



MAINSAIL WEALTH ADVISORS

Presidential Candidates' Tax Proposals

Though tax policies haven't received top billing in this year's presidential election dialogue, they're still part of the conversation. Here's a quick review of each candidate's tax proposals based on information released by their campaigns. Keep in mind that regardless of who wins in November, any changes to tax policy would require congressional action.

Note: On August 8, 2016, Donald Trump announced a revised tax plan. Full details of the new plan were not immediately available on the campaign's website. The following summary is based on the original plan announced by the Trump campaign and what we currently know about the revised plan.

Tax brackets

Plans released by the Trump campaign initially proposed reducing the current seven tax brackets to four, with the top rate dropping from 39.6% to 25%, and no tax due for individuals with incomes under \$25,000 (\$50,000 for married

couples filing jointly).¹ Trump has recently announced changes to his tax proposal, including a consolidation to three tax brackets: 12%, 25%, and 33%.² This change moves the Trump campaign's plan closer to the tax reform plan announced by House Republicans in June of this year.³ The Clinton campaign's tax plans do not reflect changes to existing tax brackets, but do support a new 4% "fair share surcharge" on taxpayers with an adjusted gross income (AGI) exceeding \$5 million.⁴

Long-term capital gains and qualified dividends

Currently, lower tax rates generally apply to qualified dividends and to capital gains resulting from the sale of assets held longer than one year. Plans released by the Clinton campaign recommend adjusting the holding period schedule for long-term capital gains, increasing the minimum holding period from one to two years and adding medium-term holding

September 2016

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periods that gradually reduce the top long-term rate down to 20% for assets held for more than six years.⁵ Plans initially released by the Trump campaign indicated that the top rate of 20% would continue to apply, with no change to current holding requirements.⁶

Alternative minimum tax (AMT)

The AMT is a separate, parallel federal income tax with its own rates (26% or 28%, depending on income) and rules. It is intended to ensure that taxpayers who use certain strategies to reduce their tax liability pay a minimum amount of tax. The Trump campaign has called for elimination of the AMT.⁷ The Clinton tax plan would presumably add a new tax layer, imposing a minimum tax due of 30% on those with incomes exceeding \$1 million.⁸

Deductions, exemptions, and exclusions

Proposals released by both candidates would limit itemized deductions for higher-income filers. The Clinton team's plan would limit the benefit of itemized deductions and certain items that are excluded from income (e.g., tax-exempt interest) to 28%, which means that the benefit of these items would be reduced for individuals in higher tax brackets; charitable deductions would be excluded from this limitation.⁹ The Trump team's plan would accelerate the limitation of itemized deductions and the phase-out of personal exemptions for higher-income filers, though the treatment of deductions for charitable giving and mortgage interest would remain unchanged. The original Trump campaign tax plan also indicated that the ability to exclude earnings in life insurance contracts from income would be phased out for high-income individuals.¹⁰

Estate tax

The two campaigns have very different views of the existing federal estate tax. The Clinton campaign proposes increasing the top estate tax rate from 40% to 45%, and decreasing the estate tax exclusion from \$5.45 million to \$3.5 million.¹¹ The Trump campaign proposes eliminating the federal estate tax.¹²

1, 6, 7, 10) "Tax Reform That Will Make America Great Again,"
donaldjtrump.com/positions (July 2016)

2, 12) "Outline of Donald J. Trump's Economic Vision: Winning The Global Competition,"
donaldjtrump.com/positions (August 12, 2016)

3) Kyle Pomerleau, "Details and Analysis of the 2016 House Republican Tax Reform Plan," Tax Foundation, July 5, 2016

4, 9, 11) "Investing in America by Restoring Basic Fairness to Our Tax Code," hillaryclinton.com/briefing (July 2016)

5) Kyle Pomerleau and Michael Schuyler, "Details and Analysis of Hillary Clinton's Tax Proposals," Tax Foundation, January 26, 2016 (The 20% rate would be increased by the 3.8% net investment income tax, as well as the 4% surtax, if applicable.)

8) Richard Auxier, Len Burman, Jim Nunns, and Jeff Reheel, "An Analysis of Hillary Clinton's Tax Proposals," Tax Policy Center, March 3, 2016. Your insurance agent or a financial professional can help you compare long-term care insurance policies and answer any questions you may have.

What is "carried interest"?

Carried interest refers generally to the compensation structure that applies to managers of private investment funds, including private-equity funds and hedge funds. As a result of the carried interest rule, fund managers' compensation is taxed at lower long-term capital gain tax rates rather than at ordinary income tax rates. Both the Clinton and Trump campaigns have released plans calling for carried interest to be taxed at ordinary income tax rates.

What is the "Buffett Rule"?

In a 2011 opinion piece, Warren Buffett, chairman and CEO of Berkshire Hathaway, argued that he and his "mega-rich friends" weren't paying their fair share of taxes, noting that the rate at which he paid taxes (total tax as a percentage of taxable income) was lower than the other 20 people in his office. (Warren E. Buffett, "Stop Coddling the Super-Rich," New York Times, August 14, 2011)

As Buffett pointed out, this is partially attributable to the fact that the ultra-wealthy typically receive a high proportion of their income from long-term capital gains and qualified dividends, which are generally taxed at lower rates than those that typically apply to wages and other ordinary income.

The "Buffett Rule" has since come to stand for the tenet that people making more than \$1 million annually should not pay a smaller share of their income in taxes than middle-class families pay. The Clinton campaign's proposed 30% minimum tax on those with incomes exceeding \$1 million is a specific application of the Buffett Rule.

Crew Happenings

Mainsail Announces New Location in Richmond

We opened a satellite office in Richmond in September of this year. Richmond is a great area to be in and we are extremely excited about the opportunity. We have an existing client base that we can now service from this office as well as focus on expanding our practice there. The address is 4510 Cox Road and [we are located in the Innsbrook area of Richmond](#). Feel free to stop by if you're in the area to see the new space!

[Linde Reed, Client Associate:](#)



This past year was once again filled with family celebrations amidst all the holidays. It always amazes me how my family is so fortunate to all be living locally and are able to have gatherings on a regular basis. How the actual size of our family continues to evolve is also a sight that moves me almost every time we are together. During the past seasons our family growth included a marriage and a new baby girl. My niece, Corinne, married a wonderful young man, Jesse. My youngest daughter, Amanda, gave birth to a beautiful baby girl, Ava Grace. Amanda and her husband live very close to my husband and myself. What a joy it is to be able to watch Ava grow and to experience every stage of a new baby again as grandparents. So the family

gatherings now are at a total of 19 with four generations in attendance at any given event. My husband, JW, and I did take some time and took advantage of our grandson's school break this year and headed to the Virginia Safari Park for a two day adventure. Watching Ayden our 9 year old grandson's reactions as he fed very large hairy animals with extremely large tongues was something to take in. Winter has moved on and with spring and summer upon us, my husband and I are looking forward to the new seasons filled with fun, family, and vacations!

[Judy Mansfield, Managing Partner | Financial Advisor, RJFS:](#)



My favorite time of year is Thanksgiving and the Mansfield crew enjoyed a great celebration at our home. The grandchildren built tree houses and the girls team out designed the boys. And by the way they all are still standing. We did a family "selfie" and that is our picture to share this year.

The Mansfield household spent the early days of 2016 working on health issues. Maybe not much fun but happily with the great medical support of Dr. Bill Morgan and the encouragement of family and friends by the end of March we were back on track. Springtime brought beautiful weather for gardening and sitting on the point overlooking Urbanna Creek and watching the beautiful sunsets.



Ellen Satchell, Senior Registered Client Associate:

Greetings to all! Amazing how time flies. Most of the winter of 2016 have been blessed with the joy of family, as always. I am so proud of our children. Gregory and Jason work together for a successful Service Master disaster restoration franchise in Durham, NC. Emily is a Senior Digital Content Producer for WRIC ABC 8 in Richmond, VA. My husband Bob faced a bit of a rough patch early this year with his health. With the love and prayers of family, friends, and community, he continues on the journey. We are most hopeful. We have new neighbors in our neighborhood and enjoy all of our neighbors. Looking forward to season changes!



Jason Koptish, Managing Partner | Financial Advisor, RJFS:



2016 has been a whirlwind for the Koptish household to say the least. We moved into a new house in February and the kids changed schools mid-year. Parker and Noah took a little time to get used to their new surroundings but I'm happy to report they are doing well and have made a ton of new friends both at school and in their new neighborhood.

Leigh and I visited our friends in Bermuda again this year and took the kids with us. If you have never been to the island it is amazingly clean and the beaches are pristine. I would highly recommend it to anyone. The kids jumped off cliffs, snorkeled and did some rock climbing. It was a blast!



I was persuaded to participate in the Richmond Tough Mudder race this summer, which entails a 10 mile run with 22 obstacles, mostly involving mud. The race benefits the Wounded Warriors Project so I figured it was for a great cause and was a motivator to stay fit during the spring.

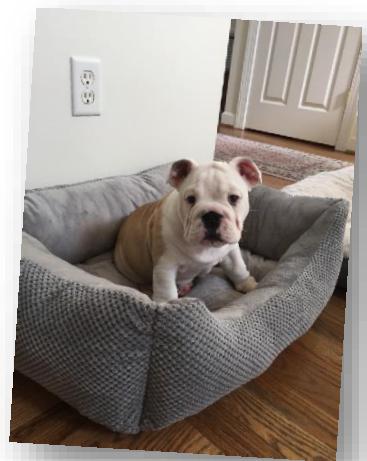
Noah continued the spring season with the Richmond Strikers Soccer Club and will be playing on the 2006 Strikers Premier team in the fall. He also just got back from his first overnight camp where he spent four days away from mom and dad at Randolph Macon Soccer camp. With the freedom to take care of his own hygiene, he choose to take one shower in four days. Boys will be boys I guess.

Parker just had her 8th birthday and Leigh thought it would be a great idea to build custom tents for each girl who attended her sleepover. She found a design on Pinterest and Parker and I built them together. The girls loved them and took them home as a party favor. I won dad/husband of the year for this one!

Scott Glaze, Managing Partner | Financial Advisor, RJFS:

The Glaze family enjoyed a wonderful spring! The Glaze men - Scott and sons, Patrick (15) and Shelton (13) - closed out the winter season with a first-time-ever trip to Jackson Hole, Wyoming to ski at Grand Targhee. The snow and

landscape were unprecedented for them, and they hope to return as often as possible. Both boys stayed very busy this spring, with basketball and soccer seasons keeping the family on the move. Coupled with their busy school years as a ninth grader and a seventh grader, summer was a welcome reprieve – for the boys and parents alike! We've enjoyed trips to New York City with family, Myrtle Beach with more family, and lots of boating and water fun every chance possible. We added a new member to our family, Winston, our English bulldog. We look forward to another wonderful school year ahead, and to a glorious Virginia autumn!



Nick Shedd, Financial Advisor:



Last summer was a busy but exciting time for me. I graduated Guilford College on May 15th, 2015 and moved to Richmond shortly after to start my full time position with Mainsail on June 1st. Much of my time that summer was spent studying for the required license exams while my girlfriend, Caroline, started a Doctorate of Physical Therapy program at VCU. We spent our free time exploring Richmond and making our new apartment feel like home. After finishing hanging all of our pictures, shelves and decor, we have thoroughly enjoyed hosting both family and friends at our new place.

This summer also started off with some exciting news as Caroline and I got engaged while on vacation in Charleston, South Carolina! We have been together for over 6 years and are looking forward to this new chapter. Between our recent engagement and my sister and her fiancé, Jason, currently planning their wedding, our families will have plenty to celebrate throughout the summer months! Toward the end of the summer all of us will be traveling to Pennsylvania for my family's 68th annual reunion.

Scott Haley, Managing Partner | Branch Manager, RJFS and Sarah Haley, Senior Client Associate:

The Haley's had a wonderful summer and are looking forward to an eventful rest of the year. We added a new member to our family during Christmas. Mia (a Golden Doodle Puppy) joined us as a surprise Christmas gift to the kids. Mia and our other Golden Doodle Abby get along very well together. We all enjoy having two dogs to spoil.

Our daughter Jessica has been very busy getting acclimated to her new "home away from home" at Randolph-Macon College. She started as a freshman in September and has been doing a great job. She has played on an intermural sand volleyball team, indoor Volleyball team, and kickball team. Her team was the college champion in all three. She also managed to study and get good grades.



Sam started his freshman year at Gloucester High and has also been doing very well. He has continued playing with his travel soccer club which is in a special Champions league in Maryland and Virginia. We spent almost every fall weekend on 95 travelling to Northern Virginia and Maryland. This was great because we were able to see Jess several times as Randolph-Macon was right on the way to his games. In the winter Sam played indoor soccer and then played for Gloucester High School as well. He did a great job handling all of his school work and both soccer teams.

In the fall, Scott coached soccer for Ware Academy where he has coached for 5 years. Sam helped out as an assistant coach. Scott made a new commitment when he was hired by the school system to coach the High School JV team. Coaching has been a passion for Scott and he always looks forward to the next challenge.

Sarah has been managing the busy schedule and life of the Haley household. She even learned to be a statistician for the soccer team. She recently underwent foot surgery and is recovering well. Nothing will slow her down even when she is using a scooter to get around.

As we approach spring and summer we have a lot to look forward too. Jessica has transferred to VA Tech and we are working on housing and the whole new Hokie world. We are very proud and excited for her. Sam has made the U16 Club Champions Team and we will have a new coach for that team and travelling again. Both of the kids are wrapping up their freshman years and we are excited about the next chapter.



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