Florida statutory interest rate 2016

Florida doesn't have a personal income tax, and it doesn't have a property tax or an inheritance tax, either. It does impose a wide range of sales and property taxes, however, and some are pretty significant. The state's overall tax burden has nonetheless ranked among the nation's lowest in decades, according to the Tax Foundation, a non-profit and non-partisan education and research organization. The Florida Constitution reserves all income from property taxes for local governments-the state itself does not spend any of this money. Property taxes are based on the just value or market value of properties as they are assessed by a local appraiser from January 1 in each year. Increases in value are limited to 3% of the previous year's estimate or the Consumer Price Index (CPI), whichever is less. This limitation is known as save our homes cap. Taxes are based on millage rates set by local governments, with 10 mills equal to 1%. Millage rate multiplies by the value of the property to determine the dollar amount of property tax. County, city and school districts are allowed to collect taxes of up to 10 mills each. Special districts, such as water management, may charge additional taxes, usually of less than 2 turbines. Florida offers several property tax exemptions that can help reduce your tax bill if you're eligible for them. They include a homestead exemption of up to $50,000. Exceptions are also available for older people over 65 and for disabled people. Veterans can qualify for four different types of exemptions, and widows and widowers are entitled to a $500 exemption, provided they have not remarried and were not divorced at the time of their ex-spouse's death. Homeowners who are legally blind are also eligible for a $500 exemption. Florida is one of only seven states that have no personal income tax. The state tax on intangible assets, such as shares, bonds and mutual funds, was abolished in 2007, so this type of property is no longer taxed. Florida does not impose a 4,458% corporate tax rate. Florida Democrat Andrew Gillum promised to increase it to 7.75 percent when he campaigned for governor in November 2018. His goal was to raise an extra $1 billion a year in revenue, which he said would go mostly to education, but he was narrowly defeated by a 0.4% margin. This tax rate was nevertheless doomed to rise to 5.5% in 2018, but the legislation was passed to keep it at 4,458%, at least until 2021. There are no death taxes in Florida, either on the value of estates or on gifts received by recipients. The Florida property tax was repealed with effect December 31, 2004 and it cannot be reinstated. The state constitution forbids it. Florida state taxes apply to several types of purchases: A stamp tax of 70 cents per $100 of value is assessed on documents that transfer interest in Florida real estate, such as warranty deeds and finalizing claims deeds. A tax is also charged notes, obligations, mortgages, mortgages and other written written to pay that is filed or registered in Florida. The rate for these types of contracts is 35 cents per $100 of value. Counties are allowed to add additional fees. Florida charges a state sales tax of 6%. Food, prescription drugs and non-prescription medicines are exempt from taxation, and receipts for amusement are only 4%. But electricity comes with a sales and use tax of 6.95%, and counties can charge their own additional sales taxes, bringing the tax rate up to as much as 9.5% in some areas. The Florida gas tax is actually exorbitant, offsetting some of the state's other tax breaks-at least for those who drive a lot. That's 41.99 cents per gallon by 2019, and that figure excludes the federal excise tax. Florida ranks tenth for the highest gas tax in the country. The state charges a $1.33 tax on each pack of cigarettes. There is also a surcharge for other tobacco products, excluding cigars, that equates to 85% of the wholesale price. Still, the state ranks 31st overall for that tax rate, according to the Federation of Tax Administrators.Hotel tax rates vary by county. They range from 2% to 6%, and this is in addition to the state VAT rate of 6%. These taxes are known as the Tourist Development Tax and are charged in hotel rooms, but rooms that are leased for more than six months are exempt. On the bright side, you can buy a flag in Florida-either the American flag or the state-without paying any tax at all. Cigarette tax: $1.33 per packageCorporate tax rate: 4,458% through 2021Estate tax: NoneGas tax: 41.99 cents per gallon Inheritance Tax: NonePersonal Income Tax: NoneProperty tax: Can't increase by more than 3% of the previous year's valuation or consumer price index, whichever is lessSales tax rate: 6%Sales tax rate for electricity: 6.95% Stamp tax: 70 cents per $100 of value Skip to headerSkip to main contentSkip to footerRyan : Interested in interest? We hope so in these true aspirations. The way they move affects not only the economy, but your portfolio as well. Kiplinger's senior associate editor John Waggoner joins us to tell you how in our main segment. On today's show, Sandy and I tackled sneaky fees that show up during vacation travel, and I get in touch with my inner child in a discussion about retirement accounts. That's all ahead on this episode of Your Money's Worth. Stay here. Ryan: This is worth your money. I'm Kiplinger staff writer Ryan Ermey. She's editor-in-chief Sandy Block. And Sandy, I'm going to try to change the intro. A lot of people like to travel during the holidays, and increasingly these days, travel means hidden fees. Sandy: That's right, Ryan, and I were made very aware of this this past weekend when I flew to Detroit for a wedding. Luckily we get a break on our bag fees because we have a branded credit card. Otherwise we would pay probably $ to check our bags, which I really like to do because otherwise you end up getting into fights on the plane with other people trying to their stuff in the overhead rooms. Ryan: Right. So let's talk about it for a moment. Baggage fees are on the rise. On most major airlines, they will charge you for checked bags and then on some budget airlines, they will charge yourself for carry on bags. And so when you search for a flight, it pays to use a site like Kayak or Google Flights that allows you to switch on features that will let you compare flights based on the total price, including those bag fees. Sandy: That's right. And another fee that these sites may be able to flag for you, which we ended up paying is a fee to get a specific seat. A lot of airlines now will charge you extra to give you a seat task. You can waive that fee, but there's a very good chance that you'll end up in the middle seat between two linebackers when that happens. Ryan: Right.Sandy: Or worse, the flight that I was on to get home was far overbooked, and you know the first people who will get bumped, not for a lot of money, are the people who don't have a space job. So I think it's a fee that's annoying, but probably worth it in some cases. You just have to factor that in when you're figuring out how much this flight is going to cost. Ryan: Right. And you mentioned a branded credit card and it's probably not something that's going to help you when it comes to your space tasks, but as you said, it

really can help you when it comes to bag fees. So if you like to fly Delta for example, it might make sense to get, say, the Amex Gold Delta Sky Miles map. This way, you can waive your bag fees when you purchase flights with that airline via that card. Sandy: That's right. Some of these branded cards have annual fees, but oftentimes if you just fly twice with your spouse or kids or whatever and check your bags, it will pay for those fees, so it's worth it. Again, you got to do a little math, but I think this is a fee that you can't avoid. Ryan: And the only other really, really avoidable fee for airlines, many of them charge a booking fee or some people call it a person fee. Basically, if you have to talk to a real person to book a ticket, like calling them up old school and booking a ticket, you get charged extra. Sandy: That's right. Sandy: Shout out to the guy that we don't remember. He's like the Anthony Bourdain of hotels. It's like Hotel Confidential. He gave me a great rule. It's a bit from the books for Kiplinger's. I think it actually did it in the magazine, but it's a little bit sheisty. So let's say you're going home for the holidays, you were planning to stay at the hotel, but you know things are opening up and you decide, okay, we'll stay with the in-laws. Most hotels charge a cancellation fee if you cancel too close your reservation. So here's the trick. You call me and say, look, the conference I was supposed to go to, it was moved back by a month. Can't you just move my mine? back a month thanks? Thank you so much. They move it back, so call at a different time of day to make sure you get another person and cancel it and avoid that cancellation fee. Really, I'll put this article in the show notes because there are all sorts of things in there. I do not know if this did it in the article, but he is like, Never pay the minibar fee. Just tell them that you didn't use it and they'll start taking it out before you even given an explanation. So when you went to Detroit, did you rent a car? No, I have a million relatives in Detroit, so we always get a ride. Ryan: Well, so, but there are some fees associated with rental cars? Sandy: Yes, and that's really where a lot of times the rate you order is nowhere near what the rate you end up paying. Ryan: So yes, one of the really common ones is the airport fee or the airport tax. You will pay more to pick up and drop off the car you get from the airport. So once again, you have to do a little bit of our dreaded math, but it may be cheaper to rent from somewhere outside the airport premises outside a certain radius that charges that fee or that tax. There can be a shuttle to a lot that you can go to, and if not, it still pays to take a taxi out there. Sandy: Right, and then you're not paying the airport fee, and if you're like me and you have a million relatives, maybe you can get them to drive you to it, but it's definitely worth checking out because rental cars can really add up and anything you can do to reduce costs will really add to your bottom line. Ryan: Well, yes, and the other thing that adds up is the different coverages that they offer. Sandy: Right, and that's something you should check out well in advance because some of your insurance may be covered by your credit card if you use this credit card to rent the car. Some of it may be covered by your own car insurance, but there are things that may not be covered and you certainly don't want to find out when you have an accident. So I'd say it's something you should probably sit down with before you go to the counter because they'll try to sell you every kind of insurance plan that they have. Ryan: That's right. So for that kind of collision injury waiver, it's one that your credit card can cover some of it, your personal car insurance can cover some of it, but that CDW, as it's called, can also cover fees that your policy and your credit card can't, such as loss of usage fees. So that's something we think people should consider. As for liability insurance, check your auto policy. If it extends to vehicles you don't own, you're probably covered. And the last thing we wanted to talk about, Ryan, I understand that you're planning a trip abroad during the holidays. What should people be looking for in terms of foreign transaction fees? Ryan: Yes. So there are really kind of two things to be looking for if you are travelling abroad. I'm going to Madrid and Lisbon over the New Year. I'm going to a party. So if you want to take out cash abroad, can your bank charge you two or three bucks per withdrawal and who wants to pay it? So it's worth considering opening a small bank account if you want on Capital One. Capital One 360 accounts, Charles Schwab, they will waive the fee. Ryan: In terms of transaction fees for credit cards, you may be charged one percent to three percent in foreign transaction fees, and that's something we want to avoid as well. So there are a few cards that will waive this fee for you. Any Capital One card, any Discover card, these are the ones that people talk about all the time. And Barkley Card Arrival Plus, which is a Mastercard, I think that waives those fees as well. Sandy: Okay. That sounds good, Ryan. Have fun in Madrid.Ryan: Oh, you have no idea. When we get back, one of Kiplinger's market mavens breaks down the ins and outs of interest rates. Don't go anywhere. Ryan: Before we get into our interview with John, a quick programming note. Since taking over, Kiplingers has now faced two interest rate hikes for 2019 instead of three. With that in mind, enjoy the podcast. Welcome back. We are here with senior associate editor John Waggoner who like me writes about investing here at Kiplinger's Personal Finance magazine, and today we are talking about interest rates. Thanks so much for coming, John.John: Hey. Thank you for wanting me. Ryan: So just as a reminder to listeners, the Federal Reserve controls short-term interest rates, and most people know they've been gradually rising. What do rising rates mean for investors, savers and borrowers, John? John: Well, the Fed has been raising short-term interest rates from zero in 2015 to a still pretty darn small two and a quarter now. We expect they will hike another quarter point later this month. For savers and borrowers, it actually means making some money from their cash. For investors, this means that equities will have more competition from bonds and bank CDs. Stocks hate competition. Ryan: So why is the Fed raising rates now and what do we expect them to do in 2019? Do we expect the speed heights to continue? John: Well, the Fed raising interest rates now for two reasons. First, it wants to make sure that the economy doesn't overheat and produce spiral inflation, and it wants to be able to have some ammunition to stimulate the economy in the next downturn. Kiplinger's expects three more increases in 2019, but Fed chair Powell recently noted that he believes rates are pretty close to their target. So we can get back to it as new data when the economy rolls in. Sandy: So John, what does the current interest rate picture mean for the market and the economy as a whole? Sounds like you're saying it's not good for the stock market. John: Well yes. In general, higher rates mean that companies will pay more for their loans, effectively their profits, and this means that investment in people, plant and equipment. Similarly, this means that individuals have to pay more for loans from credit cards to mortgages. In the past 12 months, the interest rate on a 30-year fixed mortgage has gone from 3.9% to 4.81%, making homes less affordable. Sandy: So it sounds like it's not great for people who borrow money. People who save money, it sounds like it's better if they save in safe places. John, with all this talk of rising interest rates, what should people do in terms of their portfolios? What kind of adjustments should we make? John: Well, the strange thing about the current environment is just how flat rates are. Usually, if you lock your money overnight, you get a lower return than if you locked it up for like five years. But right now the difference between locking your money for 2 years and locking your money in 10 years is about a tenth of a percentage point. So it's really to your advantage to keep your maturities very short. In fact, you can probably do as well as a money market savings account or a money market fund as you could with a two or a five-year CD. So you might as well keep rates short, and that way, if rates rise, you can reinvest later at a higher rate. Ryan: So just to clarify a few things that we talked about there. So when you say that rates are flat, it means there isn't much difference between a short-term and a long-term rate because typically you'll get paid more to unlock your money longer. But right now that doesn't seem to be the case. John: That's absolutely correct. Again, one of the things you should think about is that if you're considering saying a choice between a bond fund moving up and down with interest rates and a money market fund that doesn't, you might consider that a money market fund will retain your assets, give you some interest rates and not go down and up and a bond fund will. You shouldn't throw away all your bond funds because they have a good role in a diversified portfolio. But right now given the choice, the cash looks pretty appealing. Ryan: Right. That flatness that we talked about, it's really... We talked about the yield curve. So a normalised yield curve has a gap between short-term interest rates and long-term rates that flat mean they're pretty close. And there is another version that we are heading towards, called a reverse yield curve. What is it about? John: Well, a reverse yield curve just means you get more interest in saying a two-year government bond than you would in a 10-year government bond. Wall Street looks at it as a very bad omen, a bit like saying Bloody Mary three times in front of a mirror. It almost always heralds a recession. It doesn't guarantee it, but it's a bad sign. This means that people think you should be rewarded more for keeping money in the short term than in the long term. They feel that things are more dangerous in the short term than they are in the So, John, it sounds like we don't have a reverse yield curve now, the fact that rates are flat, has it raised concerns that we're heading into a recession? John: Yes. This means that, first of all, we are quite close. It wouldn't take much to knock us into the reverse yield curve. It also means that when the long end falls, rates and the long end falls, it means that traders are worried that the economy will slow down. When the economy is really hot, interest rates rise because people can demand more money for their loans. When rates fall, they cut rates to try to attract borrowers, and that seems to be what's happening now. Ryan: So changing gears a little bit. We talked about what it might mean for people who see the market, but what about you know kind of ordinary people? I've had the same bank account since college, it's in my same Bank of America account with checking savings. I took it out ... I went to college in 2009 and so it was back when the interest rate was next to nothing and I feel like I still earn next to nothing. John: Yes. You probably are, and most people probably are too and banks really like that. In fact, I looked at my interest-bearing checking account and I think I've earned 14 cents in the last 3 years, which I think is completely taxable. So it's really a bad deal. But you can go online and get much better deals from online banks. They save money because they don't have a bricks-and-mortar presence, they don't have to pay narrators. You can get like two and a quarter for a money market account, which is a really good deal. You can take your money out at any time, it's FDIC insured. And if you want to go out a little longer, maybe a year or two years, you may be able to get close to 3%. But I wouldn't go out any further than that. You don't get paid much more and if rates continue to go up and you have a shorter term investment, you can rollover at a higher rate later. Sandy: Ryan, in our December issue, we've got some lists of top giving savings accounts and CDs, and we're showing that some one-year CDs, again, it's mostly online, you can earn up to 2.7% on some savings and money market deposit accounts. Some of these online banks pay 2.5% or more. These are accounts that are FDIC insured, so you get no risk when you invest in them. You just have to be proactive. Banks count on you to be lazy and they make a lot of money out of inertia. However, if you are willing to create the account and move some money, you can make several hundred dollars a year depending on the size of your account for absolutely no risk. So why not do it? Ryan: Exactly. Right. Why not do it and honestly I feel a little bit seen. John, just some kind of wrapping. I think interest rates come across your financial tickers on CNBC or whatever all the time. What should people be kind of looking out for when they look at interest rates and how should they Now, terns, there are two components at prices. The The is a Federal Reserve and you should view their movements like a hawk. It's a big deal when they come out with their record of their meetings and when they announce a new interest rate hike or if they don't. People watching the minutes of the Fed kind of people used to see who was standing on parade ground at a Russian military parade. They parse it really carefully. You can look at some very good comments on it. If the Fed seems intent on keeping a rate hike campaign going, then you should stick to your shorter-term investments with your money funds, one-year CDs are really at it the most because you're getting more in the next year or so. John: At the other end is the bond market. They are basically ... They're only happy when it rains. The bond market makes money when the economy goes into a downturn, and that's when rates fall. So if rates keep falling, if the 10-year rate keeps falling, the 10-year Treasury rate keeps falling, it means that the general consensus on Wall Street is that the outlook isn't very good. Then you need to think about what your other investments are doing. Stocks don't like that kind of environment. The only environment that really does well in a declining interest rate environment, the long-term interest rate environment is bonds. But if interest rates continue to go up, it means the economy is happy, people are worried about inflation, which is only happening in a very actively robust environment, then you can really look more at equities than bonds. But keep an eye on both of these. Keep an eye on the Fed, keep an eye on long-term rates. Basically, the higher the short-term rate goes, the more feds try to put the brakes on the economy. The lower long-term interest rates go, the more the bond market thinks the Fed is going too far. Ryan: Okay. I have marching orders. Are you satisfied, Sandy? Sandy: Yes, I am. Okay. Thank you, John. When we return, I go back to kindergarten for an explainer in retirement accounts. To find out what on earth that means, stay tuned. Ryan: Okay, before we go, we wanted to introduce a new segment. I talked to my roommate about the last episode, which everyone should go back and listen to, but we did a segment on FSAs and I told him about it and he said What's an FSA? I said Like a flex account, which . . . He said, well, what is it? Ryan: And I thought, on a semi-regular basis, we should do ... On Reddit, they call it Explain as I'm five, just a basics segment. And we want it to eventually become a mail bag segment. So if any of you listeners out there have financial questions that you were afraid to ask because you thought they were too basic, send them in to podcast@kiplinger.com. But in the meantime, I blew a question to all my ... Group chat of all my New Jersey goon friends, and said What will you learn about personal finance? And you can also get on the podcast. Ryan: The best we got was what is the difference between a Roth 401 (k) and a traditional 401 (k)? So in this scenario, I'll be the five year old, with a very deep voice for a five year old, I know. Sandy: And a beard. And beards. But, Sandy, i need you to explain to me like I'm five. So what is a 401 (k), just in general? Sandy: Well, a 401 (k), in general, is the most popular way and the easiest way to save for retirement. Every paycheck, a certain about your salary goes into an account before tax that is invested for your pension. Most companies match this contribution and it's not taxed, so it lowers your taxable income, and if you start early, it grows and grows, and hopefully you can retire in comfort. Ryan: So how does a traditional 401 (k) work? And how does it differ from a Roth 401 (k)? Sandy: A Roth 401 (k), which is a relatively new product, is like a 401 (k) with a big difference. Your contributions are after tax, so you won't get this big, immediate tax break from putting money into a Roth 401 (k). But like the case of a traditional Roth that you'll typically invest in on your own, this money grows tax-free, earnings grow tax-free, and as long as you wait until you're 59 and a half to take it out and you've had the account for five years, all your draws are... And all the income you've piled up is never taxed. Ryan: So if so, who can benefit most from using a Roth 401 (k)? There are lots of people who would benefit from it. A lot of financial planners say that young people actually stand to benefit most because when you're young... For two reasons. One is, the tax break you get from a traditional 401 (k) isn't that valuable if you don't make a lot of money because if you don't make a lot of money, your tax rate isn't very high. Ryan: Right.Sandy: So the tax cut isn't that valuable to you. But the other big advantage is, you're young, so you have all these years for that money to grow, tax-free. The IRS doesn't touch it and will never touch it, so you get the real benefit of time, and tax-free growth, so when you retire, you don't have to worry about paying taxes on that money. Ryan: So it sounds like my five year old brain that you're going to make more money in the long term with a Roth because it grows tax-free. Are there people who would be better off sticking with the traditional kind? Sandy: Sure, and in fact we recommend ... You can't double-dip. You can basically invest up to $19,000.00 in a 401 (k), or %25,000.00... That's in 2019 if you're over 50. We recommend a little to split it. If you have the option and not all companies offer Roth 401 (k), but if you have this option, we recommend putting some in both because the tax break really is nice. I do our own taxes and I'm really very aware of the benefits of having this amount that we've put into our 401 (k) s, from the top. It also lowers your adjusted gross income and it may qualify for things that you you For example, if you're right on the threshold of qualifying for a health insurance subsidy through one of the Affordable Care Act exchanges, putting money into a 401 (k) could get you down low enough that you get the subsidy. There are all sorts of other tax breaks and benefits that are tied to your adjusted gross income. So in that case, putting at least some of your money into a 401 (k) will really pay off. Sandy: I think you share the difference. Put some in a Roth 401 (k) so you get those benefits of tax-free growth, and put some in a regular 401 (k) so you get the benefits of the tax break right now. Ryan: Right, so for a regular, traditional 401 (k), is it basically like you can shave money off the top of what you're doing now? Sandy: That's right, and for a lot... Especially now, when most people are going to claim the standard deduction, this is the only really big tax break that a lot of people will get, and that's the easiest to argue. Ryan: But in the long term, let's say I'm not five, let's say I'm 25. If I try to grow my money as best I can, I should probably be in a Roth, right? Sandy: Yes, at least some in a Roth. Because one of the things we talk about a lot is we talk all the time about diversifying investments in your portfolio. But tax diversification is also valuable. And that's what putting some money into a Roth 401 (k), some money in an ordinary 401 (k), will give you that tax diversification that you want when you retire. Ryan: Well, all sounds good, but not everyone is like my friend from Jersey. What if your employer doesn't offer a Roth 401 (k)? Sandy: That's the problem, these are relatively new products, and a lot of employers, especially small ones, don't offer them. But there's nothing to stop you unless you're making too much money, which then the thresholds are pretty high, from investing in a regular Roth IRA. It's basically a Roth that you create yourself that you finance through a brokerage firm, or a mutual fund company. Have the same benefits, you can't put as much as you can in a Roth 401 (k), but you can put in several thousand dollars. And again, the money will grow tax-free until you retire. And the really good thing about regular Roth IrAs is that you can always deduct the size of your contributions without paying taxes or penalties. You shouldn't, you should let that money grow into retirement, but you can deduct the amount of your contribution at any time if you have an emergency. Sandy: And it's a nice perk to these accounts that other types of retirement savings plans don't offer. Certainly, if you don't have a Roth 401 (k), go out and put some extra money into a Roth, and when you retire, you'll appreciate the fact that you have this account that you don't have to pay tax on. Okay, that sounds great, Sandy. I think we've explained it. Gordo, I hope it's good. Sandy: Gordo.Ryan: yes. Sandy: Invest in a Roth, And like I said, if anyone out there have an economic question that they would like to have explained, write to us Podcast@Kiplinger.com. Thank you so much for listening. Ryan: That was it for this episode of Your Money's Worth. For show notes, and more great Kiplinger content on the topics we discussed on today's show, you can kiplinger.com/links/podcasts. You can stay in touch with us on Twitter, Facebook or by emailing us podcast@kiplinger.com. If you like the show, be sure to rate, review and subscribe to your money's worth wherever you get your podcasts. Thank you for listening. Election 2020: Joe Biden's tax plansWith the economy still in trouble, tax policy will have extra impact in the 2020 election. So let's take a look at what Joe Biden wants to do abou... October 22, 202010 states with the highest sales taxes TaxesAsstax Breaks Before you embark on a shopping trip in any of the 10 worst states for sales tax, make extra space in your budget. October 27, 2020What is Social Security COLA?retirementFor the average recipient, the monthly increase in 2021 won't even cover a filling at the gas station - but it doesn't beat anything. October 27, 2020Kiplinger's best companies for customer service: Banks, credit cards and MorebankingWe crunched a lot of numbers (and ran a survey) to crown top companies for their service on banking, credit cards, mortgages, and home and car insurance.... October 22, 202010 Worst things to keep in your WalletScamsStoring your passport book or card, an extra key, or any of these other important items in your wallet leaves you open to identity theft – or worse. October 9, 2020Skip fees on savings transfersBankingBut banks are not required to raise limits or stop charging fees for excessive transactions. September 29, 2020Snag a new account BonusBasicsBut choose an account that makes sense for the long run. August 19, 2020 2020