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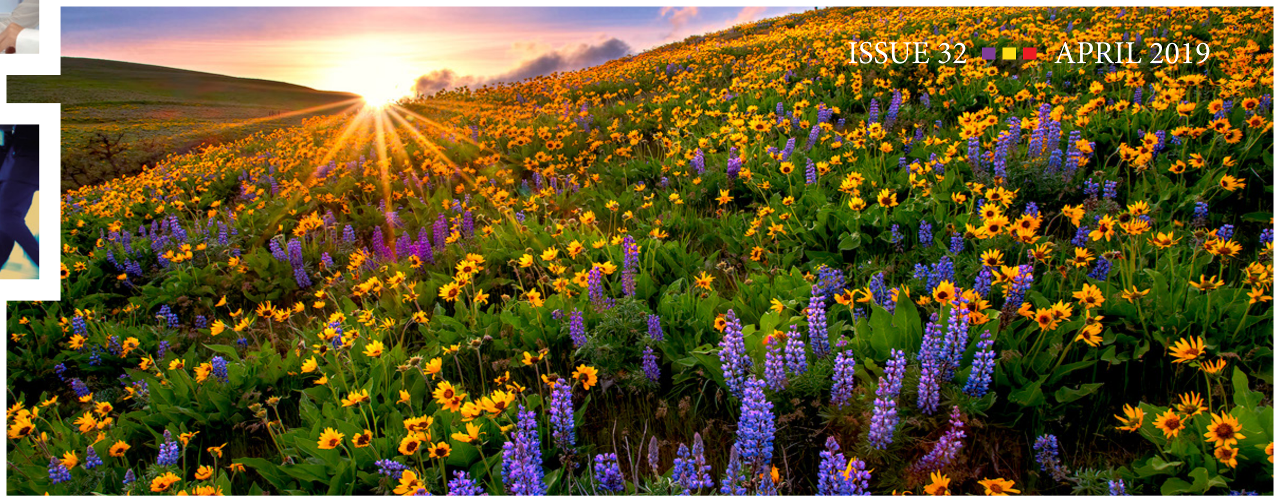

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THE STRATEGIC VIEW

JAY'S VIEW

Dear Friends;

After a very long winter, we deserve a nice and long spring. I trust all is well with you and your family.

I recently was able to check off a bucket list item by snorkeling at the Great Barrier Reef in Australia. My wife and I had a terrific time exploring the country for 10 days.

For Jay's view, the following are some fun facts about Australia that you may not know:

- It is a 15 hour flight from Los Angeles.
- Sydney, Australia is a 14-hour time difference (ahead) from the east coast of the United States.
- The original inhabitants of the country were prisoners from the United Kingdom.
- The famous harbor bridge in Sydney is the second largest single span bridge in the world. It is 8 inches shorter than the Brooklyn Bridge in New York City.
- The United Kingdom royal family has a compound they stay in when in the country that has 60 bedrooms.
- Australia has more venomous spiders than any other country in the world.
- Australia is about the size of the United States but only has about 10% of the U.S. population.
- The iconic Opera House in Sydney was designed by a Dutch architect who has never seen the finished project in person.
- The Opera House looks white in every picture you see but it is actually a cream color.
- Cairns, Australia is the home of the Great Barrier Reef. Over a million people visit the reef every year.
- Australia has had only one winter Olympic gold medal. It was for speed skating in 2002.
- June - August is winter in Australia.
- You can snow ski in Australia.
- Kangaroos are much like deer in the United States. They are a driving hazard in the country.
- The Koala bear is not an actual bear.
- 75% of Australians live near the water.

If you ever get a chance to visit Australia, I highly recommend it. Thanks for your trust and business. Please let us know how we can help.

Sincerely,

Jay Wilen

WHAT DO THE WEALTHY HAVE IN COMMON?

1. Be Smart: The wealthy are very smart about their money and wealth. They make good decisions about their assets and liabilities.
2. Live within your Means: The wealthy typically live within their means. They keep a consistent standard of living and safe monthly.
3. Stay out of Bad Debt: The wealthy keep their debt under control. They stay away from credit card debt, student loans, and car loans. They take full advantage of "good" debt when necessary (mortgage debt).
4. Stay the Course: The wealthy develop a plan and stay with it.
5. Ask Questions: The wealthy realize they do not know, what they do not know and ask questions of those that should know.
6. Diversification: The wealthy are highly diversified in their portfolios. They have stocks, bonds, mutual funds, real estate, cash, annuities, and business ventures.
7. Emergency Reserves: The wealthy have an emergency reserve fund that help them through life's rough spots. The reserve accounts for at least five months of expenses.
8. Save Money every month: The wealthy have a habit of saving every month. They save for retirement, goals, emergencies, and wealth.
9. Have a Plan: The wealthy have a plan on where they are going and how they are going to get there.
10. Hire someone to do the things they do not want to do: The wealthy realize that it is cheaper to hire a specialist to do the things they do not want to do.

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VIEW OF THE FEDERAL GIFT TAX

The federal gift tax applies to gifts of property or money while the donor is living. The federal estate tax, on the other hand, applies to property conveyed to others (with the exception of a spouse) after a person's death.

The gift tax applies to the donor. The recipient is under no obligation to pay the gift tax, although other taxes, such as income tax, may apply. The federal estate tax affects the estate of the deceased and can reduce the amount available to heirs.

In theory, any gift is taxable, but there are several notable exceptions. For example, gifts of tuition or medical expenses that you pay directly to a medical or educational institution for someone else are not considered taxable. Gifts to a spouse who is a U.S. citizen, gifts to a qualified charitable organization, and gifts to a political organization are also not subject to the gift tax.

You are generally not required to file a gift tax return unless the total gifts to a recipient exceed the annual gift tax exclusion for that calendar year. The Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, increased the Gift tax in 2018 to $15,000 and remains at $15,000 for 2019. The exclusion amount is indexed annually for inflation. A separate exclusion is applied for each recipient. In addition, gifts from spouses are treated separately; so together, each spouse can gift an amount up to the annual exclusion amount to the same person. Spouses can also elect to split gifts so that all gifts made by either spouse during a year are treated as made one-half by each spouse. This enables both spouses' annual gift tax exclusion to be used. However, you must file a gift tax return to split gifts with your spouse.

Gift taxes are determined by calculating the tax on all gifts made during the tax year that exceed the annual exclusion amount, and then adding that amount to all the gift taxes from gifts above the exclusion limit from previous years. This number is then applied toward an individual's lifetime applicable exclusion amount. If the cumulative sum exceeds the lifetime exclusion, you may owe gift taxes. Bottom line, each person may gift up to the lifetime exclusion (see below for the limits).

The 2010 Tax Relief Act reunified the estate and gift tax basic exclusion amount at $5 million (indexed for inflation), and the American Taxpayer Relief Act of 2012 made the higher exemption amount permanent while increasing the estate and gift tax rate to 40% (up from 35% in 2012). The latest major piece of tax legislation is the Tax Cuts and Jobs Act doubled the federal estate tax and gift tax exclusion to $11.18 million in 2018 (indexed annually for inflation). The 2019 federal estate tax exclusion is $11.4 million. In 2026, the exclusion is scheduled to revert to its pre-2018 level.

If you have any questions about the federal gift tax, please let us know.