



## *Tax Planning*

- If you have large unrealized losses in your investment portfolio, sell those investments to offset realized gains in the portfolio.
- 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.



- 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).
- Examples of deductions are property taxes, state income taxes, medical expenses, education expenses, and certain interest expenses.

- ✓ **Maximize your contributions up to \$18,000 to your employer sponsored retirement plan.**

- People age 50 and over can contribute an additional \$6,000 for a total of \$24,000 to their retirement plan.
- 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.



- 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.
- You have until April 18, 2018 to make contributions for 2017 (account must be opened by December 31<sup>st</sup> if you don't already have one).

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- ✓ **For those that have reached 70 ½.**
  - Make sure you have withdrawn your Required Minimum Distribution (RMD) from your Traditional IRA (if you have turned 70 ½ in 2017).
  - 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.**
  - Make your contribution for 2017 any time before the tax-filing deadline.
  - Individuals 50 and older can contribute up to \$6,500 to their Traditional or Roth IRA in 2017.
- ✓ **Consider a Roth conversion.**



- You have until December 31<sup>st</sup> to convert money from a Traditional IRA to a Roth.
- You will have to pay taxes on the conversion but you can withdraw the money tax free from the Roth in retirement.
- This is a great idea if your 2017 income was lower than in previous years.
- 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).**
  - 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.**
  - 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.**
  - 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.**
  - Consider funding Section 529 plans by December 31<sup>st</sup> to apply 2017 annual gift tax exclusion treatment to the contributions.
  - 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 any gift tax exemption!



## **Health Insurance Planning**

- ✓ **Review your health coverage options.**
  - 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.**
  - 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.
  - 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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*For a comprehensive review of your personal situation, always consult with a tax or legal advisor. Neither Cetera Advisor Networks LLC nor any of its representatives may give legal or tax advice.*

*Limitations and Early Withdrawals: Some IRAs have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney.*

*Before investing, the investor should consider whether the investor's or beneficiary's home state offers any state tax or other benefits available only from that state's 529 Plan.*

*Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first-time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.*

*Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 ½, may be subject to an additional 10% IRS tax penalty.*

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