Year End Checklist

Tax Planning

- ✓ **Consider tax-loss harvesting.**
  - o If you have large unrealized losses in your investment portfolio, sell those investments to offset realized gains in the portfolio.
  - o If your capital losses exceed your capital gains, you may be able to use the loss to reduce your taxable income up to an additional $3,000. The excess losses can be carried forward to future years to offset income or capital gains, up to $3,000 per year.

- ✓ **"Bunch" your expenses into 2017 so that you can take the deductions this tax year.**
  - o Accelerate the payment of expenses such as property tax, sales tax, and state income tax so that you realize the deduction in 2017 (not in 2018).
  - o Examples of deductions are property taxes, state income taxes, medical expenses, education expenses, and certain interest expenses.

Retirement Planning

- ✓ **Maximize your contributions up to $18,000 to your employer sponsored retirement plan.**
  - o People age 50 and over can contribute an additional $6,000 for a total of $24,000 to their retirement plan.
  - o Contact your Human Resources Department if you have not maximized your contribution to your employer sponsored retirement plan to see what options you have before year end.

- ✓ **If you're self-employed…**
  - o Contribute up to $18,000 ($24,000- if 50 or older) plus up to 25% of your net self-employment income to your retirement plan.
  - o You have until April 18, 2018 to make contributions for 2017 (account must be opened by December 31st if you don't already have one).

- ✓ **For those that have reached 70 ½.**
  - o Make sure you have withdrawn your Required Minimum Distribution (RMD) from your Traditional IRA (if you have turned 70 ½ in 2017).
  - o If you wait until 2018 to take your first RMD, you will realize your 2017 and 2018 RMD within the same tax year and may pay higher taxes.
- ✓ **Make your Traditional or Roth IRA contribution of $5,500.**
  - o Make your contribution for 2017 any time before the tax-filing deadline.
  - o Individuals 50 and older can contribute up to $6,500 to their Traditional or Roth IRA in 2017.
- ✓ **Consider a Roth conversion.**

o You have until December 31st to convert money from a Traditional IRA to a Roth.

o You will have to pay taxes on the conversion but you can withdraw the money tax free from the Roth in retirement.

o This is a great idea if your 2017 income was lower than in previous years.

o Consider converting your Traditional IRA contribution for 2017 to a Roth IRA as soon as possible.

Estate and Legacy Planning

- ✓ **Make your annual gifts (prior to year-end).**
  - o Individuals can gift up to $14,000 annually to as many people as they like without reducing their federal gift tax exemption.
- ✓ **Consider making gifts to a Roth IRA for your children/grandchildren.**
  - o Make a gift of up to $5,500 to either a Traditional or Roth IRA for children or grandchildren who have earned income but who are not funding their own IRAs.
- ✓ **Make distributions to trust beneficiaries.**
  - o Distributions to trust beneficiaries at year-end may result in a tax savings to the trust because it is the beneficiary who pays tax on that income (typically at a lower tax rate).
- ✓ **Accelerate your annual gifts with a Section 529 plan.**
  - o Consider funding Section 529 plans by December 31st to apply 2017 annual gift tax exclusion treatment to the contributions.
  - o You can "front-load" Section 529 plans by making five years' worth of annual exclusion gifts ($14,000 per person/year) to a 529 Plan without generating gift tax or using up any gift tax exemption!

Health Insurance Planning

- ✓ **Review your health coverage options.**
  - o Some companies offer several plans so make sure you're choosing the one right for you.
- ✓ **Make sure you have spent all your money in your Flexible Spending Account.**
  - o Some FSA's follow a "use it or lose it" policy while others have a grace period that can be used in the beginning of the New Year.
  - o Ensure that you have used up the funds that cannot rollover to next year in your Flexible Spending Account.

For more, see our year end planning newsletter. Click here.

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