

## New Year Planning Checklist

The New Year brings new opportunities. Make 2018 your strongest and wisest financial year yet by making sure you hit all these important check points.



### Contribute More to Your Retirement Plans this Year

- Contribute up to \$18,500 to any kind of 401(k), 403(b), or 457 Plan with a \$6,000 catch-up contribution if you are 50 or older.
- If you are self-employed, look into whether you can establish and fund a Solo 401(k) before the end of 2018. You may direct \$55,000 into one of those plans.
- Make your 2018 tax year contribution to a Roth or Traditional IRA as early as possible (\$5,500 or \$6,500 if age 50 or over).
- Consider making after tax contributions to your employer sponsored retirement plan up to \$55,000 in total.



### Go Roth in 2018

- Understand that if you are a high earner, income phase-out limits may affect your chance to make Roth IRA contributions.
  - For 2018, phase-outs kick in at \$189,000 for joint filers and \$120,000 for single filers and heads of households.
- Contribute to a Traditional IRA in 2018 and then convert to a Roth IRA if your income prevents you from initially contributing to a Roth IRA.
- Don't forget that partial Roth conversions are always possible.



### Make a Charitable Gift the Smart Way

- Claim the charitable deduction on your 2018 return, provided you itemize your deductions on Schedule A
  - If you give cash, document it with a bank record or written communication from charity with the date and amount
  - If you gift appreciated securities that you have owned for more than a year, you will be in line to take a deduction for 100% of their fair market value, and avoid capital gains tax that would have resulted from simply selling the investment and donating the proceeds
- Consider a donor advised fund if you will not be itemizing your deductions in 2018.



### Open a Health Savings Account (HSA)

- Set up and fund a Health Savings Account in 2018 if you are enrolled in a high-deductible health plan

- Make fully tax-deductible HSA contributions to of up to \$3,450 (singles) or \$6,900 (families); catch-up contributions of up to \$1,000 are permitted for those 55 or older
- HSA assets grow tax deferred and withdrawals from these accounts are tax free if used to pay for qualified health care expenses



## Pay Attention to Asset Location

- Make sure your least tax-efficient securities go in pre-tax accounts and your most tax-efficient securities should be held in taxable accounts



## Review Your Withholding Status

- Make sure to adjust your withholding status due to any of the following factors:
  - You pay a great deal of income tax each year
  - You get a big federal tax refund each year
  - You recently married or divorced
  - A family member recently passed away
  - You have a new job and are earning much more than before
  - You started a business venture or became self-employed
  - You back-ended contributions to your employer sponsored retirement plan last year



## If You're Getting Married in 2018

- Make changes to the relevant beneficiary forms
- Adjust and revise your retirement savings and investments accounts
- Make sure to get a new Social Security card if your last name is going to change



## If You're Retired and Older than 70½, Remember Your RMDs

- Make sure you begin taking Required Minimum Distributions from traditional IRAs and 401(k), 403(b), and profit-sharing plans by December 31<sup>st</sup> of each year
  - IRS penalty for failing to take an RMD equals 50% of the RMD amount that is not withdrawn

If you turned 70 ½ in 2017, you can postpone your initial RMD from an account until April 1, 2018



## Consider the Tax Impact of Upcoming Transactions if You Are:

- Planning to sell or buy real estate this year

- If you are going to exercise stock options in the coming months
- If any large commissions or bonuses are coming your way in 2018
- If you anticipate selling an investment that is held outside a tax-deferred account

## **New Income Tax Exemption for Veterans Filing NJ Income Tax Returns**

- If you're a veteran filing in NJ, claim your \$3,000 deduction\* by providing the State of New Jersey with an application and a copy of Form DD-214.

*\*For any veteran filing a resident or non-resident tax return in the State of New Jersey, there is a new \$3,000 exemption for your 2017 Income Tax Return, if you were honorably discharged from the armed forces before December 31, 2017. Please [click here to read more about this new tax benefit](#). If you qualify and would like assistance in submitting your application and Form DD-214 to the State of New Jersey, please do not hesitate to contact our office.*

While this check list can start as a guide, speaking to us is the best way to get your 2018 financial life in order. Reach out to us today!

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### *Disclosures*

*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.*

*Retirement Plans: Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 1/2, may be subject to an additional 10% IRS tax penalty.*

*Roth IRA: 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 1/2 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.*

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