

❖ “Someone is sitting in the shade today because someone planted a tree a long time ago.” -- Warren Buffett, Successful Investor

❖ “We need to level the playing field so that everyone, everywhere, has a shot at the American dream.” -- Steve Case, co-founder, AOL

❖ “Curiosity has kept me young as I have gotten older.” -- Les Wexner, visionary of The Limited

❖ “Most people fail in science because they talk themselves out of doing the experiment. Ideas are a dime a dozen. What makes the difference is the execution of the idea.” -- Craig Venter, founder, Celera Genomics

## Time, Not Timing Delivers Market Success

Given the recent stock market volatility, investors often ask if they should be doing something “different” with their portfolio. No question that in the short run volatility can test human emotions. Modern computer trading programs also add to the volatility on any given day. However, if you expand your time horizon to five years or longer, volatility can and does decrease significantly. As you can see in Chart 1, over 85 periods, the five-year rolling return for the S&P 500 was positive 86% of the time – 73 out of the 85 periods.

### FIVE-YEAR HOLDING PERIODS FOR THE S&P (1931-2017)

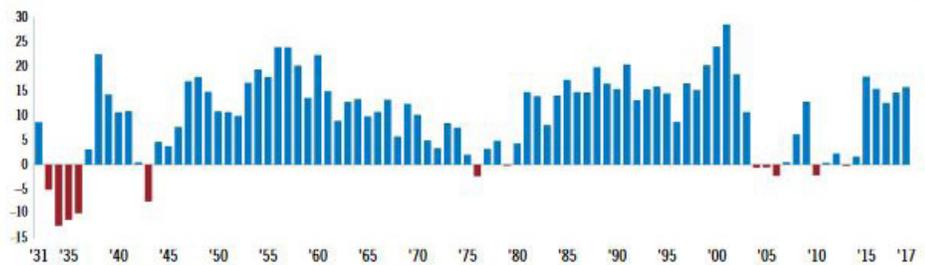


Chart 1

Source: Morningstar EnCorr, 1931-2017, as of 12/31/2017.

To further the point, investors who pull their money out of equities in volatile times may miss some of the stock market’s biggest gains. History shows that some of the market’s best days have followed periods of steep declines. Chart 2 details the cost of being out of the market for a small number of the best days and the financial impact this action can have on long term performance. ❖

Jan. 1998 - Dec. 2017	S&P 500 Annualized	
	Total Returns	Growth of \$10,000
All trading days	7.17%	\$39,941
Minus 10 best days	3.51%	\$18,959
Minus 20 best days	1.13%	\$11,985
Minus 30 best days	-0.93%	\$7,972

Chart 2

Source: Morningstar EnCorr, 1931-2017, as of 12/31/2017.

## Welcome!

We'd like to welcome  
Kendra Eason to  
Great Plains Trust!

Kendra is an  
experienced attorney  
and will work closely  
in the Personal Trust  
area. She lives in  
Parkville, MO with her  
husband and three  
children.

## Storing Stock Certificates

Have you forgotten about those old physical stock certificates in your safe deposit box or under your mattress? Many people forget or do not maintain accurate records. As an example, we were recently dealing with a situation where certificates had been burrowed away for many years and the original company had gone through several iterations of being bought out, spun-off, and stock splits. While the client still had an equity stake in "a" company, it was very difficult to track down exactly what was owned and after a lengthy process it was a foreign owned company and the cost of the surety bond and exchange rate rendered the now owned certificate worthless. Had the client been monitoring the company, it is likely that it would have been sold for a profit many years earlier.

If you have stock certificates and would like GPTC to review them and determine if they can be held in your GPTC account for a nominal custody fee, please contact your Account Executive.

## Employee Spotlight Selene Werkowitch, CPA, Controller

**How long have you been employed at Great Plains, and what are your responsibilities?**

❖ *I joined Great Plains Trust Company in 2013 and serve as the Controller. My responsibilities include handling accounting and financial reporting for the Company as well as human resources.*



**What do you like most about your job?**

❖ *There really is never a dull moment in the financial industry. I enjoy working for a company that provides a unique approach to investment management. We have a wonderful team at Great Plains that works together to provide the best experience and customer service to our clients.*

**What did you do previously before GPT?**

❖ *Prior to joining Great Plains, I worked in public accounting for 7 years and then worked with a nonprofit organization for 4 years.*

**What do you like to do outside of work?**

❖ *My husband and I have two beautiful daughters. We enjoy outdoor activities, traveling, reading and being spontaneous. I also enjoy being active in the community and at our school.*

**Where is your favorite place you have visited?**

❖ *Each destination is so unique, but I would say that Iceland and South Africa are both tied for being my favorite.*

**What's one item on your bucket list?**

❖ *Alaska!*

# Tax Changes for 2018

Congress passed and the President signed the \$1.5 trillion tax bill in December. The endeavor was not without hiccups. The Tax Cuts and Jobs Act made many temporary changes for individual and partnership filers, but arguably the most important aspect was the change in corporate taxes, which lowered the maximum rate of 39% to 21% and that was a permanent change. Below are some of the highlights of the bill as well as a chart showing the individual income tax brackets.

## Individual tax rates

The structure of the 7 brackets remained the same with modifications to the income levels and lowering the top marginal rate to 37%.

## Investment income

The preferential rates for qualified dividends and long term capital gains remained at 15% or 20% (depending on your tax bracket). Also, the Affordable Care Act's 3.8% net investment income tax and the 0.9% additional Medicare tax surplus are still in effect.

## Standard deduction and personal exemption

One of the biggest changes for individuals is the increase to \$24,000 for joint filers as a standard deduction and eliminating the personal exemptions for yourself and dependents. However, personal exemptions were phased out under the old tax laws. Additionally, there is a maximum of \$10,000 itemized deduction total for state and local taxes (SALT). This does affect many taxpayers.

## Individual Tax Rates

Rate	For Married Individuals Filing Joint Returns, Taxable Income Over
10%	\$0
12%	\$19,050
22%	\$77,400
24%	\$165,000
32%	\$315,000
35%	\$400,000
37%	\$600,000

## Mortgage interest

For any acquisition indebtedness, now the interest would only be deductible for loan amounts not exceeding \$750,000 (for married filing jointly) for up to two personal residences.

## Charitable donations

After much debate, charitable contributions were preserved as an itemized deduction. While there was an increase from 50% to 60% income limit for charitable contributions of cash to public charities, the 30% income limit for contributions of appreciated securities was not changed.

## Child credits

In balancing the elimination of exemptions, the child tax credit was increased to \$2,000 per child and increased the refundable portion of the credit to \$1,400. There is a \$500 nonrefundable credit for a qualifying dependent other than a child (such as a parent).

## Estate and gift tax

The estate, gift, and generation-skipping transfer taxes (currently at 40%) doubled from \$5.6 million to \$11.2 million indexed for inflation. The annual gift tax exclusion also increased to \$15,000 per donee.

## Repeal of miscellaneous itemized deductions

This entire category is no longer listed as a deduction, which includes investment management fees. You may want to speak with your tax advisor if you are having IRA fees deducted from your non-qualified account.

It is important to discuss these changes with your tax preparer as they affect all of us, and each situation has unique circumstances that can affect the financial planning process. ❖

## COLLECTIVE FUND PERFORMANCE

NET PERFORMANCE (3/31/2018)

PENSION FUNDS	YTD	ANNUALIZED 1 YR.	ANNUALIZED 3 YR.	ANNUALIZED 5 YR.	ANNUALIZED 10 YR.	ANNUALIZED 15 YR.	ANNUALIZED 20 YR.	ANNUALIZED 25 YR.
GPTC Large Cap Fund	0.39%	15.88%	10.01%	14.36%	10.06%	N/A	N/A	N/A
Russell 1000 Growth Index	1.42%	21.25%	12.90%	15.53%	11.34%	N/A	N/A	N/A
Growth Fund	2.39%	15.80%	8.80%	12.74%	10.41%	10.55%	7.23%	N/A
Russell 1000 Growth Index	1.42%	21.25%	12.90%	15.53%	11.34%	10.88%	6.19%	N/A
GPTC Small Cap Fund	2.42%	17.02%	8.90%	10.29%	10.81%	12.46%	10.24%	N/A
Russell 2000 Growth Index	2.30%	18.63%	8.77%	12.90%	10.95%	12.04%	6.25%	N/A
GPTC Equity Fund	-9.57%	4.95%	1.63%	4.05%	5.70%	10.85%	10.14%	10.95%
S&P 500 Index	-0.76%	13.99%	10.78%	13.31%	9.49%	10.10%	6.46%	9.47%
GPTC Discovery	1.27%	17.65%	9.94%	14.50%	13.60%	14.23%	10.26%	N/A
Russell Midcap Growth Index	2.17%	19.74%	9.17%	13.31%	10.61%	12.12%	7.85%	N/A
GPTC Mid Cap Fund	2.76%	11.92%	4.96%	9.54%	9.65%	10.79%	N/A	N/A
Russell Midcap Growth Index	2.17%	19.74%	9.17%	13.31%	10.61%	12.12%	N/A	N/A
GPTC International Fund	1.28%	18.39%	9.14%	8.13%	5.92%	N/A	N/A	N/A
Russell Global Ex-US Index (Net-USD)	-1.18%	16.83%	6.79%	6.41%	3.16%	N/A	N/A	N/A
GPTC Fixed Fund	-18.73%	-4.00%	-5.93%	-1.01%	5.34%	6.38%	5.80%	7.14%
BofA Merrill Lynch HY Master II Index	-0.91%	3.69%	5.18%	5.01%	8.12%	8.27%	6.49%	7.42%

Past performance is not indicative of future results. Investments are not insured by the FDIC, are not deposits or other obligations of Great Plains Trust, and are not guaranteed by Great Plains Trust. Investments are subject to risk, including possible loss of principal invested. Performance for the GPTC Pension Funds are net of the 1% annual fee and include the reinvestment of interest and dividends.

# GREAT PLAINS

Trust and Asset Management

When you work with Great Plains, you're putting your wealth in the hands of real professionals, not just some algorithm. Real people who have built real wealth. Real businesses. Not just for our customers, but for ourselves. We know firsthand the hopes, fears, ambitions and challenges that individuals and small business owners in Kansas City and nationwide face. It's what makes Great Plains the first name in wealth management. And it's always on a first-name basis.



## OUR MISSION STATEMENT

To be a premier provider of investment and trust services to the business owner and high net worth/income individual. We shall deliver responsive, reliable and informed service combined with a commitment to achieve superior long-term investment returns for our customers. We shall at all times deal honestly and respectfully with all clients and associates.

## CONTACT US

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