[VINTAGE] FINANCIAL SERVICES, LLC

On the [MONEY]

Registered Investment Advisor | www.VintageFS.com | Spring 2017 Vol. XXXIII No. I

From the Grapevine...

Congratulations to John Owens who joined us last year as a financial planner. John passed the CFP Board exam in November but has kept up his studies. He passed the first part of the Enrolled Agent exam in February.

The EA designation is offered by the IRS and allows tax preparers to represent clients with the IRS due to their high level of expertise. The designation requires 72 hours of continuing education credits every three years in order to maintain it. John will need to pass the second and third exams before receiving the title.

John isn't the only Vintage employee studying for an exam this month. Niki Barnes, our Senior Administrative Assistant, is enrolled in the Foundations in Financial Planning program offered through the College for Financial Planning. She'll take the exam to become a Registered Paraplanner (RP®) at the end of February. The coursework is designed to give a good overview of the financial planning process.

BEST COLLEGE FUNDING ACCOUNTS

Over the years there have been many different types of accounts that worked well for college savings. There have been UGMAs, UTMAs, Coverdell ESAs and different versions of 529 Plans. For most kids or grandkids today, the 529 Plans are the best option.

Today's 529 Plans are offered by most states, though funds can be used for college costs in any accredited school including out-of-state and private colleges. Contributions are not tax deductible, but earnings can compound tax deferred and, if used for qualifying college costs, are tax free. Each state has chosen one or more investment managers that typically manage mutual fund type accounts, some of which are designed to reduce risk as the child reaches college age.

One of the best benefits of the plans is that the owner, generally a parent or grandparent, can control the use of the funds even after the child has reached the age of majority. And, if the child gets a scholarship or doesn't attend college, the funds can be transferred to a sibling or close relative. Qualifying college expenses are set by the IRS but generally include tuition, room, board, books, and even computers. If the owner decides to use the funds for a non-qualifying expense then the earnings are taxed, plus a 10% penalty tax which offsets much of the benefit of the tax deferral.

Your state's plan may not be the best option so it's good to get some professional advice on tax implications and investment choices. Feel free to contact our office for more information.

DOW HITS 20,000! WHATS NEXT?

The Dow Jones Industrials Average closed above the symbolic 20,000 level for the first time on January 25th. With the latest milestone reached, let's take a look at the index and some history.

The Dow originated in May, 1896 and is named after Charles Dow and Edward Jones, its creators. It reached its lowest level of 28.48 that summer. To calculate the index, Dow and Jones added up the stock prices of twelve different industrial companies including General Electric, the only company still in the index, and others like U.S Leather and American Sugar. In 1928, the index was expanded to include 30 stocks and today the index just includes the following companies.

DOW STOCK COMPONENTS

3M	American Express	Apple
Boeing	Caterpillar	Chevron
Cisco Systems	Coca-Cola	DuPont
ExxonMobil	General Electric	Goldman Sachs
The Home Depot	IBM	Intel
Johnson & Johnson	JPMorgan Chase	McDonald's
Merck	Microsoft	Nike
Pfizer	Proctor & Gamble	Travelers
UnitedHealth Group	United Technologies	Verizon
Visa	Wal-Mart	Walt Disney

The stocks are periodically changed to reflect mergers, bankruptcies or to better reflect the US economy. The last change was in March, 2015 when Apple replaced AT&T, which had been a component for almost a century.

Higher priced stocks account for a higher percentage of the index even if they may be smaller than other component companies. This makes the index less representative of the overall stock market than the S&P 500 which comprises 500 stocks weighted by their market value. Despite that, the index is still widely used and typically is pretty close to the changes in the S&P 500.

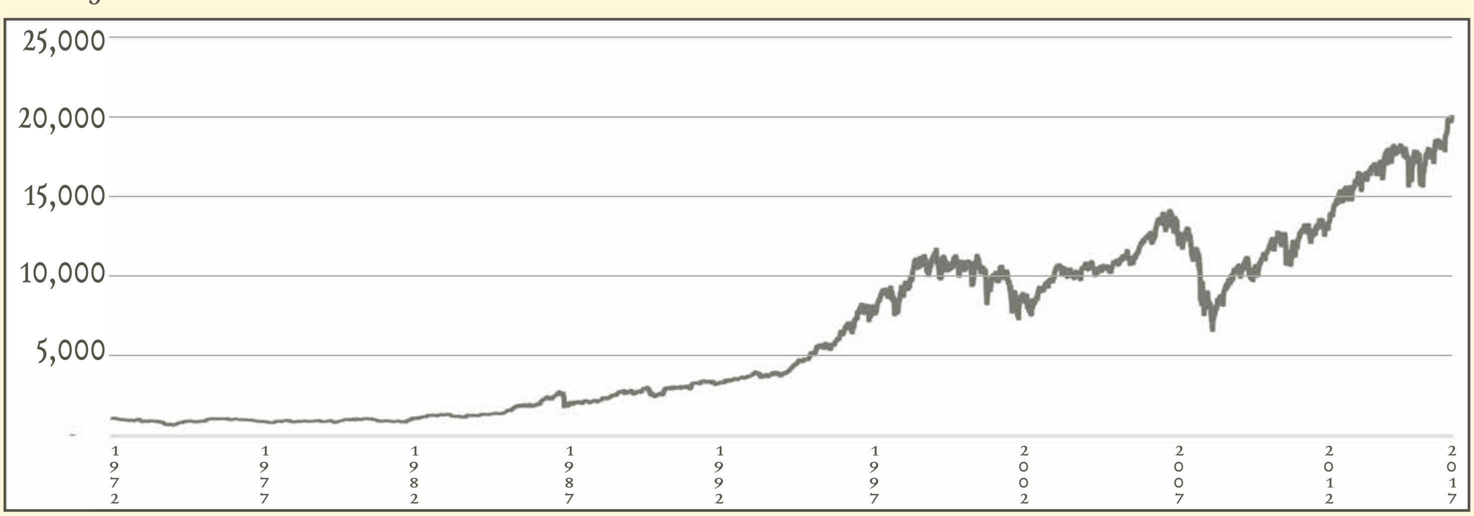
DOW MILESTONES

The Dow index first closed above the 1,000 level on November 14, 1972. It took over 14 years to double to the 2,000 level in early 1987, though the index only reflects the stock prices and not the dividends that the companies pay out to shareholders.

DOW VALUE	DATE REACHED	TIME TO DOUBLE
1,000	11/14/72	---
2,000	1/8/87	14 yrs. 2 mos.
4,000	2/23/95	8 yrs. 1 mo.
8,000	7/16/97	2 yrs. 5 mos.
16,000	11/21/13	16 yrs. 4 mos.
20,000	1/25/17	???

Since reaching the 2,000 mark just over 30 years ago, the Dow Jones Industrials Average has had a compound annual return of 8.0%, though that excludes the dividends, which currently add about 2.4% to investor's returns. If we extrapolate the 8% annual gain into the future, the Dow would hit 30,000 in 2022 and 50,000 in 2029!

DOW JONES 1972 TO 2017



INVESTOR PROTECTION RULE GETS TRUMPED

Less than two weeks after taking office, President Trump directed the Department of Labor to review implementation of a new rule to protect investors. The DoL's fiduciary rule, first proposed in 2010, would require brokers, insurance agents, financial planners and others that give financial advice on retirement plans to put their client's interests first.

Wall Street brokers and insurance agents like to talk about how trustworthy they are, but both industries fought the new rule for years and spent tens of millions of dollars lobbying Congress to stop it. The Republicans were clearly in Wall Street's corner on the issue, but faced a veto from President Obama who gave the rule his full support two years ago.

The DoL fiduciary rule was designed to provide transparency on costs and require "reasonable compensation" for selling investment products in IRAs and other retirement accounts. Brokers could still receive commissions, but would be required to disclose the costs and agree to put their client's interests first in a Best Interests Contract that could be enforced in the courts.

The advisors at Vintage would have been largely unaffected by the new rule since we are Investment Advisor Representatives registered through the SEC and work on a fee only basis. This type of registration requires us to act in our client's best interest, which is easy to do since we don't receive compensation from anyone but our clients.

Frank Moore, founder of Vintage, has been actively working in support of the DoL rule for the past two years in his role with the Financial Planning Coalition. The coalition is comprised of the Certified Financial Planner Board, the Financial Planning Association and the National Association of Personal Financial Advisors (NAPFA). Frank was the chair-elect and chair of NAPFA and is finishing his three-year board term this year as treasurer. The Financial Planning Coalition was an important supporter of the rule and had representatives testify before Congress and the DoL about the need to protect investors.

After several years of work, the Department of Labor announced the new rule in April, 2016 and it was to take effect on April 10, 2017. The new review will give the new administration time to revoke or rework the rule to the benefit of Wall Street and the insurance industry. While it isn't officially dead now, investors will need to continue to be wary of investment salespeople and make sure to ask the right questions about their compensation and motivations. For help in determining how to vet a financial advisor, see the free checklist available on our website at www.VintageFS.com.

MICHIGAN TAX FACTS

The IRS recently released data on 2014 income tax returns and there were a lot of interesting numbers:

8,090: The number of tax returns with at least $ 1 million in adjusted gross income, or about 0.2% of Michigan returns.

$77,427: The average income from filers in Washtenaw County. Washtenaw was second only to Oakland County for the highest income in the state.

$36 billion: Total taxes paid by Michiganders in 2014, up 50% from the $24 billion paid in 2009.

209,320: Number of taxpayers that were subject to a fine for not having health insurance, or about 4% of Michigan filers.

VINTAGE FINANCIAL SERVICES OFFERS

Fee only investment management, financial planning,
and tax preparation.
Minimum portfolio $500,000
(401(k) balance may count toward minimum).

For a no charge, no obligation initial interview please call our office at (734) 668-4040 or (800) 666-9237 or e-mail:

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Or visit our website at www.VintageFS.com

- Retirement Planning
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Plan to succeed.

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INSIDE THIS ISSUE:

BEST COLLEGE FUNDING ACCOUNTS
DOW HITS 20,000! WHAT'S NEXT?
INVESTOR PROTECTION RULE GETS TRUMPED
MICHIGAN TAX FACTS