Newsletter | June 30, 2018

Dear Clients,

We hope you are having a great start to your summer (winter for a few of you in the Southern Hemisphere) and enjoying the 2018 World Cup. I would like to start by thanking the very many of you who have been checking in on my wife's health after she was unexpectedly hospitalized for a couple of weeks again in May. Saskia is doing better though she is continuing to struggle a little to keep her asthma under control. We are thankful for having a lot of help with the home and children and hope that with our family spending the next 6 weeks close to Saskia's parents and friends in the Netherlands that she will be able to rest and continue her recovery.

In the rest of the newsletter we will cover a number of topics in the world, White Lighthouse news, a short book review of "Rich Habits and a very special contribution on US Tax Treaties (starting on page 5) by Marina for those of you who like to get into the details of tax planning and education! Thank you so much Marina for a great look into details of the US-Swiss income tax treaty. We hope you enjoy!

World Events

World Events are certainly keeping those of us who follow the news very occupied. Recent US Trade, Immigration and Foreign Policy seem to defy common sense unless they are put in the context of trying to garner political support for the upcoming mid-term elections in November.

The meeting between President Trump and Kim Jong-un will be one of the highlights of the Trump Presidency if it results in simultaneously improving regional security and improving the lives of the Korean people on both sides of the border. I can't help but think though that the biggest winner would be China if the US greatly reduces its military presence on the Korean peninsula. Next, President Trump is scheduled to meet President Putin; this should be interesting!

US Trade Policy and the increase of tariffs while simultaneously slowing both the legal and illegal flow of immigrants into the US (without a concrete plan to vastly improve legal immigration policy) threatens to do more harm than good to business and consumers in the US and around the world. Not to mention doing long term damage to international relations. US Exports have ranged between 9-14% of the US GDP for the last 25 years and trade barriers rarely seem to have their intended impact. So, international trade remains a relatively small part of the overall economy even though it has caused some recent volatility in the financial markets. I must think that this is another form of whipping up the base before the elections and if it continues, it has the real potential to slow down economic expansion around the world; many politicians around the world who oppose free trade may follow in Washington's footsteps.

Populist candidates in several countries continue to gain ground, which may also start to have a drag on world trade and economic growth. Upcoming elections in Mexico favor the left-wing nationalist candidate Andrés Manuel López Obrador and President Erdogan won a majority after calling early elections. Another large and influential country, Indonesia, holds elections next year and seems at this early stage to be seeing a rise in popularity of Islamic conservatism which is potentially a threat to their recent gains in economic and political freedom.

While European Teams are dominating the World Cup, European political and economic progress seem has seemed to move slowly. The summit on June 29th is meant to address, amongst other issues, how to improve preparedness for another financial crises and progress on Brexit; yet precious little seems to be changing in several areas. [Until I drafted the newsletter and European Leaders have come to a welcome agreement on migration policy.] GDP is expected to grow about 2.2% in 2018, considerably less than in the US while public debt burdens remain high, interest rates uncomfortably low and most major European stock markets down around 5-10% this year. Future Immigration policy changes and implementation will continue to be considerable issues. The aging and shrinking workforce of Europe, like the US, could really benefit from more pro-growth strategies that balance security, humanitarian, and economic issues. More taxpayers and a bigger economy could ease the looming pressures on debt along with necessary retirement and social benefit reform.

While it could be considered a domestic issue, I think that the announcement this week of Anthony Kennedy's retirement as a Supreme Court Justice in the US will have repercussions beyond the US borders. Justice Kennedy has been the court's "swing" voter with 4 clear liberals and 4 clear conservatives on the bench; many people feel that this has kept the court somewhat above the political discord in Washington D.C. and has helped to keep a relative balance in Washington. It is far from certain that the Democrats can re-take the House and the 1/3 of the Senate up for election greatly favors the Republicans keeping control. President Trump's popularity has been increasing as the economy has remained strong and despite the stock market having the occasional fit, this should give many Republican candidates an increased chance of victory in November. Having the Presidency, a majority of both houses of Congress and a majority in the Supreme Court in any one party has the potential to cause imbalance in domestic and international policy and personally I think this is unhealthy for the country. One retirement from the bench in my opinion seems to have just ratcheted up US government risk for at least the next couple of years; though much of this will be ignored if the Economy and Stock Market remain robust and the US avoids any large domestic or international crisis.

The Economy and Interest Rates

The US Economy will potentially reach 4% GDP Growth in the 4th quarter; while the current administration inherited a strong economy, they do deserve some credit for creating positive business sentiment and so far, keeping the economy strong. Inflation has not shown any signs of getting out of control and while it is likely we will see 4 quarter point interest rate increases in the US, it seems likely that this may pause in 2019 unless inflation increases its pace.

Predicting when the next recession will arrive or if/when a bubble will pop is somewhat more challenging than predicting the weather, the current outlook is still quite strong; though I am starting to be concerned about the levels of debt being taken on.

It does not seem very long ago [2 and a half years ago] that oil was flirting with $30 a barrel and now we are seeing prices go over $70 per barrel despite increased production from OPEC countries, Russia and the US. Muhammad bin Salman's transformation efforts of Saudi society might just succeed as the country could use the extra money higher oil prices would bring to ease modernization efforts. While Saudi Arabia is moving in the right direction, the elections in Turkey and consolidation of power by President Erdogan show that populism is alive and well and maybe not in the best interest of the "represented" population.

For those of you with a sense of history of Economic Indexes, you may have been saddened to learn that after over 120 years, the only remaining original Dow Jones Industrial Average (DJIA) component, General Electric (GE) was removed on June 26th after seeing its share price drop by 55%over the past year while the broader market was up over 10%. The DJIA is supposed to be made up of 30 large companies that are representative of the overall US Economy; Walgreens Boots Alliance will replace GE. Personally, I think the S&P 500 is a much more representative Index of the US Stock Market, but the Dow remains a favorite of the news media; perhaps because the point moves are greater (somehow making them more newsworthy) though a 100 point move in the Dow is just not what it used to be (less than half a percent today). I think the greatest lesson of GE's removal is about the importance of diversification. I wonder how long it will take from June 26, 2018 until the current 30 companies in the Dow are all no longer there: I would guess less than half, or 60 years…and I hope to still be around to find out, just after my 109th birthday!

Book Review – Rich Habits

While my colleagues and I do a lot of reading and research to stay current, I personally don't get the chance to read as many books as I would like. I read a recent book review of a book entitled "Rich Habits: The Daily Success Habits of Wealth Individuals" by Tom Corley, who happens to be a both a CPA and a Certified Financial Planner Professional™ and who interviewed over 200 "wealthy" individuals and many who were not wealth to see if he could find common themes. The book itself was short and an easy read on a 90-minute flight between Amsterdam and Geneva.

While a Newsletter is not the right format to write a proper book review, I will say that for less than $10 on your kindle, it is worth the read [for a quicker read skip ahead and read pages 31-64 and here are some of the highlights of the habits of successful people:

1. Form Good (productive) Daily Habits
2. Set Daily, Monthly and Annual Goals – And track them; adopt a mindset of finishing tasks everyday
3. Engage in self-improvement – daily

4. Devote daily time to caring for your personal health
5. Work at forming and maintaining relationships; surround yourself with great people and be a great person in return for others
6. Live and act with balance and moderation
7. Practice positive thinking – Problems and obstacles are opportunities
8. To Achieve Financial Goals – Pay yourself first
9. Practice self-control over negative thoughts and emotions

As I was reading the book I was reminded of so many of you, our clients, who have already achieved success in your personal and professional lives well before seeking out our professional assistance; and of the many of you who are still focused on achievements yet to come. I realize myself that in spite of my many accomplishments, there is still so much further to go, and I am my colleagues remain thankful that you give us the opportunity to work with you while working towards our own achievements.

One of the roles we all enjoy as financial Planners is working with clients on developing a plan to achieve their life goals. If you find yourself at a crossroads and would like an opportunity to discuss your personal objectives, we encourage you to reach out to us to schedule a time to talk!

The Forms W-8BEN and W-9

Many businesses (especially financial institutions) will request a form W-8BEN or W-9 from individuals, here is a brief description of the forms. These forms are not submitted to the IRS, they are intended to stay with the business that is requesting the information.

A form W-9 is for US Taxpayers and its primary purpose is for the taxpayer to verify their US Social Security Number for the business or person that is paying them money. The business or person would then use this information to report the information (e.g. dividends, capital gains and other income) to the IRS. Many financial firms will use the language required for a W-9 in their account applications though they may ask for a separate form W-9 in case they need to fix an error or other discrepancy in their system.

A form W-8BEN is meant to be used by non-US taxpayer individuals to verify to a financial institution that they are not a US taxpayer and to claim income tax treaty benefits, which is often to reduce the US withholding taxes on dividends. For example, the US withholding taxes on dividends for non-US taxpayer's resident in Switzerland would drop from 30% to 15%. Financial institutions are supposed to ask individuals to re-certify their status every 2 years and recently they have been requiring item 6 in Part 1, the Foreign Tax ID number, to be entered in order to grant the treaty benefits.

If you receive a request from any institution asking you to complete these forms and have any questions, please contact anyone on our team.

US Based Clients with Accounts at Charles Schwab and Company

For our US based clients who have accounts at Charles Schwab and Company there is a small change to Schwab's check issuing policy. You will no longer be able to arrange to have Charles Schwab and Company provide you a check from your account at a Schwab branch location. They will however still be able to provide you a check to your address(s) on file.

White Lighthouse Information and News

Kathy Quintero and Jeff Haindl are making a great impact on the organization during their first three months and we are all happy to have them on board. Many of you have met, spoken or e-mailed with them recently and thank you for welcoming them to our team. Jeff has been busy opening our new office in Zurich which will be located at Brandschenkestrasse 178, 8002 in Zurich.

Travel & Vacation Update:

Jonathan will be working and on vacation in Europe from June 23rd to August 10th. He will be in Lausanne from June 28-July 4, Zurich and Lausanne from July 16-20 and back in Lausanne from August 4th to 7th. The remainder of this period he will be in the Netherlands with his family on a "working vacation" so e-mails will mostly be answered in the morning and evening.

Jonathan and Marina will both visit Switzerland during the month of September. Marina from September 5-18th and Jonathan from September 10-21st.

For the 4th quarter, Jonathan will also tentatively be on vacation from Oct 11-24 and will plan to visit clients in Florida and California in November and be back in Switzerland in early December.

Tax-Reform American Citizens Abroad – ACA Town Hall Zurich September 13 2018

On the evening of September 13th, Marina and Jonathan will be on a panel for American Citizens Abroad (ACA) at the French Church in Zurich. John and Jeff also plan to be in attendance. The subject of the evening's panel discussion and Q&A will be a review of the tax changes for individuals and small business owners after the Tax Cuts and Jobs Act of 2017 was passed. In addition to reviewing the tax changes, which were quite significant especially for small business owners, there will also be a review of tax planning topics for overseas Americans. Jonathan and Marina will be joined by Ken Freshman from KLR and Clinton Emerson of Moore Stephens Emerson in Zurich who are both specialized in international tax matters. The event is free for ACA members and there is a small fee for non-members. If you plan to attend, please sign up at this link. If you would like to arrange a meeting with any of us around this date, please get in contact well in advance. Thank you!!

Understanding the Purpose of Tax Treaties: By Marina Hernandez

I spent the last few days of June in Denver, CO, teaching international tax planning to fellow tax professionals, having a lot of fun and meeting many fantastic colleagues from the world over: Russia, Ukraine, Canada, England, Mexico, 14 different US states and even a fellow Argentine who kept me up to date on the Argentina-Nigeria World Cup score while I was teaching (through hand signals from the back of the room).

One of the things I appreciate most from teaching these classes, beyond visiting new places and meeting wonderful people, is that it allows me to gain a better understanding of the issues that many of us, as professionals and taxpayers, struggle the most with when confronted with our byzantine tax system. One of the classes I taught was about how to interpret tax treaties, which is a topic that I discuss often with clients and colleagues, and over which there is a lot of confusion. Since most of our clients have ties with Switzerland, I thought I could focus on the US-Swiss Income Tax Treaty on this occasion, and, in particular, on a favorite of US Citizens, current and former, and other US taxpayers: the infamous **Saving Clause,** contained in Article 1 of the treaty.

Paragraph 2 of Article 1 of The Convention Between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income, reads as follows:

> ***Notwithstanding any provision of this Convention, except paragraph 3 of this Article, the United States may tax a person that is treated as a resident under its taxation laws....and its citizens (including its former citizens) as if this Convention had not come into effect.***

Wait a minute, you may wonder, does this mean what I think it means? That US citizens, former citizens, green card holders and other US residents are to pretend that the treaty does not exist, and are not allowed to claim benefits under its provisions? I'm afraid that is exactly what it means. I know. Brutal. If you are a US citizen, former citizen, green card holder or Swiss citizen living in the United States as a US tax resident, the Saving Clause renders most of the treaty meaningless, useless, inapplicable, to you. Reduced withholding tax on US under Article 10? Gone! Article 18's exclusive Swiss taxation of US retirement distributions? Also gone!

You may be wondering what's the point of the treaty if these benefits are unavailable to such a large group of people. Good question. It's not too hard to imagine many of those excluded from these benefits arriving at the conclusion that the treaty is capricious, and feeling indignation and frustration about this apparent travesty. But before coming to this conclusion, it is helpful to keep in mind the main purpose of the treaty, which is very clearly stated in the name of the treaty itself: The Convention Between the United States of America and the Swiss Confederation *for the Avoidance of Double Taxation with Respect to Taxes on Income.*

The purpose of the treaty is not to provide a reduced rate of taxation or some other tax advantage to US citizens, former ones and green card holders living in Switzerland over US citizens and green card holders living in the United States. The main purpose of the treaty is **to avoid double taxation of income** when the same income is taxed both by the United States and Switzerland.

How is this double taxation avoided when so many provision are not available? The answer is found on paragraph 3 of Article 1 of the treaty, which provides the exemptions to the Saving Clause, and, in particular, Article 23 of the convention, which is exempted from the Saving Clause in its entirety. What is the purpose of Article 23? This article is called **RELIEF FROM DOUBLE TAXATION**. This seems promising, doesn't it? If Article 23 is exempted from the Saving Clause, and everyone can take advantage of it, maybe things are not as bad as we thought they were……

So let's try to check this with an example, to see what article 23 can do for us, let's say…. with respect to US dividend income paid to Swiss residents, which is a very common situation for our clients. Before we get to Article 23, we need to understand that US dividends are US source income. Under international income sourcing rules, by default, the country of source is given primary rights of taxation and the country of residence of the beneficial owner is given secondary taxation rights. In the case of US dividends received by a Swiss resident, the US should tax the dividends first, as the source country, and Switzerland second, as the resident country. Since Switzerland taxes its residents on their worldwide dividends, the default rules can lead to double taxation. The US dividend is taxed in the USA first, and Switzerland second. Let's explore what Article 23 says about this issue.

When a US citizen or green card holder living in Switzerland receives US dividends, Article 23 puts the burden of relief on the USA:

> ***2. In the case of the United States, double taxation shall be avoided as follows: In accordance with the provisions and subject to the limitations of the law of the United States (as it may be amended from time to time without changing the general principle hereof), the United States shall allow to a resident or citizen of the United States as a credit against the United States tax on income the appropriate amount of tax paid to Switzerland***

US Citizens and green card holders are required to file US tax returns annually, if they meet certain thresholds, and report their worldwide income. The treaty reverses the regular order of taxation and allows Switzerland to tax their US citizen and green card holder residents on their US dividend income first. Then, the United States must give a credit for the income tax paid in Switzerland on those dividends. This process is known as "resourcing income by treaty" because Article 23 asks us to pretend that the US dividends are Swiss dividends.

A foreign tax credit is calculated on the US tax return for the income tax paid to Switzerland on these US dividends that we treat as "pretend" Swiss dividends. The credit is calculated on Form 1116 under the category "Income Resourced by Treaty". Through this process, the US dividends are taxed by Switzerland but not by the USA, at least not in theory. Foreign tax credits are complex to calculate and they not always work perfectly, but the intent is to have the US dividends taxed only by Switzerland in this scenario: pay income tax to Switzerland, calculate the tax credit on US return for income tax paid to Switzerland, pay nothing in the USA.

Now let's move to the next category of taxpayers: Swiss residents who are former US citizens. In this case, Article 23 comes again to the rescue in this manner:

> ***c) Where a resident of Switzerland derives income***
> ***i) described in paragraph 2 of Article 10 (Dividends) or paragraph 6 of Article 11 (Interest) which is not entitled to any reduction in U.S. withholding tax pursuant to those provisions; or***
> ***ii) which may be taxed in the United States in accordance with the provisions of Article 22 (Limitation on Benefits) Switzerland shall allow the deduction of the tax levied in the United States from the gross amount of such income.***

In this situation, the burden of the relief is placed on Switzerland, not the USA, by requiring that Switzerland allow a 30% deduction on the US gross dividend income when the Swiss resident reports it on the Swiss income tax return. Former citizens living in Switzerland do not generally have to file a US tax return and the 30% default, non-treaty, US withholding rate, satisfies the US tax obligation. But they do generally have to file Swiss tax returns, and on their Swiss return, they report not the entire US dividend, but 70% of it (gross dividend net of US tax), which prevents the double taxation.

Finally, we are left with Swiss residents who have nothing to do with the USA. They are not US citizens, or green card holders or former citizens. They are either Swiss or from elsewhere, living in Switzerland as residents of Switzerland. The relief of Article 10, in this case, is available to this category of taxpayer. And this makes sense, because another goal of tax treaties is to promote mutual investment. By allowing a reduced rate of dividend withholding tax, the treaty is trying to create incentives for Swiss individual investors, who otherwise have no US ties, to invest in the USA. Article 10 halves the withholding tax rate from 30% to 15% to create this incentive. Then, to create further incentives, Switzerland allows an additional deduction, partial exemption or credit, for the 15% tax paid in the US, again, through Article 23:

> ***b) Where a resident of Switzerland derives dividends which, in accordance with the provisions of Article 10 (Dividends), may be taxed in the United States, Switzerland shall allow, upon request, and subject to the provisions of subparagraph c), a relief to such resident. The relief may consist of***
> ***i) a deduction from the Swiss tax on the income of that resident of an amount equal to the tax levied in the United States in accordance with the provisions of Article 10 (Dividends); such deduction shall not, however, exceed that part of the Swiss tax, as computed before the deduction is given, which is***

appropriate to the income which may be taxed in the United States; or
ii) a lump sum reduction of the Swiss tax; or
iii) a partial exemption of such dividends from Swiss tax, in any case consisting at least of the deduction of the tax levied in the United States from the gross amount of the dividends.

In this situation, both the USA and Switzerland get to tax the dividend, but at reduced rates in each country. Instead of taxing at 30%, the USA reduces its tax to 15%; and instead of taxing at full rates, Switzerland allows a deduction, credit or exemption for the 15% tax paid in the USA.

In the end, whether through relief in Switzerland, the USA or a combination of both, the dividend income gets taxed only in one of the two countries fully, or in both countries partially. Since the dividend is not fully taxed twice, the main purpose of The Convention: *the Avoidance of Double Taxation with Respect to Taxes on Income,* is achieved.

White Lighthouse Investment Management Inc. & Sarl – Annual ADV Filings & Privacy Policy

Our ADV documents for 2018 (personal and corporate) as well as our Privacy policies are now available for your review on our client portal and have been submitted to the SEC/FINRA during the first quarter of 2018. Starting in 2018, we have also included our Privacy policy on our web site as required by the European Union under their General Data Protection Regulation.

You can find these documents on-line on the Sharefile system, on the disclosure and privacy pages of both our US and Swiss website or if you would like to receive a copy by e-mail or in print, please let us know and we will be happy to send them along. In 2018, the SEC has started to request somewhat more detailed information from investment advisors, so this year's filing contains more information. You can also find more information about us and our (US and Swiss firm) firm directly on the SEC website at this link: http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx.

Market Wrap Up for 2nd Quarter 2018

The S&P500 and Dow Jones Industrial Average were up 2.9% and .7% respectively for the second quarter of 2018 and are +1.7% and -1.8% respectively year to date. Both markets remain up over 12% in the last 12 months. The Canadian market was up almost 6% for the quarter, while the Swiss Market Index (SMI) was down 1.5% for the quarter and is down over 8% year to date. The FTSE was up 8% for the quarter and remains flat year to date while the DAX and CAC40 were up 1.7% and 3% respectively for the quarter. The dollar was up almost 4% against Swiss Franc and up over 5% against the Euro for the quarter. Gold was down almost 6% for the quarter and is flat over last 12 months. The Shanghai Index was down almost 10% for the quarter. Earnings remain strong and markets have calmed a little in the second quarter compared to the first; though trade concerns seem to be have an outsized impact on "fear" compared to the relative size of the economic impacts; I expect that this trade rhetoric in the

US will intensify through the third quarter and into the US mid-term elections. The current Federal Funds rate in the use was raised to 2% in the second quarter and is likely to raise to 2.5% by the end of the year; this has so far led to higher bond yields and inflation has remained tame. It will be interesting to see if the Fed pauses its interest rate increase cycle in 2019 if inflation remains tame where it is currently at about 2%.

Conclusion

As we head into the summer, we wish you all a wonderful summer and look forward to talking and seeing many of you in the near future!

Best wishes,
Jonathan, Marina, John, Jeff, and Kathy

P.S. The views expressed here are the sole responsibility of Jonathan and may or may not represent the views of others at the firm.

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Permanent Reference Information

1. Sharefile: How to access your White-Lighthouse Quarterly Reports & Other Public Information
2. Annual Privacy Policy & Form ADV Brochure Updates
3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)
4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 70 ½
5. Annual IRA Contributions for US Citizens with earned income
6. Tax Reporting

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1. Accessing Quarterly Reporting & Other Documents - Sharefile

All Clients of White Lighthouse Investment Management are entitled to have an account on our private server. Your account can be accessed at this link: https://wlim.sharefile.com. If you have forgotten your user name or password or would like an additional account for your spouse or other family member, please let us know. As a best practice for the security of your information we strongly recommend that you enable 2-factor authentication with your Sharefile account. It will be required as of 2019.

Your quarterly reports are generally ready by the end of 2nd working day of each quarter and will be copied to your private folders. Historical reports are also retained. The completion of the quarterly reporting is announcement but a short e-mail where you will also find the quarterly newsletter attached. Additionally, every client has on-line access and receives paper or electronic account information directly from the custodian bank or brokerage firm where the accounts are established. If you notice any discrepancies or have any questions on our reports, please be in contact as soon as you can, and we will research the questions.

White Lighthouse Investment Management does not hold custody of your assets and receiving reports both from us and your custodian is for your protection.

In addition to quarterly reporting other information available on Sharefile is:

a. Prior Newsletters
b. The latest ADV forms filed with FINRA for both Individuals and the Firm
c. Privacy Policy
d. Trade Errors and Proxy Voting Policies
e. Proxy Votes
f. Reference Material (e.g. how to read our reports)
g. Clients may also store information in their private folders, especially if this is information they would like me to keep on record.

If there is any other information you would like to see in the Public section of this system, please let us know.

2. Annual Privacy Policy & Form ADV Brochure Updates

The SEC (US Securities Regulations from the Securities and Exchange Commission) requires us to circulate, at least annually, our latest Privacy Policy and to inform you that our ADV Part 2 Brochures are available. You may request any of these documents in electronic or paper format. We will leave our Privacy Policy at the end of this reference section in each newsletter and allow this to serve as a regular reminder of our updated ADV forms. These filings change periodically throughout the year and for any material changes we will also announce them in our newsletter.

In the United States, if you would like to read additional disclosure and background information on any investment advisor, broker or firm, you can find more information at this link: http://www.adviserinfo.sec.gov/IAPD/Content/IapdMain/iapd_SiteMap.aspx

3. US taxpayers – with non-US Financial Accounts – FBARs (Foreign Bank Account Reports)

October 15th was the new (as of 2017) annual deadline for filing of the FBAR reports for US citizens who have non-US financial accounts worth more than $10,000 at any time during the year. For Overseas Americans, this form seems rather intrusive, but it is mandatory and the fines for failure to file and failure to report income from these accounts are severe. The FBAR form is being replaced by the new form FINCEN 114.

Starting back on July 1, 2013, these forms must be submitted electronically, paper versions of the forms will not be accepted in the future. Please check with your tax preparer to see if you or they will be filing the FBARs for you. Below are some links where you can read more. The first one is ironic. The place that you go to file your forms is headed by "Financial Crimes Enforcement Network"; as though having accounts overseas makes you guilty until proven innocent by filing your forms:

> FINCEN link – Where forms can be filed:
> http://bsaefiling.fincen.treas.gov/Enroll_Individual.html
>
> IRS Announcement:
> http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Report-of-Foreign-Bank-and-Financial-Accounts-%28FBAR%29

4. Annual IRA Required Minimum Distributions (RMDs) for US Citizens over age 70 ½

Most US taxpayers who have IRA, 401k, 403b or similar accounts will be required to make an annual distribution by December 31st from their accounts or face a 50% penalty of the required amount from the IRS. For many of these accounts the broker will calculate the RMD amount for you and remind you about making the distribution. We can help to manage this process for you and arrange for the distributions to be sent out by check, transferred to a bank account, or transferred to an investment account. We generally make these distributions, unless otherwise requested or needed for income, in the 4th quarter. Monthly, quarterly, or on-demand distributions can also be arranged.

RMD amounts are re-calculated each year based on the account value on December 31st and IRS tables related to the ages of the account holders. Some accounts (e.g. inherited IRAs) often to not have RMD calculations from the broker since these can have somewhat more complicated distribution formulas. Other accounts such as Roth IRA's are not subject to RMDs.

If you have any questions about Required Minimum Distributions, please let us know.

5. Annual IRA Contributions for US Citizens with earned income

If you are a US tax-payer with earned income in 2018 or 2019 you might be able to contribute to an IRA account. If your employer pension plan is not tax qualified in the US (e.g. most plans outside the US) then regardless of your income, you will be able to make a "deductible" contribution to your IRA account. There are many different types of IRA accounts, Traditional, Roth, SEP etc. The general contribution limit for employees is $5500 per individual per year and $6500 if you are over 50 years of age in 2018 and $6000 per individual per year and $7000 if you are over 50 years of age in 2019.

You generally have until April 15th of the following tax year to contribute, though this deadline can be extended for SEP (generally for self-employed or employees of the self-employed) IRA contributions.

IRA Accounts are a great way to supplement your Retirement savings. For many clients, we help to make regular annual IRA contributions from their brokerage accounts to their IRA accounts. If you would like assistance with this or if you have any questions on whether your current year contributions have been made, please get in contact.

6. Tax Reporting US, Switzerland & All jurisdictions.

At White Lighthouse Investment Management, we encourage all clients to meet all their tax reporting and payment requirements in whichever local, state, or federal jurisdictions they must report and pay tax to. We are not tax advisors. We do not file tax returns for clients and cannot offer legal advice in respect to taxes though we know many competent advisors who can.

What we can do is help you and/or your tax advisor(s) to determine your taxable events for any given time-period using reporting directly from your bank or brokerage firm and/or from our own reporting systems. Don't ever hesitate to ask for our assistance here as our information systems contain a vast amount of information and flexibility in reporting with respect to your accounts.

At White Lighthouse Investment Management, we do have an in depth understanding of US taxes and use this knowledge to help our clients make good decisions. In addition, we understand the complications of cross border rules with respect to US citizens and tax-payers that live overseas, non-Americans living in the US and mixed nationality couples. We also have a good working knowledge of the Swiss taxation system.

Additionally, we can engage in tax planning both inside your investment portfolio and outside. This may have to do with what types of investments to buy or sell which investments belong in which accounts, the timing of events or gift and estate taxation. This type of planning work can be done together with you or in conjunction with other professionals such as tax advisors or estate planning attorneys.

If you have accounts with us in the United States, your most common tax reports (1099s) are generally ready by the middle to end of February. These will include dividends, income, capital gains, and losses and now my management fees that have come out of taxable accounts. Other information that will be reported will be IRA distributions. For IRA contributions, the form 5498 is generally produced by your brokerage firm but this is often done well after your tax return has been filed. If you have contributed don’t forget to report it to your tax advisor.

For Swiss resident account holders who have accounts at Swissquote, by default, we started last year to request the bank to produce their official tax report. The bank charges 100 CHF plus VAT for this report. A few clients have opted out of this which may make sense when there are very few taxable events in each year. If you would like to opt out or confirm if you have done so already, please let us know.

White Lighthouse
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PRIVACY STATEMENT- 2018

White Lighthouse Investment Management, an independent financial planning firm, is committed to safeguarding the confidential information of it clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by White Lighthouse Investment Management. We have never disclosed information to nonaffiliated third parties, except as permitted by law, and do not anticipate doing so in the future. If we were to anticipate such a change in firm policy, we would be prohibited under the law from doing so without advising you first. As you know, we use financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringement of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to executed securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer).
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect from a client depend upon the scope of the client engagement. It will include information about your personal finances, information about transactions between you and third parties, and information from other sources as needed to provide our services on your behalf.
- For unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide your personally identifiable information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed.