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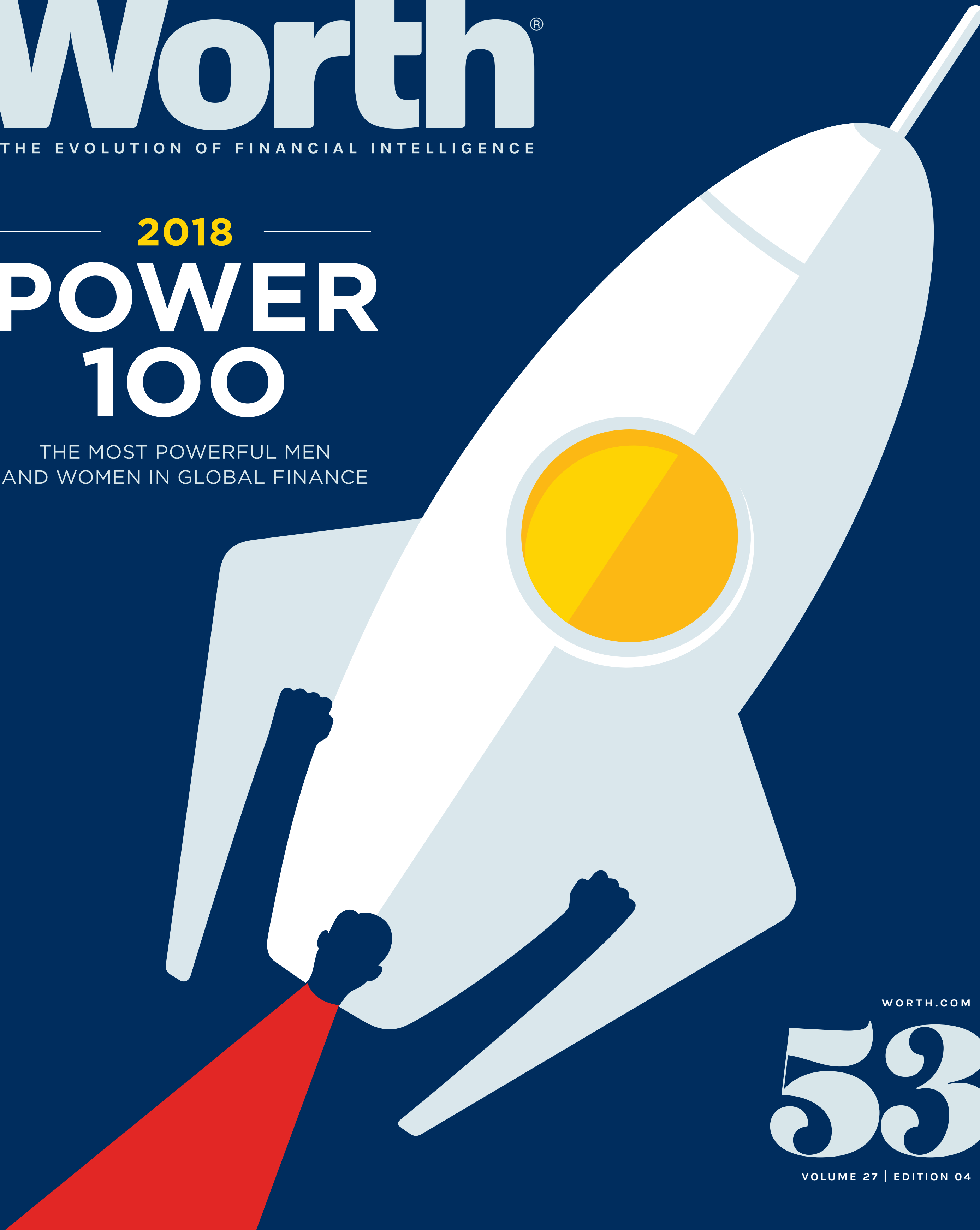

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VOLUME 27 | EDITION 04

Q:

What key tax-planning strategies should I focus on at the end of the year?

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PIONEER FINANCIAL AT NORTHWESTERN MUTUAL—PARK AVENUE

For many of us, December 31 is the day we resolve to do all the things we resolved to do exactly one year ago and never actually did. Since we are financial advisors, we won't even touch the "lose weight and exercise" thing, but what we can help you do is effectively take advantage of the various end-of-year tax strategies.

To that end, we offer our Nine End-of-Year Tax Resolutions that we suggest you make—and keep—*not* after December 31, but *starting now*:

1. Resolve to catalog and take stock of all of your retirement accounts.

If you're a full-time W-2 employee, as early as possible in Q4, confirm that you've contributed the maximum allowable amounts to your employer-sponsored qualified retirement plans. If not, have HR/payroll accelerate your contributions to get you to the maximum by December 31.

Also, if your spouse or partner earns self-employment income, consider using a qualified pension plan, which can create an income tax deduction.

2. Resolve to review your tax liability.

As early as possible in Q4, review year-to-date income, withholding and estimated tax payments to calculate whether you've underpaid based on last year's taxes. If so, either adjust your withholding, or make an estimated payment in Q4.

3. Resolve to make required IRA distributions—whether as the owner or an heir.

At age 59½, you *can* begin withdrawing money from your IRA accounts. At age 70½, you *must* begin taking what the IRS calls required minimum distributions. IRA owners and inheritors face severe penalties for not taking the minimum distribution—a potential 50 percent penalty tax. So, ensure that mandatory distributions are satisfied before year's end. Also consider a QCD (qualified charitable distribution), from your IRA, which allows the transfer of up to $100,000 annually from your IRA directly to a qualified charity.

4. Resolve to consider switching your IRA(s) to Roth IRA(s).

You do pay taxes when you convert a traditional IRA to a Roth IRA, *but* . . . with a Roth, you avoid taking required minimum distributions, and you receive tax-free income in retirement. But before converting to a Roth, carefully consider your entire tax and financial picture.

5. Resolve to fully fund 529 education accounts.

Not making the maximum contribution to your 529 means you may miss not only your goal, but also tax benefits provided by your state.

6. Resolve to proactively manage your portfolio.

If you have earnings on some of your portfolio's accounts and losses on others, consider tax-loss harvesting. This strategy may yield income tax savings and reduce your capital gains tax liability.

7. Resolve to review the impact of the Tax Cuts and Jobs Act of 2017.

The standard tax deduction has doubled from $12,000 to $24,000. If you normally itemize deductions, see if a doubled standard deduction exceeds your itemized ones. If so, the new standard deduction probably makes more sense.

8. Resolve to review your philanthropic contributions.

If you feel the philanthropic urge but have no specific charity in mind, consider establishing and contributing to a donor advised fund (DAF) by December 31. You contribute whatever suits you, then later assign amounts to specific charities. Your contribution will be eligible now for a tax deduction. Most funds allow cash bequests and/or donations of appreciated property.

9. Resolve to put money into a health savings account.

The maximum allowable annual contribution is $6,900 for a married couple filing jointly. Contributing annually during your healthiest years can help pay for near-term and future medical expenses, *and* you'll receive a tax-deduction. Also, if your health savings account (HSA) offers an investment option, contributions invested annually have the potential for growth.

Again, while we can only wish you best of luck on keeping any life-improving New Year's resolutions, we can assure you that with the assistance of the right advisor, the resolutions listed here are ones that you should—*and can*—keep. ●

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