

# 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, 2018 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.
- Take your deductions this year (pay your 2017 Q4 state income tax payment, medical expenses, deductible interest and alimony payments before January 1, 2018).
- Increase your W-2 federal income withholding amount in preparation of a significant tax bill or to avoid the under-withholding tax penalty.
- 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 implementing these strategies.

## **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.
- 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.
- 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 under favorable tax rules.
- Determine the optimal time to begin taking Social Security benefits, which you can apply for between ages 62 – 70.
- Take your Required Minimum Distribution (RMD) if you are past the age of 70½ .

## **Gifting strategies**

### **Give to loved ones**

- Gift up to \$14,000 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 2017 and would like to make a donation to charity from your IRA, you can donate up to \$100,000 under favorable tax provisions as of 2017.
- Set up a Donor Advised Fund for an immediate income tax deduction and provide immediate and future donor gifting to charity over time.
- Set up a Private Foundation for an immediate income tax deduction and provide complete control over current and future charitable giving.

## **Set yourself up for success in the upcoming year**

### **Wrap up 2017**

- Send capital gains and investment income information to your accountant for a more accurate year-end projection.
- Check your Health Savings Account contributions for 2017, and 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 2018**

- 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.