Year-end checklist

Wealth Management

Now is an ideal time to consider year-end strategies that may benefit you, and plan for the year ahead. Please discuss any ideas and questions with your financial advisor.

Investment and income tax strategies

Offset capital gains

- ☐ Harvest your losses by selling taxable investments, keeping in mind short-term losses are most effective at offsetting capital gains. Note: wait at least 31 days before buying back a holding sold for a loss to avoid the IRS wash sale rule.
- ☐ Evaluate if you should delay purchasing mutual fund shares until after January 1, 2019 to avoid capital gains taxes on brand new investments.

Defer or reduce income

- ☐ Defer your year-end bonus, the sale of capital gain property and receipt of distributions to delay income to the following year.
- ☐ In December, make your January mortgage payment (i.e., the payment due no later than January 15 of 2019) so that you can deduct the accrued interest for the current year that is paid in the current year).
- ☐ Increase your W-2 federal income withholding amount in preparation of a significant tax bill or to avoid the under-withholding tax penalty.
- ☐ Maximize the utilization of itemized medical expenses by bunching such expenses in the same year in order to meet the threshold percentage of your AGI.
- ☐ If you are subject to the Alternative Minimum Tax (AMT), or if you are close to being in the Alternative Minimum Tax, you should speak with your CPA or other tax advisor before deferring income or accelerating deductions as they could have a negative effect.

Retirement planning—seize opportunities and avoid missteps

- ☐ Avoid mandatory tax withholding by making a direct rollover distribution to an eligible retirement plan, including an IRA.
- ☐ Maximize your IRA contributions. You may be able to deduct annual contributions of up to $5,500 to your traditional IRA and $5,500 to your spouse's IRA.
- ☐ Consider increasing your 401(k) and retirement account contributions.
- ☐ If you are 50 or older, take advantage of catching up on IRA contributions and certain qualified retirement plans. You may be able to contribute and deduct an additional $1,000.
- ☐ Avoid taking IRA distributions prior to age 59½ otherwise a 10% early withdrawal penalty may apply.
- ☐ Consider converting from a Traditional IRA to a Roth IRA if in a low income tax bracket.
- ☐ Explore taking employer stock, from tax deferred accounts, under favorable tax rules.
- ☐ Determine the optimal time to begin taking Social Security benefits, which you can apply for between ages 62 to 70.

Gifting strategies

Give to loved ones

- ☐ Gift up to $15,000 per individual annually in federal tax free gifts.
- ☐ Make a will or trust bequest so that the estate can take both income and estate tax deductions.

Give to those in need

- ☐ Give an outright charitable gift of cash for an immediate income tax deduction.
- ☐ Contribute to charities using appreciated stock in place of cash to reduce capital gains in your portfolio while generating an income tax deduction.
- ☐ If you are over 70½ in 2018 and would like to make a donation to charity from your IRA, you can donate up to $100,000 under favorable tax provisions.
- ☐ Set up a Donor Advised Fund for an immediate income tax deduction and provide immediate and future donor gifting to charity over time.
- ☐ Consider "bunching" several years of charitable contributions into one year with a gift to a Donor Advised Fund to make your contributions more tax efficient.

Itemize personal residence and mortgage interest*

- ☐ Up to $250,000 ($500,000 for married couples filing jointly) of the gain from the sale of your principal residence can be excluded from federal income tax, if certain requirements are met.
- ☐ Interest on up to $750,000 of mortgage indebtedness incurred after December 14, 2017, used to purchase or improve a home is allowed as an itemized deduction.
- ☐ For mortgages incurred December 14, 2017, or earlier, interest will be deductible on up to $1,000,000 of debt (the old cap), even if refinanced after the December 14, 2017 date.

* Interest on mortgage or home equity debt not used to purchase or improve a personal residence is no longer allowable as an itemized deduction.

Set yourself up for success in the upcoming year

Wrap up 2018

- ☐ Send capital gains and investment income information to your accountant for a more accurate year-end projection.
- ☐ Check your Health Savings Account contributions for 2018. If you qualify, you can contribute up to $3,450 (individually) or $6,850 (family), and an additional $1,000 catch-up if you are age 55 or older. Confirm you've spent the entire balance in your Flexible Spending Accounts for the year.
- ☐ Revisit contribution amounts to your 529 Plan college savings accounts.
- ☐ Review Medicare Part D plan, make a change during open enrollment, which begins in October.

Planning for 2019

- ☐ Discuss major life events with your advisor to ensure you have clarity in your current situation and direction for tomorrow. This includes family, job or employment changes, and significant elective expenses (real estate purchases, college tuition payments, etc.).
- ☐ Ensure your account preferences, risk tolerance and investment objectives are up to date with your advisor.
- ☐ Double check your beneficiary designations and update as necessary.

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