

Co-hér-ent: a natural agreement of the parts

Coherent Quarterly

April 2018

Co-hér-ent: having a natural agreement of the parts, as in “a coherent plan for action.”

My 2017 Taxes Are Done! Now What?

Hopefully you are in the final stages of the arduous task of gathering forms and documents for tax season. Don't squander your efforts! How can you benefit from the time and work you have put into tax time?

Seize the opportunity to plan ahead. Before you file away your tax return, take some time to discuss with your tax or financial adviser how the 2018 tax changes affect you.



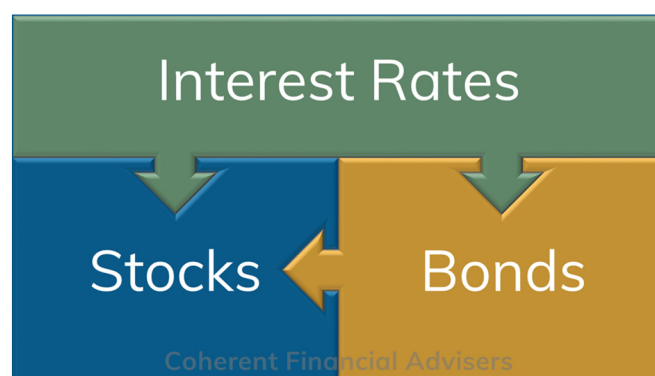
The major impact is the increase of standard deductions. Filing single is now \$12,000, filing married is \$24,000 and filing as head of household is \$18,000. This will eliminate the more complex filing involving itemized deductions for many tax filers.

...continued on page-2

Recent Insights – Online Articles

After a correction, a passive portfolio requires a larger gain to break-even. This is where an actively managed portfolio has an edge. Our latest online [Manager's Letter](#) describes turning a correction into an advantage.

Record low bond yields look poised to break out of a 6-year range. Will rising rates squash stocks or burst bonds? Our March [Coherent Investor](#) article examines what happens when rates rise in theory and in practice.



Last year's earnings saw the best growth since the dawn of the internet. Estimates for 2018 have risen to a millennium record. But is the market's outlook too optimistic? February's [Earnings Insight](#) article examines challenges facing the 2018 stock market.

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"It's a good time to organize and plan your financial matters."

My 2017 Taxes Are Done! Now What? (from page-1)

Here are some positive items to consider: 401k contributions are increased to \$18,500 (\$24,500 for age 50 and over). The additional "middle" tax brackets of 12%, 22%, 24%, 32% may decrease your marginal tax rates. There is a 20% deduction for "qualified business income" for certain employment types.

The downside to recent tax legislation is the elimination or reduction of many commonly used deductions and exemptions. You can compare using itemized deductions versus the standard deduction to see which provides the best tax benefit for your situation.

The following items have been eliminated: Miscellaneous itemized deductions, personal exemptions, interest on home equity loans and the "unwinding" of Roth IRA recharacterizations.

Ask your tax preparer to generate a 2018 tax projection. We are happy to coordinate with your tax preparer throughout the year to help answer any questions on how you can benefit from the tax law changes moving forward.

Visit our Insights page for this article: [Don't Miss Out On 401k Match](#). Or call us!

Does Your Group Need A Speaker?

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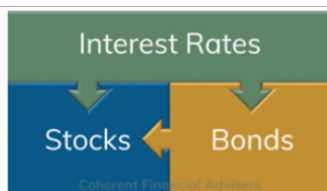
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Manager's Letter 2018 Q1

While no investor who's long the market enjoys a correction, negotiated property, it can be turned to an advantage. At Coherent, we focus on proactively mitigating downside risks by actively managing our stock market exposure.

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Interest Rates

Stocks ← **Bonds**

Coherent Financial Advisers

Stocks, Bonds & Interest Rates

Investors are often apprehensive about how changing interest rates will affect their investments. Record low bond yields look poised to break out of a 6-year range. Will rising rates squash stocks? Burst bonds?

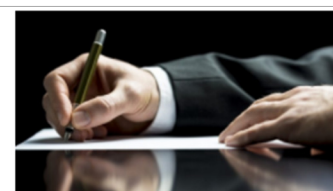
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Earnings Insight February 2018

Earnings in 2017 have been spectacular. Estimates for 2018 have risen to a millennium record, and so have market valuations. But high margins levels caution for more reasonable expectations. The recent correction may just be an omen.

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Manager's Letter 2017 Q4

In the current stock market, irresistible forces for economic growth face seemingly insurmountable stock market barriers. GDP is finally spearheading economic growth. However, record operating margins stand a formidable shield against earnings growth.

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