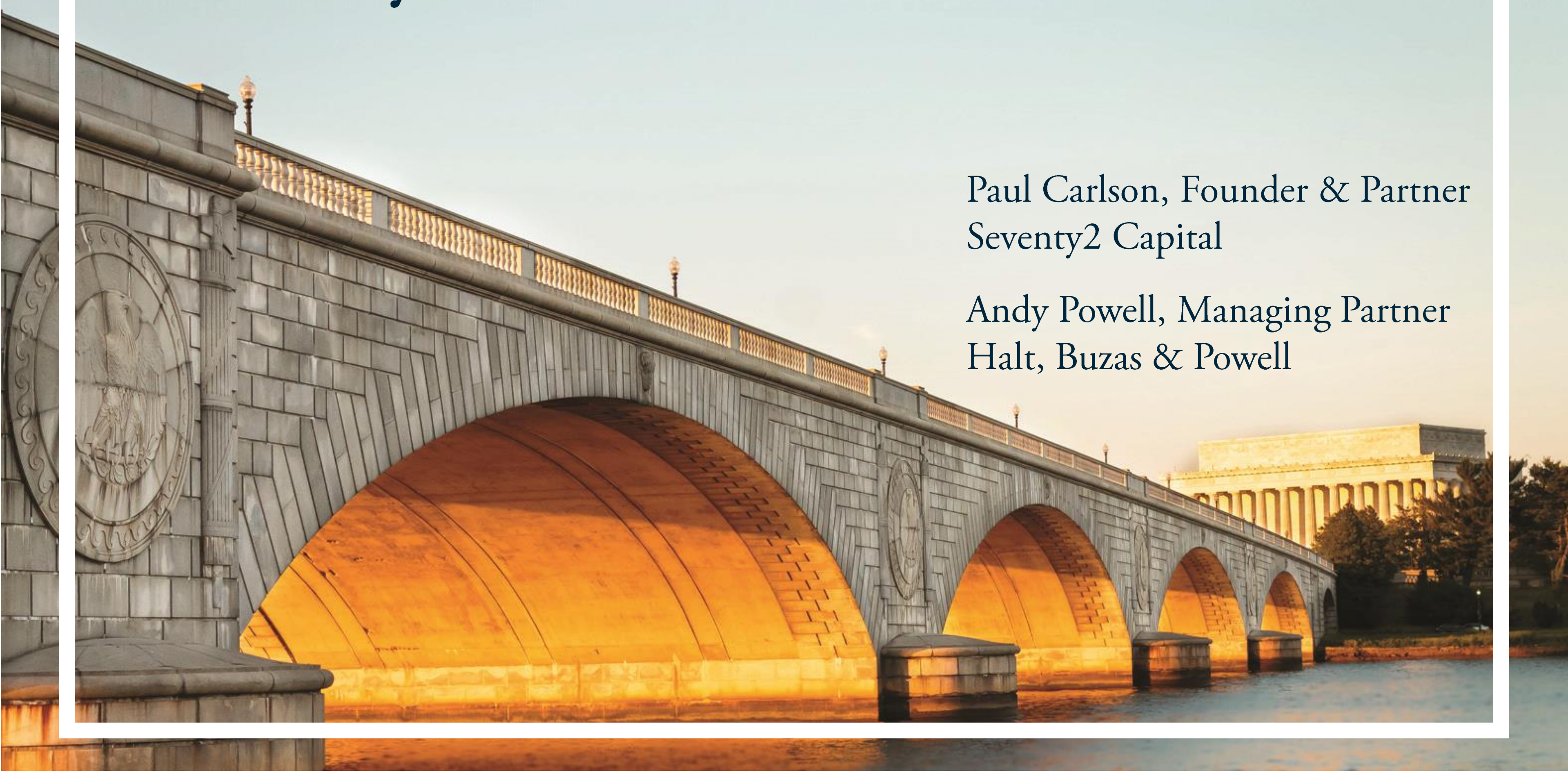
Seventy2 Capital
WEALTH MANAGEMENT
WELLS FARGO ADVISORS FINANCIAL NETWORK

Will you benefit from tax reform?



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Objectives

- Highlights of changes
- Specifics on certain items
- Review of new tax rate table
- Example

Tax Cuts and Jobs Act - Business

Provisions effecting largest group of business

- Reduction of tax rate to flat 21%
- Section 179
- Disallowance of all entertainment related expenses

Tax Cuts and Jobs Act - Individuals

Provisions effecting largest group of individual taxpayers

- SALT
- Mortgage Interest
- Miscellaneous Itemized Deductions
- Alternative minimum tax
- Allows 529 distribution for elementary and high school education
- Increases the standard deduction
- Repeals the personal exemption
- Increases the child tax credit
- Denies income reduction for moving related expenses
- Repeals the overall limit on itemized deductions (3% reduction)
- 20% deduction for domestic "qualified business income"

State and Local Taxes

SALT – itemized deduction up to $10,000

- State and local property taxes
- Sales tax in lieu of income taxes
- Foreign real property taxes not deductible
- Largest area of loss for itemized deductions for most taxpayers

Mortgage Interest Deduction

- New Law
  - Acquisition indebtedness is limited to $750,000 after 12/31/17
  - Ceiling is for a first and second home
- Grandfathered
  - Acquisition indebtedness prior to 12/31/17 is $1,000,000
  - No deduction for home equity debt (unless show for improvements)
  - Covers binding agreement to purchase principal residence before 12/15/17

Qualified Business Income

- 20% deduction of domestic “qualified business income” at maximum tax rate of 29.6%
- Does not include:
  - Reasonable compensation
  - Guaranteed payments to partners
  - Specified service trade or business
    - Qualified if taxable income does not exceed $315,000 and phase out to $415,000
- Basic calculation:
  - 20% of QBI or
  - Greater of 50% of w-2 wages or sum of 25% of w-2 wages plus 2.5% of unadjusted basis of qualified property

Tax Rates

Joint Filers 2018 Prior Law	
$0–$19,050	10%
$19,050–$77,400	15%
$77,400–$156,150	25%
$156,150–$237,950	28%
$237,950–$424,950	33%
$424,950–$480,050	35%
Over $480,050	39.60%

Joint Filers TCJA 2018	
$0–$19,050	10%
$19,050–$77,400	15%
$77,400–$165,000	22%
$165,000–$315,000	24%
$315,000–$400,000	32%
$400,000–$600,000	35%
Over $480,050	37%

Capital gains rates remain the same as 2017

Comparison of tax return and taxes

Henry and Harrieta Homeowner

Income tax return	2017	2018
Income		
Wages	251,160	251,160
Interest	69	69
Dividends	2,228	2,228
Schedule C	15,629	15,629
Schedule D	(3,000)	(3,000)
Total Income	266,086	266,086
Deductible SE tax	1,104	1,104
Adjusted gross income	264,982	264,982
Itemized Deductions		
Real estate taxes	6,994	6,994
State Income taxes	21,615	3,006
Interest	9,975	9,975
Contributions	2,915	2,915
Total	41,499	22,890
Standard deduction		24,000
Income before exemptions	223,483	240,982
Personal exemptions	16,000	
Taxable income	207,483	240,982
Tax	40,486	46,415
AMT	3,941	
Tax before credits	44,427	46,415

Postcard Tax Filing

SIMPLE, FAIR "POSTCARD" TAX FILING

1	Wage and Compensation Income	1	
2	Subtract Contributions to Specified Savings Plans	2	
3	Subtract Standard Deduction – OR –	3	
4	Subtract Mortgage Interest Deduction	4	
5	Subtract Charitable Contribution Deduction	5	
6	Subtract State and Local Tax Deduction	6	
7	Subtract Medical Expense Deduction	7	
8	Subtract Other Deductions	8	
9	**TAXABLE INCOME**	9	
10	Preliminary Tax (FROM TAX TABLE)	10	
11	Add Tax on Investment Income	11	
12	Subtract Family and Child Credits	12	
13	Subtract Earned Income Credit	13	
14	Subtract Higher Education Credit	14	
15	**TOTAL TAX**	15	
16	Subtract Taxes Withheld	16	
17	**REFUND DUE / TAXES OWED**	17	

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Halt Buzas & Powell, LTD

TRUST, INTEGRITY AND A COMMITMENT TO YOUR SUCCESS

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Risk Disclosures

Asset Class Risks:

All investing involves some degree of risk, whether it is associated with market volatility, purchasing power, or a specific security. There is no guarantee any investment strategy will be successful. **Stocks** offer long-term growth potential, but may fluctuate more and provide less current income than other investments. **Small and mid-sized company stocks** involve greater risks than those customarily associated with larger companies. They often involve higher risks because of smaller and mid-sized companies may lack the management expertise, financial resources, product diversification and competitive strengths to endure adverse economic conditions**. Technology and Internet-related stocks**, especially of smaller, less-seasoned companies, tend to be more volatile than the overall market. **Foreign securities** entail special risks such as currency, political, economic, and market risks. These risks are heightened in emerging and frontier markets. **Real estate** investing has special risks, including the possible illiquidity of the underlying property, credit risk, interest rate fluctuations and the impact of varied economic conditions. **Commodities** may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Investments in securities of **Master Limited Partnerships (MLPs)** involve risks that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner and cash flow risks, Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from NAV and other material risks. **Bonds** are subject to market, interest rate, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **U.S. government securities** are backed by the full faith and credit of the federal government as to payment of principal and interest if held to maturity. Although free from credit risk, they are subject to interest rate risk. Municipal bonds offer interest payments exempt from federal taxes, and potentially state and local income taxes. These bonds are subject to interest rate and credit/default risk and potentially the Alternative Minimum Tax (AMT). Quality varies widely depending on the specific issuer. **High yield fixed income securities** are considered speculative, involve greater risk of default, and tend to be more volatile than investment grade fixed income securities. In addition to the risks associated with investment in debt securities, investments in mortgage-related and asset-backed securities will be subject to prepayment and call risks. Changes in prepayments may significantly affect yield, average life and expected maturity. If called prior to maturity, similar yielding investments may not be available for the Fund to purchase. These risks may be heightened for longer maturity and duration securities.

Hedge fund strategies, such as **Equity Hedge, Event Driven, Macro** and **Relative Value** are speculative and involve a high degree of risk. These strategies are affected in different ways and at different times by changing market conditions. They employ aggressive investment techniques, including using short sales, leverage, arbitrage, derivatives, such as swaps, futures contracts, options, forward contracts which can expose the investor to substantial risk. Investment returns, volatility and risk vary widely among the different strategies. The use of short selling involves the risk of potentially unlimited increase in the market value of the security sold short, which could result in potentially unlimited loss for the investment. In addition, taking short positions in securities is a form of leverage which may cause a portfolio to be more volatile. The use of leverage in a portfolio varies by strategy. Leverage can significantly increase return potential but create greater risk of loss. Derivatives generally have implied leverage which can magnify volatility and may entail other risks such as market, interest rate, credit, counterparty and management risks which may hurt a fund's performance. Counterparty risk is the risk that the other party to the agreement will default at some time during the life of the contract.

Private capital funds use complex trading strategies, including hedging and leveraging through derivatives and short selling and other aggressive investment practices.. It is possible to lose your entire investment investing in these funds. They do not represent a complete investment program and should be considered an illiquid long-term investment suitable only for the wealth portion of a portfolio. Private debt strategies seek to actively improve the capital structure of a company often through debt restructuring and deleveraging measures. Such investments are subject to potential default, limited liquidity, the creditworthiness of the private company, and the infrequent availability of independent credit ratings for private companies.

Index Definitions

Economic Indices

The **Consumer Confidence Index** (CCI) is designed to measure consumer confidence which is defined as the degree of optimism on the state of the economy that consumers are expressing through their activities of savings and spending. Global consumer confidence is not measured.

The **Consumer Price Index** is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

The **NFIB Small Business Optimism Index:** is the small business optimism index is compiled from a survey that is conducted each month by the National Federation of Independent Business (NFIB) of its members. The index is a composite of ten seasonally adjusted components based on questions on the following: plans to increase employment, plans to make capital outlays, plans to increase inventories, expect economy to improve, expect real sales higher, current inventory, current job opening, expected credit conditions, now a good time to expand, and earnings trend.

Market Indices

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis and on a total-return basis.

The **Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non-convertible.

The **Bloomberg Barclays Emerging Market Bond Index** is a flagship hard currency Emerging Markets debt benchmark that includes USD denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

The **Bloomberg Barclays Mortgage Backed Securities (MBS)Index** is an unmanaged index of mortgage pools of the Government National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association.

The **Bloomberg Barclays U.S. Aggregate**: The Barclays U.S. Aggregate Bond Index is unmanaged and is composed of the Bloomberg Barclays U.S. Government/Credit Index and the Bloomberg Barclays U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities.

The **Bloomberg Barclays U.S. Aggregate 5-7 Year Bond Index** is composed of the Barclays U.S. Government/Credit Index and the Barclays U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 5-7 years.

The **Bloomberg Barclays U.S. Aggregate 10+ Year Bond Index** is unmanaged and is composed of the Barclays U.S. Government/Credit Index and the Barclays U.S. Mortgage-Backed Securities Index, and includes Treasury issues, agency issues, corporate bond issues, and mortgage-backed securities with maturities of 10 years or more.

Index Definitions (continued)

The **Bloomberg Barclays U.S. Aggregate Corporate Index** includes publicly issued U.S. corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

The **Bloomberg Barclays U.S. Corporate High-Yield Index** covers the universe of fixed rate, non-investment grade debt.

The **Bloomberg Barclays U.S. Investment Grade Bond Index** measures the performance of the investment grade corporate bond market.

The **Bloomberg Barclays U.S. Municipal Index** represents municipal bonds with a minimum credit rating of at least Baa, an outstanding par value of at least $3 million and a remaining maturity of at least one year. The index excludes taxable municipal bonds, bonds with floating rates, derivatives and certificates of participation.

The **Bloomberg Barclays U.S. TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **Bloomberg Barclays U.S. Treasury Index** is the U.S. Treasury component of the U.S. Government Index. The index consists of public obligations of the U.S. Treasury with a remaining maturity of one year or more.

The **Bloomberg Commodity Index** represents futures contracts on 22 physical commodities. No related group of commodities (e.g., energy, precious metals, livestock and grains) may constitute more than 33 percent of the index as of the annual re-weightings of the components. No single commodity may constitute less than 2 percent of the index.

The **FTSE NAREIT U.S. All Equity REITs Index** is designed to track the performance of REITs representing equity interests in (as opposed to mortgages on) properties.

The **FTSE EPRA/NAREIT Developed Index** is designed to track the performance of listed real-estate companies and REITs in developed countries worldwide.

The **JPMorgan Global ex-U.S. Government Bond Index** measures the performance of non-U.S. government bonds.

The **JPMorgan Emerging Markets Bond Index (EMBI Global)** currently covers 27 emerging market countries. Included in the EMBI Global are U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **MSCI All Country World Index (ACWI)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The Index consists of 46 country indices comprising 23 developed and 23 emerging market country indices.

The **MSCI Australia Index** is designed to measure the performance of the large and mid cap segments of the Australia market. With 70 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Australia.

Index Definitions (continued)

The **MSCI Brazil Index** is designed to measure the performance of the large and mid-cap segments of the Brazilian market. With 75 constituents, the index covers about 85% of the Brazilian equity universe.

The **MSCI China Index** captures large and mid-cap representation across China H shares, B shares, Red Chips and P Chips. With 140 constituents, the index covers about 85% of the China equity universe.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

The **MSCI Frontier Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of frontier markets. The MSCI Frontier Markets Index consists of 24 frontier market country indexes.

The **MSCI Germany Index** is designed to measure the performance of the large and mid cap segments of the German market. With 54 constituents, the index covers about 85% of the equity universe in Germany.

The **MSCI United Kingdom Index** is designed to measure the performance of the large and mid cap segments of the UK market. With 112 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.

The **MSCI U.S. Equity Indexes** are a domestic only series - independent from MSCI's Global Equity Index family – which reflect the investment opportunities in the US equity markets by market capitalization size, by value and growth investment styles and by sectors and industries.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

The **Russell 1000® Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately eight percent of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell Midcap® Index** measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap Index represents approximately 27 percent of the total market capitalization of the Russell 1000 companies.

Index Definitions (continued)

The **S&P 500 Index** is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The index includes 500 widely held U.S. market industrial, utility, transportation and financial companies.

The **Dow Jones Industrial Average** is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry

The **S&P Developed ex-US Property Index** defines and measures the investable universe of publicly traded property companies domiciled in developed countries outside of the U.S. The companies included are engaged in real estate related activities, such as property ownership, management, development, rental and investment.

Hedge Fund Indices

Event Driven: The **HFRI Event Driven Index**: Event-Driven: Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure. The HFRI Event Driven Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

Equity Hedge: The **HFRI Equity Hedge Index**: Equity Hedge: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short. The HFRI Equity Hedge Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

Global Hedge Funds: The **HFRI Fund Weighted Composite Index** is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net-of-all-fees performance in U.S. dollars and have a minimum of $50 million under management or a 12-month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds. The HFRI Fund Weighted Composite Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

Index Definitions (continued)

Macro: The **HFRI Macro Index: Macro:** Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities. In a similar way, while both Macro and equity hedge managers may hold equity securities, the overriding investment thesis is predicated on the impact movements in underlying macroeconomic variables may have on security prices, as opposes to EH, in which the fundamental characteristics on the company are the most significant are integral to investment thesis. The HFRI Macro Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figure to HFRI. The number of hedge funds reporting may vary between each reporting period.

Relative Value: The **HFRI Relative Value Index** maintains positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types. Fixed income strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager. RV position may be involved in corporate transactions also, but as opposed to ED exposures, the investment thesis is predicated on realization of a pricing discrepancy between related securities, as opposed to the outcome of the corporate transaction.

The HFRI Indices are based on information self-reported by hedge fund managers that decide, on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, LLC (HFR). Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways. Unlike most asset class indices, HFR index returns reflect fees and expenses. Index returns do not reflect any fees, expenses or sales charges. Unlike most asset class indices, HFR index returns reflect fees and expenses.

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